

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

I would be most grateful if the Senate Select Committee on Superannuation and Financial Services could take the following points into account in its consideration of this matter.

The two superannuation schemes for Commonwealth public servants (CSS and PSS) are indexed by the CPI. Unlike the Aged pension and the superannuation scheme for parliamentarians, indexation does not take into account increases in wages and productivity gains. The rationale for using one method for public servants and another significantly more beneficial method for parliamentarians should be investigated. This situation is totally inequitable and discriminatory against Commonwealth public servants.

Further intensifying this discrimination, indexation for CSS and PSS pensions is at least a year retrospective. When the GST was introduced on July 1 2000, Aged pensions were increased by 4% as compensation for the anticipated inflation due to the GST. Those on CSS/PSS pensions received no adjustment and will have to wait until 1 July 2001 for any adjustment at all.

The CPI is quite an inappropriate method of indexation for CSS/PSS retirees. The CPI relates to price movements in many items (eg mortgages), which are irrelevant to this age group. It totally undermines any notion of maintaining the real value of pensions; this is the entitlement that contributors understood to be the key benefit on which these schemes were based

An indexed pension is just as much an entitlement for public servants as it is for parliamentarians. It must, however, be based on a realistic and equitable method of preserving the real value unfunded component of the employer benefit.

I would like to register my concern about the sincerity of the Committee in conducting this inquiry. Firstly, the publicity seems to have been specifically designed to restrict awareness of the opportunity to make submissions among the group that is most effected – that is current retirees and current contributors who are residents of Canberra. This would be a significant group whose rights have also been restricted by the timing of the lodgment of submissions – at the end of the summer holiday period. It is almost as if the Committee wanted to be able to shelve the inquiry due to lack of interest. I am sure this is not the case, but it is clear this aspect could have been handled better.

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