

Last year, in this column, with the help of a report of the Victorian Parliamentary Economic and Budget Review Committee, I criticised unfunded public sector superannuation. I predicted that if the escalating cost is not reduced, then eventually the promises we have made to our own generation will be broken by our children, who have become fed up with the high cost of keeping us. In the wake of that article I was urged by some civil servants to look as critically at my own parliamentary superannuation. Fair enough!

Having had to choose between a lump sum and a pension, I have been forced to guess at how soon and by how much the largely unfunded Commonwealth Parliamentary Scheme will welch on the fully indexed pension deal it offered me. Similar considerations must have been in the Australian Government Actuary's mind when in 1982 he wrote: "The contributions are paid into a fund which is augmented by investment savings and from which benefits are paid, and which provides some degree of security to members in case of termination or alteration of the scheme." Beneficiaries of current public sector super schemes, including MP's schemes, can have no guaranty that a future government, faced with a budgetary difficulty in part caused by the deferred cost of superannuation liabilities, will not change the rules regarding benefits, as they were once changed regarding funding. In that regard the Civil Servant and the MP are in the same boat.

The Victorian Parliamentary Economic and Budget Review Committee, perhaps similarly prompted, has reported on politicians' superannuation.

Beyond the issue of funding, the Victorian Report and a Tasmanian Government report look at MPs' super in terms of what is comparable or meets community standards or is fair and reasonable in all the circumstances. I suggest a better test could be to ask, in buying political services, what need the the public pay to get best value for its money. The quality of politicians and civil servants will be influenced by what they are paid, but there is no reason to assume that it pays society to have its most able people in parliament and the civil service. They might well be of greater value elsewhere. If parliament is but the electoral college which elects our President, whose members keep themselves occupied as overpaid but underskilled social welfare agents - a description which I regret is sadly near the truth - then MPs are over-remunerated and too numerous now. However, we should remember that somehow an adequate president must be found among their ranks. What is more, parliament has the potential to contribute far more to good government than it does: if only it were to spend less time playing party games and dancing to the government's tune. The Victorian Economic and Budget Review Committee is an example of what, at its best, parliament can achieve. It is cost effective and stands above the vested interests of the public service. Not surprisingly it did not do as well looking at its own vested interest - MPs' super - as it did looking at others vested interest - public service super.

The Victorian Committee insists that superannuation should be seen in the context of MPs' total remuneration. I think the approach is correct, but the difficulty with super, and worse with other perks of office, is that these are not as completely visible to the public which pays for them as is salary. They are also not as completely visible to someone contemplating a parliamentary or public service career. The alternative of offering more generous salaries, but only super schemes which are fully funded by the MPs' or employees' themselves, should serve the public's interest better than present arrangements. (Differing tax treatment is the public's cost/gain and can be adjusted by the salary.) The point is made well in an addendum to the Victorian Report, but I had to go to the Tasmanian report to find how much more generous the salaries would have to be.

A comparison of the relative generosity of private sector, public sector and MPs' super schemes is made by comparing the ratio of employer to employee contributions. In the private sector the employer contributes two dollars for every one of the employee's dollars. In the public sector the employer contributes not less than 5 to 2 but on the present trends of the Tasmanian fund this is likely to become 3 to 1. While for Tasmanian MPs the equivalent ratio is 6 to 1. The Tasmanian parliamentary scheme was judged to be slightly less generous than that of other States and the Commonwealth. The taxpayer must eventually contribute the present value of 60% of a new member's salary to the Tasmanian parliamentary superannuation scheme. Add to that the cost of other perks, and the taxpayer would almost certainly get better value for his money by paying his MPs twice their present salaries but without offering them any other benefits. In the cases of Senators, and Members in safe seats, the largest other benefits would be unused and untaxed electorate allowances, and travel allowances. Cars and telephone are appreciable benefits.

Both reports want the total remuneration of MPs on the table. Both prefer a lump sum superannuation; in the long run it costs the taxpayer less. The current schemes' allow average lump sum entitlements with a present worth only two thirds that of the present worth of average pensions they allow.

If the taxpayer is to get best value for his money, his payments to MPs and bureaucrats must convey the right incentives.

Finally, a few only half whimsical suggestions. First: superannuation benefits should be increased for 'onciers' or even 'twicers'. These should be seen as severance pay. It can be very costly for high fliers outside politics to break careers to enter a strange calling, which they may not like or manage well, dominated by the luck of elections and the whims of boundary commissioners. For whatever reason, parliament is now denied the skills of most of the 'upwardly mobile executive' breed.

Second: members' basic superannuation should decrease year by year. This would encourage time servers in safe seats to make room for new blood. Parliamentary high fliers will tend to hang on for the joy of exercising power and in the hope of a ministerial salary and pension. Opposition front benchers should get some financial recognition.

Third, Members and particularly Ministers might be put on some form of bonus. Offering salary increments for each percentage point off inflation and off unemployment and onto the GDP might often reward the wrong people but it would be salutary. Fourth, if MPs', Ministers' and senior civil servants' salaries were to be fixed in nominal dollars at the time of election or appointment I suspect that serious inflation would become only a memory here, as in Switzerland and West Germany.