

Dear Sir

I would like to make three comments as follows –

1. Ordinary Australians, particularly retirees, need direct access to the Australian Federal Government's bond market to safeguard their savings. Access via bank term deposits, even if government guaranteed, involve exposure to bank fees and charges and for many may be less desirable than Australian Federal Government Bonds. Retirees and others should be able to safely deposit funds in such Government Guaranteed Bonds knowing that come redemption day they will receive all their money back. The Australian Federal Government (and the States) could make such bonds very attractive with, for instance, tax breaks if held to maturity, some income bonds, some accumulation bonds etc. Maturity dates could be matched with say pension liability dates by trustees of pension funds and there would be little risk of loss. Short selling would be prohibited. Such bonds would set a benchmark with which all other forms of monetary deposit would have to compete. They would "have to do the right thing". In all it would be an opportunity for the Australian Taxation Office and the Australian Federal Government to do something really good for the community. The general intent is to safeguard the pension savings of ordinary Australians.
2. The Australian Federal Government should allow retirees with allocated pensions to suspend or reduce their pension payments below the minimum whenever such payments would otherwise involve unnecessarily high consumption of their allocated pension units. One might add a pre-requisite of there being either a stock market fall of at least 10% since the previous 30th June, and/or an individual's allocated pension fund falling at least 10% since the allocated pension started. The general intent is again to safeguard the pension savings of ordinary Australians.
3. All allocated pensions should by law have to have a Government approved stop loss policy. A trailing stop loss policy of 10% would be good. Again the general intent is to safeguard the pension savings of ordinary Australians. It is a disgrace that some allocated pension funds have, in the last year, lost more than 50% of their value.

Thank you.

Yours faithfully

Alan W M Mills