

0249561945

87 Orchardtown Road
NEW LAMBTON NSW 2305

The Chairman
Senate Select Committee
Indexing of Superannuation Pensions
Parliament House
CANBERRA ACT 2600

Dear Sir

**INQUIRY INTO INDEXATION OF PUBLIC SERVANTS
SUPERANNUATION PENSIONS**

I attach a copy of a note I received today re your inquiry. The note indicates the diminishing value of indexation of superannuation pensions over a period of time. If this is the case then it is no wonder many retired Commonwealth Public Servants struggle financially after a number of years of receiving the pension. Not only does the pension exclude them from social security benefits the value diminishes as well.

It is to be hoped that your Committee will rectify this and improve the situation and perhaps bring the indexation features into line with AWOTE as apparently is happening for federal politicians.

I have requested a copy of the terms of reference of your committee.

Yours faithfully


Rod Foster

16/01/2001



Foster, Rod

From: noelnews [noelnews@gil.com.au]
Sent: Monday, 8 January 2001 17:31
To: List Member
Subject: public servants superannuation

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I don't know how many of you on the list are commonwealth public servants but at the request of one of the list members who is I am enclosing the following message that was written by him. I hope it is useful to you.

Subject:C/W Public servants and Defence force superannuation inquiry

I'm not sure how many retired C/W Public Servants and retired Defence Force members are on your circulation list but they may not be aware of a Senate Select Committee inquiry into the indexation of the pensions and your Newsletter may be a way of bringing the inquiry to their attention.

Unless they read the Australian or Fin Review P/S retirees would not have seen the ad relating to making submissions to the inquiry. The Committee, in its wisdom, chose to advertise the terms of reference of the inquiry only in these two newspapers and on the Parliament House Web Site. The inquiry was not even advertised in the Canberra Times, notwithstanding the large number of retired public servants that live in this great city. Submissions are required by 29 January and the Committee hopes to report its findings in March.

For those who are on a CPI indexed CSS or similar pension, it is crucial to submit their views on how their pension has been reduced in real terms over the past years. In the last four years, CSS pensions have been indexed by 1.3% in '97; 0% in '98 (CPI was actually -0.2% whereas the Macquarie Bank's retirement index was 5%); 1.1% in '99 (CPI was actually 1.3% but the pension rise was discounted by 0.2% for the previous negative CPI); and 2.8% in '00. Over the same period, the movements in average weekly earnings (AWOTE) were 3.5%; 4.3%; 3.2% and 4.4% (source: Personal Investment). Is there any wonder why politicians have seen fit to further improve their already overgenerous superannuation scheme by changing its indexation from CPI to the movement in AWOTE.

The CPI is a poor index for those who are retired as witnessed by other retirement indices (ASSIRT, Macquarie Bank) that are invariably higher than CPI. I would urge retired public servants to inundate the Senate Committee with representations to achieve a better indexation of their pensions - check the web site above or call the Committee secretariat on 62773458 for the inquiry terms of reference.

For myself I retired 4 years ago on 42% of my former SPO-C salary of \$55170 or \$23171.40. Public servant salaries have been deregulated and now each department is slightly different but the average SPO-C is now on \$60,091 so retiring today I would have got \$25238.22 whereas my indexed pension has only risen to \$24186 ie in the space of 4 yrs I am \$1000 down.

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