

NANE - explanation of position on why income should be included

Value derived from the compensation is based on a single lump sum amount. If the investment income derived is not part of the compensation package and cannot attract NANE its value will fall.

1 scenario assumed in the Bill

lump sum	\$ 1,000,000
no inflationary loss of value	
beneficiary population static	100

2 scenario with inflation

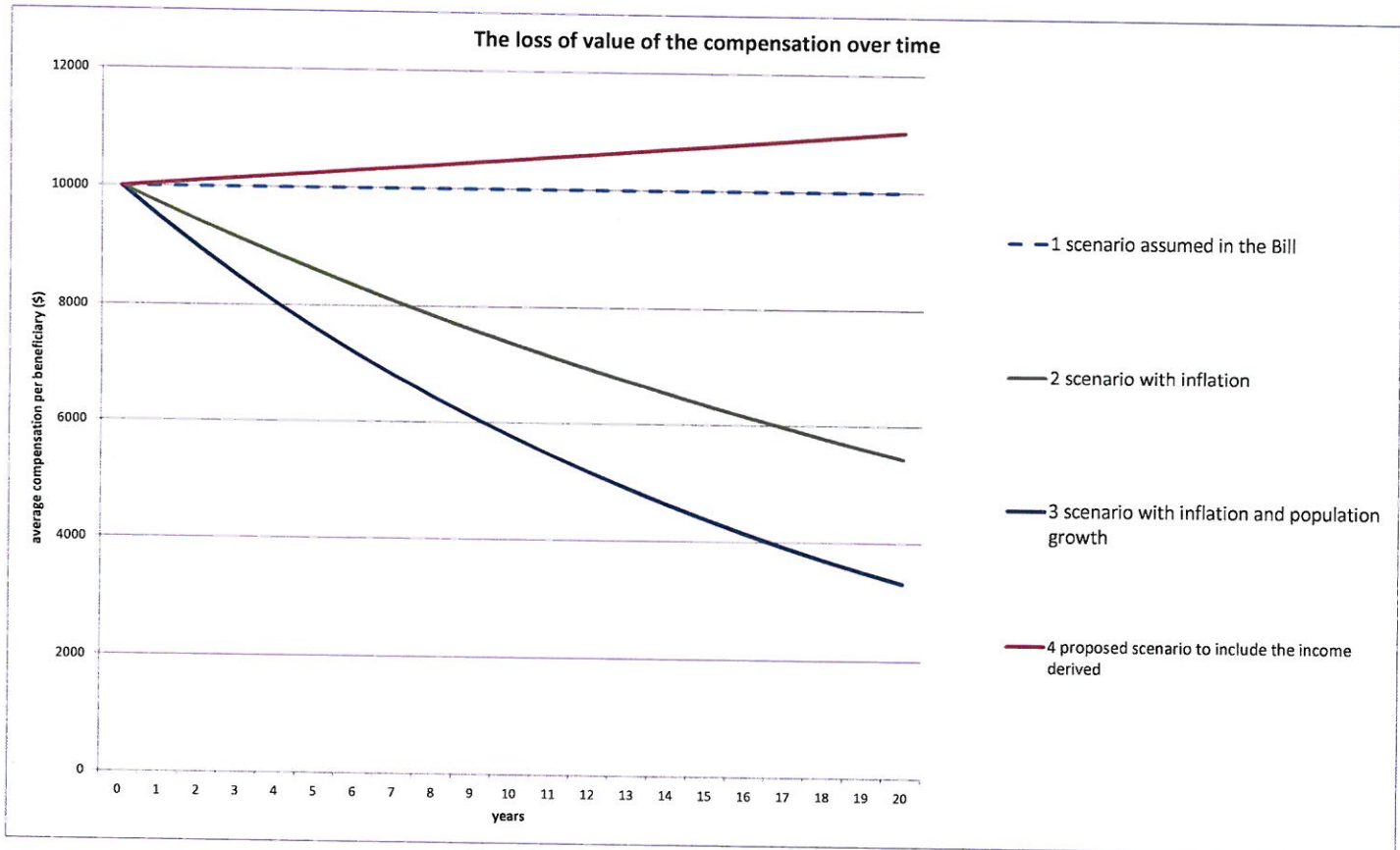
lump sum	\$ 1,000,000
inflation	3%
beneficiary population static	100

3 scenario with inflation and population growth

lump sum	\$ 1,000,000
inflation	3%
population growth of	2.5%

4 proposed scenario to include the income derived

lump sum	\$ 1,000,000
inflation	3%
income generated	6.0%
population growth	2.5%



Scenario 1 - reflects the Bill which does not accept the income derived from a lump sum is part of the compensation package.

Scenarios 2 and 3 reflect reality in terms of the value of the compensation. The value falls to near 50% through inflation, and is down to near one third of its original compensatory nature in just one generation.

Scenario 4 reflects the proposal that the investment income be included in the NANE treatment, which after inflation and population growth provides an uplift of about 10% after 20 years.