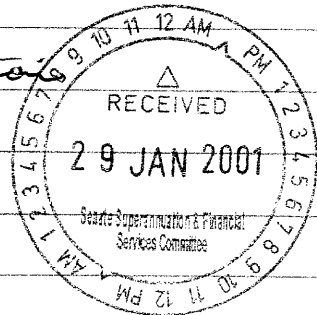


The Secretary

Senate Select Committee on Superannuation  
and Financial Services

Parliament House

Canberra ACT 2600



In relation to the inquiry into Commonwealth public sector and defence force unfunded superannuation funds and schemes, I submit the following:

- 1) Indexation based on the CPI is inappropriate. The CPI is such a skewed basket that it in no real way reflects the real rate of inflation, even for the general community. Inflation is significantly higher than the CPI shows. Inflation for those retired is significantly higher again and a basket based on the items on which retirees spend their money would be vastly more appropriate.
- 2) To preserve the real value of a fund member's benefit, indexation would have to be based on public service salary movements. I retired in 1993 at a salary of \$55,234 and received a pension of \$23,030, or 41.7% of final salary. Salary for the same range is now \$77,944 (Canberra Times, 20/1/01). 41.7% of \$77,944 is \$32,502. My current pension is \$26,459. In less than 8 years I have lost \$6,043 PER ANNUM in real terms because of the entirely inappropriate indexing method.

- 3) I understand that parliamentarians have changed the basis of indexation of their own relatively generous scheme to average weekly earnings. If that is appropriate for one group of Commonwealth superannuants, why is it not for another? Such discrimination cannot be justified.
- 4) It is clear that the present method of indexation is abjectly failing to preserve the real value of fund members' benefits. Change to a much more appropriate method of indexation is required.

I expect that the points I have raised will be duly considered in relation to your inquiry and that the outcome will be a more appropriate indexation method.

~~Barrie Pennefather~~  
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25/1/2001