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Aranda  
ACT 2614

The Secretary  
Senate Select Committee on Superannuation and Financial Services  
Parliament House  
Canberra ACT 2600

Dear Secretary

Thank you for forwarding a copy of Terms of Reference for the Committee, although I lack access to recourses for a detailed submission, I can provide details of personal experiences which demonstrate the present relationship of indexation to cost of living is failing to preserve equity for former contributors now in receipt of pensions. In addition, I also submit that failure to adequately index will ultimately result in general impoverishment across the entire community.

This household comprises my wife, self, an adult son living at home and a grand daughter who attends university; the latter two are generally self supporting. My wife and I live quietly, we do not belong to a club and do not drink or smoke. The house in which we live was funded through a War Service Home loan and our principal luxury comprises an annual camping holiday on the South Coast of NSW.

I retired from the CPS in 1991 with 44.5 years of eligible service for pension (including 21 years in the RAAF as a contributor to DFRB). Prior to retirement I was classified as an Engineer 4 and the initial pension payments of \$990 met household requirements, including a hospital benefit subscription. At that time I received an assurance that payment was indexed to variation in the cost of living and I looked forward to a happy and moderately comfortable old age!

Sadly, inadequate indexation has reduced pension value, necessitated my cancelling our hospital benefit subscription and contributed to the annual holiday becoming an irregular event. In June 2000 my wife and I applied for a means test at Centrelink and qualified for a part pension. The combined initial payment was \$134.04; regular payment was later transferred to Department of Veterans Affairs and is now \$192.50 (including a disability component of \$67.10)

In revising indexation I suggest every effort be made toward identifying and implementing, reliable and enduring factors. One which not only delivers fairness to subscribers but also allows them to continue contributing their time and skill to society during their retirement years.

Many CPS retirees donate their time and skills in retirement toward endeavors which enrich personal and social lives in their communities. For example, a group of volunteers which conducts guided tours for visitors at old Parliament House comprises nearly one hundred retirees (most are former CPS officers and some spent working lives in that precinct); a second significant body of volunteer guides provides a similar service for tourists at the National War Memorial. In addition to volunteer guiding I have a personal interest in a community broadcasting station where I am a volunteer Director and Company Secretary; the station has a permanent community broadcasting license and operates 22 hours per day. CPS and DFRB retirees who are also active volunteers at the station fulfill the roles including General Manager, Treasurer and Administrator.

In order to operate as an active volunteer in contact with the general public requires retirees to maintain neat appearances and have access to personal transport. The associated costs are significant and failure to sustain equitable indexation of pension payments threatens the abilities of many to comply. Of the two criteria, transport is the more demanding but fortunately, I have skills to conduct basic maintenance on my ageing LPG powered sedan. Without the attribute my capacity to continue volunteering would be threatened as I cannot afford a more modern and reliable vehicle, or, pay for regular garage maintenance.

I submit these circumstances apply to a majority of my former CPS and DFRB pensioner colleagues who work in volunteer positions.

Yours sincerely



K. B. Flynn

22 Jan 2001



9 Hillebrand Street  
Page ACT 2617  
21 January 2001

Select Senate Committee Superannuation

Dear Sirs,

I would like to request that in looking at this issue, you consider treating retired Commonwealth Public Servants on a par with other retirees.

Retirees who receive Social Security pensions receive more favourable rates of indexation, even receiving increases when we received none, and granted more frequently. Even were we to receive the same indexation treatment, our relative situation continues to decrease as our pension is taxed, and the taxation scales are not adjusted on a proper basis. Another problem is the lack of fringe benefits. I know things are better since the introduction of the Seniors' Card, but it is still not the same as the pensioner benefits.

Older retirees are particularly hard hit. Current employees and younger retirees are able to invest money receiving taxation concessions, then the money is able to earn income taxed at a concessional rate, finally when the retiree starts to draw income, it is at a tax advantaged rate. It is possible for these retirees to have a substantial income and pay little

or no tax.

Because I knew I would need to supplement my pension I made investments which do not receive these advantages, nor am I able now to make the sort of tax-advantaged investments that an employee on the same income could make.

This also hits when limits according to taxable income are applied to benefits such as health cards and compensation for the GST. The net income from a given taxable income is a great deal lower if it is taxed at normal rates, and some of the "income" is in the form of imputations credits.

Another ~~an~~ injustice is in the proposed treatment of listed investment trusts where capital gains will be treated less favourably than for shares held directly by shareholders. I realise there needed to be changes to taxation of trusts because some people use them to reduce tax. However, trusts of this nature are used by retirees of more modest means as a convenient investment vehicle. The same applies to listed property trusts.

When I was a child I went without a lot of things because my father paid superannuation. I thought I was being a responsible citizen in providing for my own retirement. In view of the punitive measures applied to my

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father, and now to myself, I find it difficult to understand the justice in this. I suspect it is because we do not have sufficient votes, compared with those who failed to make this provision and are so generously treated by comparison, and at my expense. There is no distinction drawn between those who genuinely had no opportunity to provide for their retirement and those who spent their money on a lavish lifestyle in their working life, and/or schemes to arrange their affairs in such a way as to receive benefits in retirement. No such possibilities existed for public servants.

Therefore, I hope you will apply justice in relation to indexation of Commonwealth Government pensions.

Further assistance would include equitable treatment of income from listed investment trusts, availability of Health Cards, to compensation for the GST (this was a compensation matter, not a welfare one and should not be restricted to self-funded retirees below a certain income) and above all, equity in the taxation treatment of retirement income for older retirees.

Yours faithfully,  
(Miss) J Williams