

# Simpler super system does not benefit all

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Your editorial, "Union's super target too high" (October 24) reported that: "After recent changes to superannuation, which made retirement benefits tax-free for over 60s, the system is simpler and provides more incentives for saving than it did even a few years ago."

There is no doubt that the government's announced changes, to start from July 1, 2007, will be welcomed by many superannuants. However, there will be many who will receive little if any benefit from the changes.

These will be superannuants whose super is sufficiently low that they are not now paying tax due to the application of tax rebates such as the Senior Australian Tax Offset, or the Low Income Tax Offset.

Those to benefit most will be those on higher superannuation

pensions. Contrary to popular belief, commonwealth and defence superannuants receive modest superannuation pensions, averaging \$20,649 (which is less than the married rate of age pension).

These superannuants will not receive tax-free super from July next year.

They will, instead, receive only a 10 per cent tax offset because their superannuation comes from an untaxed source — untaxed because of successive governments' decisions not to fund their superannuation.

Many of these superannuants will receive little if anything from the government's simpler super initiatives, initiatives that our association otherwise applauds.

Despite two separate Senate committees recommending that the

government change the way its former employees' pensions are indexed, i.e. from the consumer price index to the better of the CPI and male total average weekly earnings, the government refuses to approve the Senate committees' recommendations.

Pensions of federal MPs are indexed via movements in their parliamentary salaries and allowances. This indexation is considerably more generous than the method used for other retired Australians.

Extraordinarily, the government would have us accept that this is fair.

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