

3 Jarvis Place  
MACQUARIE ACT 2614

25 January 2001



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

Dear Secretary

The Benefit Design of Commonwealth Public Sector and  
Defence Force Unfunded Superannuation Funds and Schemes

I am a Commonwealth Government Superannuation recipient and write this letter in the hope that you will look favourably on the fact that Commonwealth Government Superannuants are discriminated against when it comes to the percentage of increase applicable to their superannuation payments.

Long before it became a Commonwealth Government initiative for workers to contribute to superannuation funds, Commonwealth Government employees directed part of their salaries to superannuation to provide for themselves in their retirement. This saved the Government the expense of paying them a pension.

I know that the value of my superannuation payments in "real terms" has lost its value since I was retired. This is because the present method of indexation, the CPI, adjusted on an annual basis is inadequate and unfair. Not only does one have to cope with the financial hardships imposed while waiting for the CPI increases to the cost of living for 12 months prior to the indexation to be implemented, but also, particularly over the last three years Commonwealth superannuation pensions have risen by only 2.4% based on increases in the CPI, whilst there has been a 10% increase to the superannuation pensions of retired parliamentarians based on movements in Average Weekly Ordinary Time Earnings (AWOTE) over the same period.

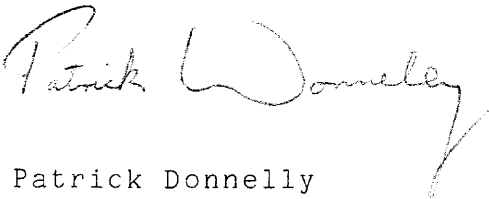
To live one must continue to pay mortgage/rent, medical bills, rates, motor vehicle registration, electricity, water and sewerage, home and car insurance, telephone etc etc, the cost of each having increased annually particularly following the introduction of GST payments.

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Since the introduction of the GST on 1 July 2000, Commonwealth Government Superannuants have been subject to further unfair treatment. On and from that date, all pensioners and Social Security recipients received increased payments to compensate them for the impact of the GST, minus inflation. This was not extended to superannuants who now are absorbing the increased costs for 12 months before their next pension adjustment. As you know, Parliamentarians and other pensioners have their pensions indexed to wages growth as well as the CPI. This is a more equitable way to determine superannuation payments. Although there would be additional costs in incorporating a wage-based component, into the process for adjusting Commonwealth superannuation pensions, there would be savings through reduced age pension outlays and increased taxation receipts.

The declining living standards of Commonwealth Government superannuants is a very serious matter and I ask you to recommend that Commonwealth Government Employees Superannuation payments be raised from the inadequate CPI index to include equality with wage increases.

Yours sincerely

A handwritten signature in cursive script that reads "Patrick Donnelly". The signature is written in dark ink and is positioned above the printed name.

Patrick Donnelly