

THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

NATIONAL HEADQUARTERS

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

Dear Sir/Madam

Thank you for the opportunity to contribute to the Senate Select Committee on Superannuation and Financial Services Inquiry into Commonwealth public sector and defence force unfunded superannuation funds and schemes.

Unfortunately the RSL has only recently been alerted to this Inquiry and its terms of reference. Our submission is perforce in outline only. However, we find ourselves generally in accord with, and strongly supportive of the submission by the Superannuated Commonwealth Officers' Association. That said, there are some aspects of their submission to which we would like to add our emphasis.

It is the belief of RSL members that purpose of the CPI adjustment for pensions is to maintain living standards at appropriate levels in the face of rising living costs. It is the position of the RSL that CPI linked adjustments to pensions have failed to deliver this outcome. In the experience of our members, this means that living standards of self-funded retirees are declining particularly for those (the majority) whose superannuation pension is their principal source of income.

Such concerns would seem to be increasingly and more widely held throughout the community at large, as is reflected by the application of other indices to various retired pensions. This was also borne out by the 1997 ABS review of the CPI which noted that the absolute reliance on the CPI for indexation of pensions had effectively been supplanted by the indexation of the age pension at 25% of the MTAW. Other indices such as the Retiree Price Index have demonstrated higher cost of living for self-funded retirees than the CPI in most years over the last decade. In particular, the RSL notes that the indexing of parliamentary pensions is based also on other than the CPI.

It is the position of the RSL that a wages based process rather than strict reliance on the CPI would be more appropriate for the indexation of pensions of retired military personnel, thus bringing their living standards in retirement more in line with those of the community generally.

Yours faithfully

PETER R PHILLIPS AO MC
Major General (Retd)
NATIONAL PRESIDENT



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