



LEGISLATIVE COUNCIL

LEGISLATIVE COUNCIL GOVERNMENT ADMINISTRATION COMMITTEE A

SUB-COMMITTEE RBF UNFUNDED LIABILITY INQUIRY

In accordance with Sessional Order 4 (14) Government Administration Committee A resolved on Friday, 12 February 2016 to initiate an Inquiry on the following Terms of Reference:

To inquire into and report upon the increased employer contributions by the Government into RBF defined benefits schemes as set out in the RBF's 2015 Annual Report, in particular -

1. Reasons for the increased funding shortfall;
2. The risks and implications of the current and any future increases in employer contributions to the Government's budgetary position; and
3. Any other matters incidental thereto.

Background and Purpose of Inquiry

The RBF Contributory Scheme is a superannuation scheme which provides defined benefits to members. Members, whilst employed, are required to make contributions.

The government, as employer, is required to fund the balance at a time to ensure the defined benefits are paid, whether as a lump sum or as a pension.

The greater proportion of the accrued benefit is unfunded and only partially backed by superannuation plan assets .

The government is required to meet the cost of the superannuation on an emerging cost basis from the Consolidated Fund. Despite the Scheme being closed since 1999, the government has recently been advised by the State Actuary that it will need to increase its share of new benefit payments from 80.5% to 88.5% in four years time (an increase in annual employer contribution from \$284 million to \$358 million). When the Scheme was first designed it was envisaged government contributions would be approximately 71%.

The government's unfunded portion represents a large proportion of the liabilities of the general government.

The inquiry proposes to investigate reasons for, and implications of, the significant increase in the government's portion needed to fund ongoing benefits.

The Committee invites written submissions or requests to present verbal evidence from interested individuals or organisations. **Electronic submissions are encouraged** and all submissions can be provided to:

Ms Gabrielle Woods
Inquiry Secretary
Legislative Council Government Administration A
Sub-Committee RBF Unfunded Liability
Legislative Council
Parliament House
Hobart 7000
Gabrielle.woods@parliament.tas.gov.au
Phone No: 03 6212 2311 / Fax No: 03 6212 2345

Submissions become the property of the Committee and should not be disclosed to any party prior to the Committee's final report. The Committee's Terms of Reference are also available on the Parliament of Tasmania website <http://www.parliament.tas.gov.au/ctee/comminte.htm>
Submissions and requests should be received at the above address by **no later** than close of business on **22 April 2016**.

Members of the Committee:

Mr Farrell
Ms Forrest (Chair)
Mr Gaffney
Mrs Hiscutt (Deputy Chair)