



PS Superannuants

The Association of Public Sector Superannuants Inc.
Formerly SA Superannuants
Established 1927

President: Dr Michael Evans
Email: apssuper1927@gmail.com

Secretary: Bary Grear AO
GPO Box 2036
Adelaide SA 5001
Email: apssuper1927@gmail.com

Dear Treasurer,

Thank you for your letter of 17 January 2024 sent in response to a request made in our letter to you of 11 December, 2023. Our request then was for an explanation of why triennial reviews of the State Pension scheme refer to substantial government costs for the scheme continuing well beyond the achievement of full funding which is expected in 2034.

Your explanation confirms our understanding that when full funding has been achieved, and all pensions have commenced, subsequent pension payments made by the Government will be fully reimbursed from accumulated assets derived from member and employer contributions already paid. This surely means there is no cost to the government after full funding has been achieved. For the reviews to say there is a continuing government cost beyond 2034 is, in our view, misleading and we now make this request of you.

Would you please arrange for future triennial reviews to make clear that, after full funding of the pension scheme has been achieved, it is expected that there will be no cost to the State government for pensions commenced by that date.

We believe this request could be met by a note associated with the relevant Table.

We make this request because of our concern about the common perception that public sector defined benefit pensions are more generous than the community standard (the Superannuation Guarantee). The Association's position on this is that **'the pensions are good, but not better than the Superannuation Guarantee'**. We believe there is a sound basis for saying that if the pensions were made available today most Australians would opt to stay with the Superannuation Guarantee. **This is not to deny that the employer cost for our pensions is larger than the superannuation guarantee.**

But when consideration is also given to the requirement for a personal contribution from after-tax salary while at work, taxation and medicare levy payable on the pensions themselves, along with means testing for age pension and aged care, a quite different picture emerges. The combined effect of these factors is that, for many defined benefit pension recipients, tax and means testing sees a large component of the cost of the pensions working to the advantage of the Federal Government rather than the pension recipients.

Yours sincerely,