

BACKGROUND

The Government has endorsed the four recommendations of the Matthews Report into the indexation of Military and other Commonwealth Superannuation. This means that those on Military Superannuation pensions will remain disadvantaged by continuing to have their superannuation pensions indexed by the Consumer Price Index (CPI) - whereas welfare and Age Pensions are indexed at a higher rate (the greater of CPI or Pensioner and Beneficiary Living Cost Index (PBLCI) or Male Total Average Weekly Earnings (MTAWE)) and pre-2004 MP's and High Court Judges pensions are wage based indexed to the salaries of serving backbench MP.

In the period 1989 to 2008 military superannuation pensions rose by 68%, Age Pensions rose by 110% and those of retired MP's rose by 131%!

The purpose of pension indexation is to maintain the purchasing power of YOUR pension. Until 1997 CPI was considered the relevant index but the Australian Bureau of Statistics (ABS) concluded that *"the tight nexus between movements in the CPI and wage and salary adjustments no longer exists."* In 2001 ABS said that " ... *CPI is not a measure of the cost of living.* "

In 1997 the Government acted to maintain the purchasing power of Age and other welfare pensions by changing indexation to CPI or MTAWE whichever was the greater. More recently it included another index factor, the New Pensionary and Beneficiary Living Cost Index (PBLCI).

Nothing however has been done for Military Superannuants, even though six parliamentary inquiries have recommended a form of wage based indexation. The Chair of the recent 'Senate Inquiry on the Effect of Cost of Living Increases on older Australians' said that *"It is hard to explain to Commonwealth superannuants why their pensions, to which they contributed during their working life, should fall behind the pension increases of those who have generally not made provision for their retirement."*

WHAT DO WE WANT?

Put simply, a fair, equitable and reasonable indexation method that includes the CPI together with an outlay based living cost index and with reference to a wages based index such as the MTAWE.

WHY DO WE WANT IT?

To maintain the **Purchasing Power** of my military superannuation pension so I can maintain a reasonable standard of living. Is that not an unreasonable expectation? After all welfare recipients and politicians superannuation benefits have this entitlement. Why shouldn't military superannuations?

I am an ex serviceman of 37 years continuous service. I entered RMC Duntroon in 1946 and retired in 1983. During this period I served in the British Commonwealth Occupation Force in Japan during 1949/50, in Korea on operations for twelve months during 1951/2 and on operations in Vietnam during 1971. Other postings included Pakistan (twice), Afghanistan and United States of America.

Surely I am entitled to the same recognition and respect that age welfare recipients and politicians receive. Our battle to obtain recognition has gone on for years. I wrote to the previous Prime Minister, The Hon John Howard a few years ago, on the same subject and never received an acknowledgement or reply. I trust I will get one this time.

I request that this inequitable indexation of military superannuation pensions be raised during the Senate Inquiry next week.

Yours Faithfully

Francis Peter Scott