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Brief: COTA



Pension review report eagerly awaited

with **IAN YATES** COTA chief executive

COMMENT

payments: The Federal Government's Pension Review, headed by Dr Jeff Harmer will report by February 27.

The review's almost-finalised recommendations are being debated by senior public servants from key departments in Canberra and by ministers and their staff.

The review's recommendations will include by how much the pension should be increased, the ratio of single to couple pension levels, and how to focus the increase on people most reliant on the pension without creating disincentives both to save before retirement and to continue part-time work after pension age.

The Harmer review was commissioned before the global financial crisis hit Australia. We are yet to experience its full implications but, clearly, one will be the Federal Budget going into deficit.

Increasing the pension will add to that deficit in the near term and some will argue that any pension increase should therefore be deferred. This argument should not be entertained. Government agrees that the pension is inadequate and an increase overdue. The economic crisis hits lower income groups hard, with even more retirees now qualifying for the pension. A pen-

sion increase will also provide further stimulus to the economy as pensioners spend on essentials, usually in their local area.

Suggestions pensioners will spend any increase unwisely are insulting to the overwhelming majority who budget tightly and live very frugally on the base pension of \$281 a week, making impossible choices between food, healthcare, electricity, transport and housing.

Many other economic stimulus measures provide no benefit for pensioners, particularly the suggestion of tax cuts.

The pension must increase significantly to make up for lost value against increased costs of living, with more to come as energy, water and other essentials rise.

Only if the government accepts in full COTA's recommendation that the pension rise from 25 per cent to a base of 35 per cent of average weekly earnings while a new index is developed could that increase be staged over two Budgets.

The Federal Government must also publicly release the Harmer report so that we can all see what has been recommended.

How Australia treats its aged citizens during a time of economic crisis will be a test of our values as a nation. »»