

If successive Federal governments had not deemed that the CPI is a suitable vehicle for indexation of Commonwealth Public Service and Military Service Superannuation pensions I would have no need to make this submission. However as that is the case steps should be taken to make the CPI more representative of the real cost of living. As it stands there are flaws and omissions.

- (i) Because of the misuse of the index by government the "acquisitions" concept should be abandoned. It is not universally accepted and it has not always been used and does not reflect the cost of living.
- (ii) CPI statistics should be issued on a monthly basis as recommended by the IMF. If CPI is central to fiscal policy, accuracy should be the standard - not cost.
- (iii) The need for the deposit and loans facilities index is questionable. If it is a necessity it should be an accurate reflection.
- (iv) At a time of rapid technological and other change the six yearly updates are unsuitable. If it was reduced to a frequency of three years it would be an improvement but probably only just adequate.
- (v) The living cost indexes, whilst they correctly use the "outlays" approach, are askew because of the assumption that all pensioners, all self funded retirees etc. live in a metropolitan area. That may be largely true in some States but not true of all States. Also there is an assumption that self funded retirees all enjoy the same lifestyle which is a nonsense, of course. Some are extremely rich and others only slightly better off than Age Pensioners. If the ABS is seeking honesty in its statistics, this area needs a lot of work.
- (vi) Geographical coverage is mentioned in (v) above. Taxation, when determining Zones for taxation relief, showed its Canberracentricity. It is to be hoped that, if ABS is adventurous and extends its coverage beyond capital cities, it discovers that there is a part of Australia west of the Great Divide where "Freight mate" is the usual response to any query about the inflated prices for goods.

As it stands at the moment those persons living outside capital cities and reliant on a ComSuper or Military superannuation pension are severely disadvantaged by both Government misuse of the CPI and by the ABS being unable to see beyond very restricted landscape. If the CPI is not a cost of living index (which it is not) ABS should be brave enough to tell Government that the CPI cannot be all things to all men.

Ken Harrison