

THE SUPERANNUANT

Newsletter of the South Australian Government Superannuated Employees Association Inc
Trading as S.A. Superannuants. Established 1927

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From the President

Inadequate indexation is often the first matter that comes to mind, and rightly so, when superannuants and/or pensioners are asked to name the most important issue impacting on their retirement. So much so that other important issues slip under the radar. I have become aware of one such issue recently.

I refer to the Trans-Pacific Partnership (TPP) currently being negotiated by 24 Pacific Rim countries, including Australia and the USA. If finalized it will be the largest multilateral free-trade deal in history. One item is Intellectual Property (IP) on which there is substantial disagreement, particularly from the smaller or poorer nations which are invariably the purchasers of IP protected products from richer nations.

In 1995 another free-trade agreement determined 20 years as the limit for pharmaceutical companies before generic versions can be produced. The US is demanding that this period be extended and there is some suggestion that Australia will agree.

Apparently, another proposal being discussed is to further limit exceptions to patent rules that are there primarily for epidemics. A leak of these draft proposals reported in the online Global Mail suggests that Australia is working with Japan and the US on a "Transparency Annex" which would allow pharmaceutical companies from Japan and the US to access the workings of the Australian Pharmaceutical Benefits Scheme (PBS) ([http://nceph.anu.edu.au/files/Gleeson-medicine 9May 2013.pdf](http://nceph.anu.edu.au/files/Gleeson-medicine%209May%202013.pdf)). Would this measure allow pressure to be put on PBS as to the drugs it chooses to subsidise and/or set higher prices for those drugs?

All TTP negotiations are done in secrecy and the media has been denied access to any documentation. This section of the TTP could have a major impact on the cost of medicines in this country, a cost that will be felt heavily by retired people.

Should we form, and voice, our views on this matter?

Peter Fleming

CPI Change: The Adelaide Consumer Price Index increase for July 2013– December 2013, was 2.05% and this same adjustment will be made to Super SA pensions from April, 2014.

Annual General Meeting 2014

Monday, 24 February, 2014, at 1 p.m.

Pilgrim Centre, 12 Flinders Street, Adelaide

Agenda:

1. Apologies.
2. Minutes of the 2013 Annual General Meeting.
3. Extension of membership eligibility (see *Notice of Motion* item on page 2)
4. Annual Reports
5. Election of Officers and Committee for 2014 (see *Nominations for the 2014 Committee* item on page 2).

Guest Speaker:

Mr Ken Barr, Statewide Clinical Support Services "New pathology and research centre Royal Adelaide Hospital".

Disclaimer: Readers should not act, or refrain from acting, solely on the basis of information in this newsletter, but should consult the relevant authorities and advisers.

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Speaker Program for General Meetings:

March-May, 2014

(Speakers and topics subject to change without notice)

**Pilgrim Centre, 12 Flinders Street, Adelaide.
Meetings commence 1 p.m.**

March 31: Professor Pauline Mooney,
Executive Director, South Australian
Development and Research Institute (SARDI)
"What is SARDI? What does it do?"

April 28: Chris Jeffreys, Mediation Services
Coordinator, "The Role of Community
Mediation Services in SA: Providing an
Alternative to the Legal System".

May 26: Evelyn O'Loughlin, CEO Volunteering
SA and NT, "Volunteering in South
Australia."

Nominations for the 2014 Committee

Nominations received at 21/1/2014 were:

President: Peter Fleming

Vice-President: Clive Brooks

Secretary: Christine Venning

Treasurer: Michael Evans

Membership Officer: Max Jahn

Assistant Secretary: No nomination

Guest Speaker Coordinator: No nomination

Committee member (up to six positions):

Arnulf Anders, Mike Wohltmann, Ian
Beckingham, Vic Potticary

There remain four vacancies for the Committee and at least two of these should be women.

In accord with the constitution, where a nomination has been received for a position and has not been withdrawn, no further nominations for that position can be accepted at the AGM. The vote of members present will be for acceptance or rejection of that nomination. Where vacancies exist nominations will be accepted on the day.

NOTICE OF MOTION

Pursuant to section 3.2 of the Constitution of *The South Australian Government Superannuated Employees' Association Incorporated*, notice is hereby given that the following motion will be moved at the 2014 year Annual General Meeting.

"1. That all those persons receiving, or eligible to receive, a pension paid by the Police Superannuation scheme be henceforth eligible for full membership of the South Australian Superannuated Employees' Association upon meeting their financial commitments to the said Association.

2. That all those persons who are, or have been, members of the Southern State Superannuation scheme or Lump Sum Superannuation scheme be henceforth eligible for full membership of The South Australian Superannuated Employees' Association upon meeting their financial commitments to the said Association."

Your membership officer

Membership this year has stabilised at just over 1600, which is about 10% of all eligible government retirees. Partner members are approximately 5% of the total.

Due to difficulties with report submission for last edition, all new members since July are listed below.

Life members

Mr T G Visser, Mr W de Saram, Mr P Whitham, Mrs J Correll, Mr D Price, Mr D Haslam, Miss C Redding, Mr L Forster, Mr A Wingrave, Mr J Brennan, Mr R Cabban, Mr R Victora, Mr E Tamlin,

Annual members

Mr R Calver, Mr P Ryan, Mr E Blieschke, Mr S Wall, Ms J Maguire, Mr L Geue, Mr A Vincent, Mrs F Sampson, Mr P Sukke, Mr L Hossack, Mr H Frank, Mr L Miels, Mr D Mathews, Ms D

Gray, Ms J Pallant, Mr B Threadgold, Mr M Gray, Mrs M Brereton, Mr G Cox, Mr A Leach, Mr M Brice, Mr A Wohlschlager, Mrs D Selth, Mr G Hennig, Mrs A Pederson, Mr L Auri, Mrs Y Scensor, Mr J Badger, Mr P Johnstone, Mr M Townsend, Mr P Blumbergs, Mr P O'Brien

Partner members

Claudia Weeraperuma in France, Mrs V Harris, Ann Mather, Janny Nak, Mrs V Richardson

Welcome to all these new members. The Association has reached the end of 2013 with a total of 1604 financial members comprising:

1003 life members; 520 annual members; 81 partner members.

Max Jahn

Newsletter editor/coordinator wanted

In the last issue of *The Superannuant* members were invited to consider becoming involved in two areas of the Association's work that do not need regular attendance at Committee meetings. These are maintenance/development of the website and publication of *The Superannuant*.

This has resulted in a member, Peter Frick, expressing interest in working on the website and he has accepted an off-Committee appointment as its content manager. Christine Venning will be Peter's contact on the Committee. An item from Peter follows this one.

An opening still exists for someone to do the work associated with publication of *The Superannuant*.

There is an account given on the website of what this involves but **it does not involve soliciting and writing content which, as for the website, will be the responsibility of the Committee.**

If you are interested, but need more information about this matter, you can contact me via e-mail at raywen@bigpond.net.au.

Ray Hickman

Website content manager

Some time back I read that SA Superannuants was looking for help managing the content of their website and I was only too happy to offer my services. After a career of over 40 years in Education I have been enjoying an absence from meetings since I retired 6 years ago. This was a way I could help out without being tied to more meetings (as important as they no doubt are.) While I am no technocrat I do have some limited experience with managing websites. I set up the

website at my last school some years ago and I have continued to manage it into my retirement. Once again I can do this from the comfort of my own home without visiting my old place of work.

The task I have accepted is mainly to upload content supplied to me by the committee and arrange for it to be presented in an attractive way. The website has already been professionally designed and incorporates a very simple procedure to add and delete content. I have strong views that website content must always be as up to date and relevant as possible. I also feel that as much as possible, for a site such as ours, information should be presented in a way that encourages readership.

In doing this type of work I am able to keep myself involved as well as releasing people from the more mundane tasks so they can get on with other matters. It also allows me the freedom to indulge in my taste for travel which I like to indulge in whenever I can.

Ray Hickman's help inducting me into this position has been excellent and I seem to have grasped the necessary knowledge to get the job done to the satisfaction of the committee.

I know the Association is looking for someone to do something similar for production of *The Superannuant* and I would urge anyone with the required skills to consider putting their hand up. Any assistance we members can give this worthy organization can only bring benefits to us all.

Peter Frick

ACPSRO Annual General Meeting

The Association is an affiliate of the Australian Council of Public Sector Retiree Organisations (ACPSRO). I represented the Association at the 2013 AGM held in Canberra in October. There was a positive feeling at ACPSRO this year as some of the military have been promised improved indexation. Senator Ronaldson (Lib Vic, Special Minister of State, Minister for Veterans' Affairs) has taken a strong interest in the issue, and has promised that improved indexation will be passed by July 2014.

Two of the three military schemes will get improved indexation but not the third, and largest. This is the Military Superannuation and Benefits Scheme (MSBS) which is still open to new members. The MSBS liabilities continue to increase and if the scheme remains open to new members this will go on for many years yet.

However it is useful for recruitment; the comment was made that it will be a brave government that will touch the MSBS.

SCOA (the Superannuated Commonwealth Officers Association) co-operated with the military campaign whilst remaining separate from it. The politicians that SCOA spoke to said that the military were lobbying at every opportunity, whereas the civilians were never heard from. The military have offered to assist SCOA as they begin their lobbying, the aim being to get the membership to contact MPs at every opportunity. The view at ACPSRO was that when the military have been given the promised improved indexation the campaign will begin to gain improved indexation for the Commonwealth civilian superannuants and the MSBS. When that has been gained a campaign will begin to persuade the Commonwealth to give an amount equal to the clawback the Commonwealth will gain to any State that gives improved indexation to its public service superannuants.

Some ACPSRO delegates saw the 10% tax offset for untaxed-source pensions as being a likely target for government savings. There is nothing specific at this stage but it is something we should be aware of and ready to fight for.

Those present at the ACPSRO meeting seemed rather surprised that the new Government had promised to apply CPI indexation to the threshold cut-off for the Commonwealth Seniors Health Card. However the lower threshold for other income at which the age pension begins to be reduced to a part pension is indexed at CPI, while the upper threshold at which the age pension cuts out is determined by the taper rate (pension reduced by \$1 for every \$2 of income above the lower threshold). This means that the upper threshold is being indexed at the same rate as the age pension, typically 1.0 to 1.5% greater than CPI. Consequently the income at which the age pension cuts out will become closer to, and eventually overtake, the CSHC threshold.

The Trans Pacific Partnership Agreement, first raised in 2004 and thought to be dead is back on the political agenda. Since the ACSPRO meeting there have been several reports on TV and in newspapers about this; the US is seeking increased patent protection for its pharmaceutical companies, this may affect the Pharmaceutical Benefits Scheme and lead to increased cost for medicines. This is another issue to be watched closely.

Michael Evans

Financial Report 2013

At the time *The Superannuant* went to the printer the Auditor had not completed his report. An unaudited report was placed on the Association website to be replaced by the audited report when it is received.

Copies of the audited report will be distributed to members in attendance at the AGM and then included in the May/June issue of *The Superannuant*.
ME

Deciding Association priorities

The personal and financial circumstances of members of SA Superannuants vary widely.

For example:

1. Pensions vary from relatively small (\$20,000 p.a. or less) to relatively large (\$70,000 p.a. or more);
2. Superannuants may have widely different amounts of other private income besides the Super SA pension;
3. People may be single or partnered and partners may have a little, or a lot, of their own income;
4. Many, but not all, qualify for a part age pension payment when they reach the qualifying age;
5. Many, but not all, of those who are ineligible for an age pension payment qualify for the Commonwealth Seniors Health Card;
6. Some, but not all, remain taxpayers after age 60;
7. A small number of members experience difficulties arising from the way the pension scheme rules work or are being interpreted.

This diversity of circumstances applying to its membership presents a challenge to the Executive Committee as far as setting priorities goes. A goal with the potential to be advantageous for all members should have a higher priority than one that can only affect a few. However, there must be a realistic assessment made of how achievable a goal is.

A high priority for the Association is improved indexation for Super SA pensions because it would be advantageous for every member. But the prospects of getting a state government to agree to this are very small. It has been raised with the state Treasurer and the response was that as long as the Commonwealth continued to use CPI indexation for its pensions so would South

Australia. We know that every state paying defined benefit pensions has taken this position. We also know that we got twice-yearly indexation in 2001 only after the same change had been made by the Commonwealth. Before the Commonwealth move on twice-yearly indexation all attempts to get the same change made for Super SA pensions had failed.

Another goal to which the Association is currently giving high priority is better access to the *Commonwealth Seniors Health Card* for recipients of untaxed-source superannuation pensions (e.g. Super SA pensions) who are not eligible for a part age pension. This is a matter that does not involve the State Government. Achieving this goal will not be advantageous for every member, or even a majority of members, but it is much more achievable than improved indexation. There are two reasons for this: the cost is relatively small and people with taxed-source pensions can get the CSHC no matter how large their pensions might be. These two points formed the basis for the Association's lobbying on CSHC at last year's Federal election.

The area where the Association can claim to have had the most influence is in its interaction with the State Parliament, and state superannuation authorities, over changes to, or interpretation of, the South Australian superannuation legislation. This influence has yielded positive outcomes on both a scheme-wide basis and for individual pension scheme members.

Examples of scheme-wide outcomes

Twice-yearly CPI indexation of South Australian pensions.

Lifetime pensions for former spouses following the splitting of Super SA pensions in the event of marriage breakdown.

Outcomes for individuals

Overtaking of a pension suspension which had been based on a wrong interpretation of the Superannuation Act 1988.

Withdrawal of a demand for a recipient of a retrenchment pension to repay money earned through employment after he had been wrongly informed about his earning limit. *RH*

State election 2014

In December 2013 the Association wrote to all the political parties represented in State Parliament, and to all the independent members, seeking support for a set of superannuation

proposals to be adopted as policy for the 2014 State election. The full text of the letter is available on the website. The proposals were:

- The full pension to be paid to a surviving spouse for a specified period of up to 14 weeks after the death of the contributor. This would involve some extra cost for the Government but it would be relatively small. Unlike indexation this would be a change for which the Commonwealth has already set the precedent. It makes a payment to a surviving spouse that is equivalent to maintaining the full superannuation pension for 14 weeks after the death of the contributor.
- Pension and Lump Sum Scheme contributors to be allowed the choice of paying their personal contribution by salary sacrifice or from after-tax income.
- Lump sum scheme contributors to be allowed to access their personal contributions for transition to retirement purposes without the need to move to lower-paid employment.
- Consideration to be given to reform of South Australian superannuation arrangements to bring them into line with arrangements applying in other states.

The last three proposals listed above involve no cost to the Government. The second and third proposals are about getting better outcomes for pension and lump sum scheme members still at work. The last proposal is for the governance arrangements applying to South Australia's superannuation funds to be reviewed to see if they need bringing up-to-date. They have stayed much the same as they were in 1988.

At the time *The Superannuant* went to the printer (mid-January) replies had been received as follows:

1. From Dr Bob Such MP JP, Independent Member for Fisher

'Thank you for your letter on behalf of SA Superannuants regarding proposals for changes to public sector superannuation.

I will certainly be supporting the changes you and your group advocate.'

2. From the Hon Dennis Hood MLC, Family First Party

'I will need to take this letter to our policy committee before making a firm commitment but at first glance I would indicate that these do look

like the types of policy positions that Family First would support in principal.’

3. From the Hon Mark Parnell MLC, Greens Party

‘We’ll have a look at these and will get back to you if we have any questions.’

4. From the Premier’s correspondence unit

‘Thank you for your letter of 5 December 2013 to the Premier of South Australia, the Hon Jay Weatherill MP about suggested changes to public sector superannuation.

Your letter is currently receiving attention.’

Replies received too late for inclusion in *The Superannuant* will be posted on the Association’s website. RH

Commonwealth Seniors Health Card

During the federal election campaign the Coalition committed to CPI indexation of the cut-out incomes for Commonwealth Seniors Health Card (CSHC) eligibility. The current cut-out incomes are \$50,000 p.a. (singles) and \$80,000 p.a. (couples) and these amounts have not changed for more than 10 years.

Assuming that the Coalition delivers on its commitment the amounts will be increased in September each year in line with the CPI increase for the previous financial year. This new arrangement will operate from September 2014.

This is a modest improvement that will benefit people over 65 who have taxable incomes just below the existing limits and are at risk of becoming ineligible if their incomes increase. As long as the rate of increase in income does not exceed the CPI such people will remain eligible for the CSHC under the proposed arrangement. However, people with untaxed-source pensions, indexed to CPI, who are just above the limits now will remain ineligible.

Following the election the Association wrote to the Prime Minister to express support for these new arrangements but also to point out that CPI indexation alone is not going to prevent cut-out incomes for the CSHC being overtaken by those for a part age pension. When this happens the health care costs incurred by recipients of untaxed-source pensions (e.g. Super SA pensions and Commonwealth super pensions) will increase substantially unless they are eligible for a part age pension and the pension card. In contrast to this

people receiving taxed-source superannuation pensions will continue to get the CSHC no matter how large their super pensions are. This is because such pensions are not taxable income and are not counted when CSHC eligibility is determined.

The Association’s letter to the Prime Minister is posted on the Association website and it argued that cut-out incomes for CSHC eligibility should be tied to those for a part age pension. This would ensure that the CSHC remains available to recipients of untaxed-source pensions at income levels a bit above those needed to qualify for a part age pension. RH

Speaker’s Corner

Andrea’s Story

Members at the September meeting heard Andrea speak about her complications in life with a severe palate deformity. I had a difficult time trying to condense her story. Unlike Andrea I gave up and have left Andrea to tell her story.

I was born in the early 40’s with a severe palate deformity with no roof to my mouth which meant that I was never able to speak. I had to be fed either by a tube through my nose to my stomach or intravenously.

I was virtually disowned by a mother overcome by what she saw as the embarrassment I’d brought to the family and bullied throughout my schooldays.

Then an errant dog entered my life.

When I was about 15 I was running in the school yard and tripped over a dog. He was a life-saver! I fell heavily and damaged my wrist which meant a trip to the RAH. The doctor there was more interested in my inability to speak than in my injured arm. The doctor mentioned a new ‘plastic surgeon’ Mr Don Robinson, was coming to the hospital. (He had field experience in the Korean War). Eventually a consultation was arranged but the cost of craniofacial reconstruction – around \$500 – seemed out of the question.

In a move of compassion for me my father sold a block of land on which he had been planning to build my mother’s ‘dream home’. The operation took 6 hours. My stay in hospital lasted 6 weeks and while there I learned to eat and drink. Then I began speech therapy. I had heard the words but didn’t know how to say them.

Over the years I have often put up with the thoughtless comments of insensitive people and can appreciate the pain of constant bullying and name-calling which children with disabilities have to put up with.

There are still things I cannot do today, such as blow out a candle or drink through a straw and I can't blow up a balloon or even spit! You try to clean your teeth without the need to spit. But to think my life was changed by a dog!

I made history by being the first person in South Australia to be treated by a plastic surgeon.

My pastor said these words to me many years ago
Only Special People are given Special Problems.

The members at the meeting donated \$280 to the Craniofacial Foundation.

Andrea has written a book about her experiences *Finding My Voice*. It is available for purchase at www.findingmyvoice.com.au
www.craniofacial.com.au raises money for this valuable work. *Christine Venning*

A member asks . . .

The question is:

'We are often told that the Government's contribution to our superannuation is more than the present guaranteed rate. Has anyone calculated or estimated how much more and do these estimates take into account that the Government does not pay until the pension is due, whereas with other schemes the employer payment goes in as the entitlement is established? This should be priced at the rate the Government can borrow money for the time between entry to the scheme and retirement.

The answer begins:

The 1983-84 Annual Report of the South Australian Superannuation Board contains the earliest estimate the writer has seen of the level of employer contributions needed to run the scheme as a fully funded scheme. The estimate was 13% of salary if the contribution was made over the employee's entire working lifetime and 17% if the contribution was made over the period that the employee was making personal contributions. The two different figures reflect the fact that, from 1974, government employees often did not

join the scheme until years after they had commenced employment.

The latest estimate of the required government contribution rate is 26%. This estimate was made as part of the actuarial investigation of the pension scheme carried out as at 30 June 2010.

Continued page 8

Fees And Their Payment

Current Fees: Annual: Full member = \$15,
Partner member = \$5

Member for life: under 60 = \$270, age 60-65 = \$220, 65-70 = \$160, over 70 = \$130.

Receipts: *These will be sent for Life Membership Fees but members requiring a receipt for an Annual Fee must enclose a stamped self-addressed envelope.*

a) When paying by cheque or money order please send your payment to:

Membership Officer
S.A. Superannuants
P.O. Box 348
Modbury North SA 5092
Email: pmjahn@bigpond.com

b) **When paying by electronic funds transfer**

Please make sure that when the payment arrives in the Association account it is accompanied by your surname, initial and suburb. Otherwise we may not be able to recognize your payment.

Our Bank is **Bank SA** and other details are:

BSB 105-900

Account number: 950313840

Account name: SA Superannuants

c) When making an in-person deposit into the Association's bank account you must notify the membership officer (in writing or by e-mail) that you have done this and the date. This type of payment can be very difficult to assign otherwise.

d) New members and payments by electronic funds transfer or in-person deposits. If you are a new member paying by one of these methods please also send a membership application form to the Membership Officer so that your necessary details can be recorded. On the next page a form is provided that allows new members to join, and existing members to renew their annual membership or convert it to a membership for life or notify a change of address.

Membership: Applications and Renewals

Existing Members: Your financial status, name and address and the financial status of your partner (if applicable) is currently recorded as:

Please indicate errors or changes:

.....
.....
.....

New Members: **Title:** **Gender:**

First Name:

Last Name:

Postal Address:

.....

All New & Renewing Members:

Payment Amount: \$.....

Purpose of payment (tick relevant box)

- Renew annual membership (\$15 /annum)
- Life membership (see scale page 7)
- Change annual to life (see scale page 7)
- Partner membership (\$5 /annum)

Year of birth: (life membership)

Telephone:

Home: **Mobile:**

Email:

Signature: **Date:**

The actuary's calculations indicated that this level of contributions was needed to keep up with the value of the benefits accruing to those members still at work. But this is not the same thing as saying that contributions of 26% were needed for all members from the start of the scheme.

Until 1994 there were no employer contributions made for any employee prior to the employee's retirement. As each employee retired, and started to collect his/her pension, the Government commenced paying a share of the pension. This was the way the scheme was designed to work, and not just the South Australian scheme, but all the Australian Government pension schemes. These schemes were described as 'emerging cost schemes'. The government employers paid their share of the pension cost as that cost emerged when the pension had to be paid.

By waiting until 1994 before it began making contributions, ahead of its employees' retirements, the Government inevitably increased the contributions that it now has to make in order to catch up and keep up. The reason is 'compound interest' described by Henry Ford as 'the eighth wonder of the world'.

In the next issue of *The Superannuant* an attempt will be made to compare the 'official' estimates of 13-17% and 26% for employer contribution rates, referred to above, with estimates based on actual experience of a member. RH