

21 August 2007

The Secretary
Senate Community Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Inquiry into the cost of living pressures on older Australians

I wish to make this brief submission to the Community Affairs Committee's Inquiry into the cost of living pressures on older Australians, with particular attention to the following referred matter:

- d. the adequacy of current tax, superannuation, pension and concession arrangements for older Australians to meet these costs*

My submission is in support of the one made by the Defence Force Welfare Association dated 19 July 2007.

Like myself, many ex-Defence Force members, having faithfully served Australia, are now retired military superannuants, living on a modest pension for which they contributed during their time in service. Despite the increasing wealth of the country and many years of paying taxes and contributing to their superannuation, these Defence Force retirees find that unlike the majority of other Australians their standard of living is deteriorating. This is because their military pension is adjusted by the CPI, despite the fact that two Senate Committees have recommended a change to a wage-based index.

I think it is most unfair that this change has not occurred. CPI certainly does NOT reflect the changing cost of living nor does it allow these retirees to share in the increasing wealth of the nation. There is clear evidence of the annual decline in Defence retirees' pensions' purchasing power and many of us therefore feel like second-class Australians, facing a continuing decrease in our standard of living as we grow older, despite years of loyal service to the nation. This is patently unfair, and contrary to the Government's often claimed support to service men and women.

In the past two years since June 2005, parliamentary salaries and hence parliamentary pensions have risen 14.4%. During this time the CPI and hence military pensions have risen 4.8%. Viewed over a longer and perhaps more meaningful period, since June 1997, when the Government changed the indexation of the Age and Service pensions from CPI to the higher of CPI and MTAW (so that older Australians could share in the increasing wealth of the nation) the Age/Service pension has risen 51%, parliamentary pensions 55% and military pensions 30%. These figures reflect a shameful disregard for the well-being of the men and women who have loyally served their country in peace and war.

I commend to you the recommendation made by the DFWA that the Committee advise the Government that:

- a. CPI indexation should be discontinued as the sole mechanism for adjusting military pensions to reflect changes in living standards; and*
- b. "The higher of CPI or MTAW" be adopted as a better index to reflect changes in community living standards.*



Bert Hoebee
Military Superannuant