

## **Sixteenth Series Review – Consumer Price Index.**

### **Introduction.**

Firstly thank you for the opportunity to comment on the CPI. I am a former Commonwealth employee, contributed to the CSS and receive a pension indexed according to the CPI.

### **Relationship CPI- Real Cost of Living.**

I understand that there are different options for calculating the real costs of living but sadly CPI, in its current form, is not suitable for that purpose. The current CPI, which is only a measure of price inflation, consistently understates increases in the real world cost of living.

This is grossly unfair because it does not ensure my pension is adjusted in accordance with the real cost of living, a fact acknowledged by the Government when it changed the method of adjusting the age pension. Adjustments must be real world and not based on some out dated formula.

### **Recommendation 1.**

A real world cost of living index would be much fairer since it would ensure parity in the purchasing power of pensions over time. This separate measure would have to be compiled by the ABS using the outlays approach. Any theoretical quality improvements e.g. computers should not be included.

### **Recommendation 2.**

Legislation must be introduced to ensure that the recommended real world cost of living or a suitable alternative living cost index is applied to Military, Centrelink and Civilian pensions.

**Increase the Geographic Coverage.**

Residents living in country and remote areas pay real world prices that are significantly higher than their counterparts in metropolitan locations. This is grossly unfair. I can speak from experience after working for four years in Derby WA.- prices were exorbitant.

**Recommendation 3.**

It is recommended that increasing the geographic coverage of the CPI should be implemented as soon as possible.

**Other Pertinent Submissions.**

I have perused the submission by the Superannuated Commonwealth Officers Association and I strongly support their recommendations.

**Summary.**

My standard of living is being seriously eroded by the inadequacy of the CPI to reflect real world increases in prices. It is essential that this discrimination be immediately removed.

Please feel free to contact me if I can be of any further assistance.

Yours faithfully,



Merv Hazell