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Sir

FUTURE FUND FARCE

Stephen Bowhill's letter, AFR, 19 March, expresses disappointment that the Future Fund will be used to pay "bureaucrat's over-inflated pensions".

The average Commonwealth and Defence superannuation pension is \$20,649 p.a. (\$1,200 less than the combined married rate of Age Pension). That modest pension usually supports both members of a couple and it is indexed by the CPI, unlike other Government funded pensions that are appropriately indexed by a more realistic and fairer, wage-based index.

Mr Bowhill's belief that the Future Fund was established to pay for Commonwealth/Defence pensions is understandable because that is what the Government often dishonestly states. The truth is that these Commonwealth/Defence pensions have historically been paid from annual revenue collections. There is ample evidence to demonstrate that this capacity to pay (without the need for a Future Fund) will continue into the future based on two Government documents that report that such expenditure will fall significantly as a percentage of GDP into the future.

The Future Fund was established to fund the escalating cost of health and aged care due to Australia's ageing population. The Treasurer, in the AFR on 12 March, said, "The biggest challenge is going to be to pay for medical services over the next 20 to 30 years....." This challenge is clearly reported in the Government's own *"Intergenerational Report"* and the Productivity Commission's *"Economic Implications of an Ageing Australia."*

Readers may also be interested to know that the majority of Commonwealth and Defence superannuants who belong to untaxed superannuation schemes, will receive little if any benefit from the Government's announced tax changes for superannuation to commence from 1 July. That is because of the operation of the Low Income Tax Offset and the Senior Australians Tax offset.

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