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

Senate Select Committee on Superannuation  
and Financial Services

In response to the Senate Select Committee inquiry re the above, I hereby submit some aspects of our superannuation which have eroded the real terms benefit. The current indexation system requires changing due to rubbery figures associated with inflation.

The current rationale used for indexation requires changing for us to achieve real terms value in our benefits. This is caused by the suspect figures continually used for inflation statistics and when passed on in CPI to which our benefits are tied, reflect in grossly underestimated cost of living.

Whilst it is termed yuppy for governments to gloat and boast over low inflation figures, these are only pseudo type when dissected in the real world. For instance a survey conducted by a Federal Government member in late 1999 revealed upwards of 83% of items in supermarkets had price increases up to 10% and more. Such price increases had little effect in the inflation figures.

Furthermore just a few examples. A few years ago potatoes were between 50c - 80c per KG. For more than 15 months their price has been between 1.50 - 2.00 dollars per KG. On the 24 Jan 01 one brand was 2.39 dollars per KG and another about 18c higher. White onions have been in excess of \$2.00. per KG for over 12 months. Brown onions approaching \$2.00. They used to be well under the \$1 range.

Diverting away from food items many price increases for rates services insurances and financial aspects are attributed to inflation rates far in excess of what the government boasts.

It is timely to comment of the .3% inflation reported for the DECOO quarter. One would think it was April fools day. Crude oil was in excess of US \$25.00 per barrel. An overseas government said in early 2000 that a price in excess of US \$25 would have an impact of 2.8% inflation. In view of all price rises and the crude oil price the announcement of .3% inflation for the Qter appears a joke or one arrived at after a very long lurch.

These factors make it mandatory that the rationale for indexation of our benefits has to change to a more honest system.

Financial institutions circulate that the ABS CPI can be up to 3 points lower than an independant research. This could be somewhat reflected in the movement of average weekly earnings where our benefits would be better off compared with CPI and AWOTE over the past four years.

I am informed politicians gave away the CPI in favour of AWOTE for their superannuation. Surely it would not be asking too much for ours to be changed accordingly.

Recipients trying to help themselves in retirement have lost out greatly over recent years and cannot continue to bare this loss. Adopting a more honest system is essential.

I could write at length on the apparent suspect inflation figures and as a consequence their effect on the CPI but time does not permit. I do enclose a clip ~~from~~ the Gold Coast Bulletin where an independant citizen indicates what he thinks.

Before closing I am both concerned and baffled by the apparent secrecy of this inquiry. Neither some RAAF Associations nor COMSUPER were aware of this sitting as were some Federal MPs of the government. There is alot of 'Yes Mininster' present.

Yours faithfully.

*Barrie Smith*  
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Gold Coast Bulletin  
Fri 26 Jan 01

■ A YEAR ago, my favourite patisserie charged \$4.50 for a vegetable quiche which now costs \$6.20. This makes the ABS December quarterly inflationary figure of .03 per cent grossly misleading, even ignoring the GST 'spike'. This represents a 30 per cent price hike, which is highly inflationary and shows quarterly inflation figures are extremely deceptive.  
— Donald Newman, Isle of Capri

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