

Dear Sir/Madam

SENATE INQUIRY INTO SUPERANNUATION REFORM

As the recipient of a Commonwealth Superannuation pension (civilian) I have written several letters to my local Federal member in support of our Superannuated Commonwealth Officer's Association (SCOA) indexation campaign. My local member has now advised me of the upcoming inquiry into military and civilian superannuation reforms and has suggested I might like to make a submission accordingly. He has apologised for giving me such short notice of the time by which submissions must be received.

My main concern, as a pensioner of nine years, has been the issue of indexation of my pension using the Consumer Price Index. (CPI). SCOA advises that over 20 years, use of the CPI on a commencing pension of \$20,000 results in the recipient receiving \$7,000 pa less than they would have had the pension been indexed by percentage movements used for the Age Pension. SCOA calculate the cumulative loss to be almost \$70,000 over that time. When we are advised of movements in our pension, details of the main CPI influencing factors are usually given. Causing the CPI to increase mostly seems to be daily staples such as food, health, utilities, etc. While items which bring the CPI down more often than not comprise overseas travel, electrical goods, etc. I interpret this as having to take overseas holidays, regularly purchase electrical items, etc so that I can "save" money to pay for life's more necessary items which will keep my wife and myself fed, clothed, healthy and being able to enjoy a reasonable standard of living.

As an indexing tool CPI was abandoned 10 or so years ago by most other Government funded pensions and in that time those pensions have justifiably risen by over 50% while Comsuper pensions have risen by only around 30%. This period almost equates to the time I have been in receipt of a pension and therefore means our standard of living has been similarly eroded by not keeping up with the "real" cost of living.

Previous Senate inquiries (2001, 2002 and 2007) into Comsuper pensions have recommended that the CPI indexation be replaced with a fairer system. However, the recent Matthews inquiry recommended continued use of CPI. One could be cynical and suggest that the different result was achieved because the terms of reference were changed to achieve a desired outcome!

I fail to see the logic that a salaries and wages movement based index is appropriate for MP's and Aged pensioner pensions yet the CPI movement is considered suitable ("good enough") for Comsuper pensions for either military or civilian pensioners. SCOA has advised of a quote attributable to the Australian Bureau of Statistics, that being "CPI is not a purchasing power or cost of living measure". As a superannuant reliant on a pension, I am vitally keen to be able to maintain a reasonably standard of living for the rest of my retirement and wish for the imminent inquiry to recognise and cater for this basic request.

Respectfully submitted

Roger Collins