

To the

General Manager Superannuation,
Retirement & Savings Division
The Treasury
Langton Crescent
Parkes ACT 2600

25th July 2006

Dear Sir.

I had some correspondence in regards to the means testing of the Centrelink pensions with my MP Mr.A.Downer and Mr.Mal Brough, but received very unsatisfactory replies, yet what is proposed in the budget as far as super is concerned made me choke on my breakfast.

If this is implemented, Australia is well on the way to become a third world country, where there are only the very rich and the very poor.

I am enclosing copies of the correspondence which I had with Mr.Downer and Mr. Brough.

Your officers would probably have read all the comments in the media on this matter, but I would particularly like to point to the following articles which are very relevant to the "Simpler super" changes.

- 1) Brian Toohey in the AFR 10.5.2006 "Baby boomers to f-f-fade away rich and comfortable"
- 2) B.Toohy AFR 20.5.2006 "The real cost of Tax free super"
- 3) Jonathan Barrett AFR 11.5.2006 "Changes will boost incomes", particularly the comment "I am gob smacked" even people like he are surprised at the generosity for the rich.
- 4) Tony Harris AFR 10.5.2006 "Hasty spending to cut an embarrassing surplus"
- 5) T.Harris AFR 18.5.2006 "Simply super for the very rich" Tax concessions will almost equal the age-pension.
- 6) Mike Steketee The Australian May 13.2006 "Nice cuts if you can get them".

How can anyone justify this generosity to the very rich?

What percentage of the population has sufficient income to salary sacrifice \$50,000.00 into super and have enough left over to exist.

I am sure all the politicians can, so is this the reason for this generosity and they will then be living in great luxury when they retire.

Another anomaly is the Governments co contribution by the Government; how many low income earners can afford the \$1000.00 to get the \$15000.00 contribution from the Government, so who benefits from this? It is again the very well off.

Australia is becoming a “Socialistic Capitalistic Society” where tax money from the poor is used to subsidize the rich.

It seems to be that Bob Hawke was right when he said “No politician should ever live in poverty’ be it in office or retirement.

The Superannuates who receive some super will be given a 10% tax rebate on their income; some petty compensation when considering the generosity for people with large super saved with great concessions and then paid tax free upon reaching the age of sixty.

Even more discriminated against are the receivers of overseas pensions; they do not get even the 10% tax offset, yet they paid their contributions and Australia is benefiting to the tune of more than \$800 million a year coming into the country and it is often taken away by the Australian Government through 40% reduction of Centrelink pension and 31.5% tax including the Medicare levy.

The Australian Government is depriving people who were born in the time of the depression and had a very hard childhood and youth time of a decent living in their retirement, if they were unlucky enough to listen to all the advertisement for a good life in Australia and migrated to Australia. I know many who regretted that decision.

If the people in Government have any decency, what should be done, is to introduce a “**Universal pension and abolish all tax concessions**” for the age pensioners, abolish the compulsory super and give every worker or other earner the full 9% wage rise and access to any super they may have accumulated, so that they can utilize the funds as they see fit; the most efficient way would be to reduce their mortgages or any other debt they may have.

The cost of administration of the age pension would be greatly reduced and as the tax concessions are almost equal to the cost of the age pension, the Government would save considerably and the social system would be more in line with other civilized countries and much fairer.

Another anomaly is the CPI indexation of the allowed income before the Centrelink pension is reduced while the age pension is indexed to the average weekly earnings and this further reduces the pension received by those recipients of the age pension who were thrifty enough to save for the rainy day, something this Government is so loudly extolling.

But considering the Australian share market, it is not hard to see what consequences this would have; It is obvious that the introduction of the compulsory super has created a monster in Australia, particularly as the super funds holdings have exceeded the one trillion mark, and in the process many multimillionaires of the people who manage the funds.

Australia is the only country which forces its citizens to contribute into super without providing a defined benefit on retirement and when considering that the current Government is all for deregulation this is completely at odds with those policies.

Maybe you can answer the question which the Hon.Downer, Minchin and Brough did not answer.

The Australian anthem says advance "Australia fair". Does that mean fair in colour of the skin or fair treatment of every citizen. In both cases it is definitely not applicable.

Yours truly

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