

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

In this newsletter you will be able to read a letter that we sent recently to Federal MPs Tony Zappia (Government) and Senator Simon Birmingham (Opposition). Some members of your Committee have met with each of these MPs with a view to having them represent our views in Canberra. Both of them have been willing to listen to us and have shown some understanding of superannuation and age pension issues.

You will note that in this letter we set out two priorities clearly favoured by members present at a general meeting a few months ago. One of these priorities is "Improved indexation for State and Commonwealth superannuation pensions". S.A. Superannuants and other state and commonwealth superannuant organizations have raised this issue over many years. It has been central to ACPSRO's agenda.

Our letter recognizes that Commonwealth Governments of all persuasions balk at the cost of full and proper indexation. Consequently, the letter says "some change to the indexation of deferred benefit pensions that moves the rate of change in superannuation pension values towards that of the age pension would be welcomed". The letter also lists a number of "possibilities." that could be considered.

I draw this to your attention because it is a change that gives the Government and the Opposition more room to move and improves our chances of a positive outcome. Please note that ACPSRO is also edging towards a similar strategy.

Peter Fleming

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.

Annual General Meeting 2013

Monday, 25 February, 2013, at 1 p.m.

Pilgrim Centre, 12 Flinders Street, Adelaide

Agenda:

1. Apologies.
2. Minutes of the 2012 Annual General Meeting.
3. Annual Reports: President, Treasurer.
4. Election of Officers and Committee for 2013 (see item on page 2).

Guest Speaker:

Mr Stephen Yarwood, Lord Mayor, City of Adelaide

'The future development of Adelaide'

Speaker Program for General Meetings:

March-June, 2013

(Speakers and topics subject to change without notice)

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

March 25: Alan Campbell, Curator, The Cedars, Hans Heysen Studios, "Sir Hans Heysen".

April 29: Craig Harris, Department of Health and Ageing, "Aged care: who cares".

May 27: Dr. Oliva Handt, Forensic Scientist, Forensic Science SA, "Forensic Science in South Australia".

June 24: Michelle Prak, Social Media Consultant, "Social Media: what's it all about?"

CPI Change: The Adelaide Consumer Price Index increase for July 2012– December 2012, was 1.90% and this same adjustment will be made to Super SA pensions from April, 2013.

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Nominations for the 2013 Committee

Nominations received at 21/1/2013 were:

President: Peter Fleming

Vice-President: Clive Brooks

Secretary: Vic Potticary

Treasurer: Michael Evans

Membership Officer: Max Jahn

Assistant Secretary: Christine Venning

Guest Speaker Coordinator: Ian Beckingham

Committee member (up to six positions):
Arnulf Anders, Ray Hickman.

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.

Financial Report 2012

The Association's financial report for the year ending 31/12/2012 is posted on the Association website.

Copies of the report will be distributed to members in attendance at the AGM

Your membership officer

At the end of 2012, I sent out 56 reminder letters to unfinancial members, and 22 members responded by renewing their membership, which is great. The sad thing is that

we have lost 35 valuable members. I can only repeat what I said last newsletter, "Non-renewal by annual members is an ongoing concern."

Notification of the Partner Membership financial status is included now on the back page below the full members' details. If I have slipped up in the transferring from one data bank to the other, please let me know so I can get it all right. Ray is letting the five partner members of email recipients know of their financial status.

My email is now included under the "Fees and their payments" heading, thanks to a suggestion from a member.

Membership as at 31/12/2012

Total members: 1605 (includes the following three categories).

Life members: 1000

Annual members: 543

Partner members: 62

New members: B Blight, H Lambert, D Henschke, Mrs A Lewicki, R Willis, C Wojciak, B Lennon, Ms J Rudovits, Ms G Aird, J Zwar, S Smith, J Reynolds, H Roberts, H Arnold, K Boxall, L Caines, D Creedy, C Curtin, R Oates, A Field, B Hemming, D Morley, P Mitchell, J Neale, T O'Donnell, D Parkinson, K Packer, J Plummer, P Maas, Ms A Lucic, G Rogers, G Garner

Members changed from annual to life

J Giles, K Isaacs, Mrs A Voyzey, R Hoare

New Partner members: Mrs S Ingham, Mrs L Emes, Mrs C Garwood, Mrs L Johns, Mrs E Robinson, Mrs S Nelson, Mrs R Cutting, Mrs R Vowels, Mrs L Chirgwin, Mrs W Sandercock, Mrs M Jorgensen, Mrs B McKay, Mrs U Walkley, Mrs L Finnane, Mrs W Osborne, Mrs V Hartnett, Mrs W Hickman, Mrs H Russell, Mrs M Nicholls, Mrs T Langham

Max Jahn

ACPSRO Annual General Meeting

The Association is an affiliate of the *Australian Council of Public Sector Retiree Organisations* (ACPSRO). The AGM of the organisation is held in Canberra each October and in 2012 Michael Evans and Clive Brooks attended as our representatives.

The meeting was dominated, as it has been for many years, by discussion of the campaign being waged by the commonwealth affiliates of ACPSRO for a change in indexation arrangements for commonwealth superannuation

pensions. These pensions, like ours, are indexed to the Consumer Price Index (CPI).

Until this year the change being sought was for the commonwealth super pensions to be indexed on the same basis as the age pension. This method of indexation involves use of the CPI but, in addition, sees the age pension linked to changes in *Male Total Average Weekly Earnings* (MTAWE). As a result of this link to MTAWE the age pension increases at a rate significantly greater than the CPI.

The Coalition has committed to using age pension indexation for the closed military pension scheme (not for the military pension scheme that remains open) but there is now a view at ACPSRO that age pension indexation is not going to go further than this one military scheme. It appears that both major parties have now made it clear that they will not support age pension indexation for civilian superannuation pensions. The reasons seem to be:

- the age pension is a means-tested, poverty alleviation/income support measure, that serves a different purpose from superannuation;
- recipients of superannuation pensions are entitled to age pension payments, on top of their superannuation, if they meet the means-testing criteria.

In response to this the *Commonwealth Superannuated Employees Association* (SCOA), which represents commonwealth civilian retirees, is considering alternatives to age pension indexation that will still deliver a worthwhile improvement.

At the next Federal election SCOA intends to continue its policy of running a marginal seat campaign that targets Government members at each Federal election. When the Coalition was in Government its marginal seats were targeted.

Clive Brooks and Michael Evans

Association lobbying priorities

In its previous lobbying activities the Association has put forward a suite of proposals covering indexation, taxation, age pension means testing and *Commonwealth Seniors Health Card* (CSHC) eligibility. In our discussions with MPs it has been put to us that we should consider restricting ourselves to one or

two issues at a time and according them a high priority.

There is little doubt that the issue of highest priority for the majority of members of all defined benefit pension schemes is indexation. This was confirmed by a poll of members at an Association general meeting last year. Of other possibilities CSHC eligibility and the taxation of non-superannuation income had the highest levels of support. Taking this poll into account as well as our knowledge of the thinking in the other organisations affiliated with the *Australian Council of Public Sector Retiree Organisations* the Association Executive Committee decided that indexation and CSHC eligibility will be its priorities in the discussions we have with MPs between now and the next Federal election.

The indexation issue will, as well, be taken up with the State Government and Opposition in the run-up to the 2014 state election.

The letter below has been sent to Mr Tony Zappia of the Australian Labor Party who is the member for Makin in House of Representatives. A similar letter has been sent to Senator Simon Birmingham of the Coalition. Both these gentlemen have agreed to be our main contacts with their respective parties on the condition that we still keep all their colleagues informed about our wishes.

Dear Mr Zappia,

Earlier this year Association representatives met with you to talk about a range of superannuation issues affecting members of public sector defined benefit schemes, including our own members who belong to the South Australian State Pension Scheme.

I am writing to you now to let you know that, of the issues we have previously discussed with you, the following two are the ones to which we are giving the highest priority over the next two years. The Association requests you to do what you can to ensure that these issues are considered as the Labor Party develops its retirement income policies in the lead-up to the next federal election.

Priority 1: Improved indexation for commonwealth superannuation pensions

It is widely acknowledged that indexation of income to the CPI only, as applies to Commonwealth and State defined benefit superannuation pensions, sees the value of the pensions fall relative to community living

standards. After more than thirty years use of this inadequate indexation method it is time for an improvement to be made.

You will be well aware that one suggestion is for indexation of defined benefit pensions to be on the same basis as that used for the age pension. For our part we are aware that the Government argument is that it is not appropriate to apply age pension indexation to superannuation pensions because they are a different type of payment to the age pension and they are not subject to means testing as is the age pension. We do not dispute this but the improvement made to age pension indexation when it changed from CPI to the better of CPI and wages is seen by our members as an acknowledgement that CPI-only indexation was not keeping up with street prices. Consequently some change to the indexation of defined benefit pensions that moves the rate of change in superannuation pension values towards that of the age pension will be welcomed. Possibilities would include:

- CPI + 1% p.a.
- Better of CPI and $(CPI + MTAW)/2$ i.e. the average of CPI and MTAW
- Age pension indexation to be applied to the amount of the superannuation pension that equals the current maximum age pension value
- Age pension indexation to be applied to defined benefit pensions from age pension age

Our motive in supporting improved indexation for commonwealth pensions is that no state government is likely to even consider making a change until the Commonwealth has moved. As far as dissatisfaction with CPI indexation is concerned you can be sure that the members of the state schemes are as one with Commonwealth superannuants.

Priority 2: Increased cut-out points for Commonwealth Seniors Health Card eligibility

The current taxable income amounts at which eligibility for the Commonwealth Seniors Health Card (CSHC) is lost are \$50,000 p.a. for a single person and \$80,000 p.a. for a couple. These have not been increased for over 10 years. What makes this particularly unacceptable to our members is the fact that people receiving their superannuation pension income from a taxed source can have any amount of annual pension income without any of that income being counted

for CSHC purposes. This is surely the most striking inequity existing within the Australian retirement income system.

We urge you to support increases in the income cut-out amounts for eligibility for the Commonwealth Seniors Health Card to \$100,000 p.a. for couples, \$70,000 p.a. for single people with these amounts then subject to annual indexation.

Numbers of people affected by these issues

The Table below shows how many people there are in the various Australian jurisdictions who are reliant on defined benefit pension income. Improvement in the indexation arrangements for defined benefit pensions will be important to all recipients of these pensions in all jurisdictions. Increasing the CSHC income limits will not be important for a majority of people because their superannuation pensions will be less than the existing limits. But for those just missing out on the CSHC or likely to be missing out on it in the near future it is a very important issue.

There are 150 electorates for the House of Representatives and, considering the data in the Table, it seems likely that in each electorate there would be several thousand voters having an interest in the two issues we have identified as having a high priority for our members.

Jurisdiction	Retirees	Not yet retired	Totals
C/wealth (Civilian)*	130,000	275,000	405,000
C/wealth (Military)*	65,000	120,000	185,000
NSW	55,000	84,000	139,000
SA*	15,000	4,000	19,000
Tasmania*	8,000	11,000	19,000
Victoria	50,000	69,000	119,000
WA*	10,000	0	10,000
Totals	333,000	563,000	896,000

Notes:

1. an asterisk indicates untaxed-source pensions.
2. the Matthews review is the source for Commonwealth data; the state data has been obtained from fund annual reports.
3. Queensland does not pay defined benefit pensions but many recipients of Commonwealth pensions live in Queensland.

Meeting the cost associated with these changes

If it is deemed necessary to meet the cost of these measures by savings made elsewhere in the

retirement income system we suggest that the Government look at the current policy of not means testing unpreserved superannuation assets prior to age 65. This policy allows people with any amount of unpreserved superannuation to collect the full Newstart Allowance or Disability Support Pension for up to 10 years before age pension age is reached. People relying on other means such as employment income or superannuation pension income have that income and/or their pension account balance included in the means testing arrangements.

Making unpreserved superannuation count for means testing purpose before age pension age would not adversely affect most Newstart Allowance or Disability Support Pension recipients. The savings would be made by ensuring that people who have large unpreserved superannuation account balances available to meet their expenditure needs are no longer able to receive the full Newstart Allowance or Disability Support Pension on top of their large private means.

Yours sincerely,

Editor's Note: Unpreserved superannuation is money to which a person has full access and is equivalent to money in a bank account.

Ray Hickman

Contacting MPs

All members are encouraged to contact their local member of the Federal or State Parliament over one or both of the two priorities set out above. Post and e-mail contact details for members of both houses of both parliaments are provided on the Association website. *RH*

New Super Fund for SA

There is a new super fund that has been established for the South Australian government employees who are currently members of the *Southern State Superannuation* (SSS) scheme. The new scheme is called *Super SA Select*.

According to State Government sources the new scheme is being introduced to get over a difficulty arising from a recent Federal Government superannuation initiative. This initiative will see low income employees earning up to \$37,000 p.a. getting a refund of the annual contributions tax paid on their employer superannuation contributions. The maximum refund is \$500 p.a. and it will be paid into the

person's superannuation fund, **but only if that fund is a taxed fund.**

The SSS is an untaxed fund and no annual contributions tax is paid on contributions made to the scheme. A roughly equivalent amount of tax is paid by the SSS member when he/she collects the benefit at retirement.

Because annual contributions tax is not paid on employer contributions to the untaxed SSS the Federal government has taken the position that it will not pay an annual refund of tax that has not yet been paid. This seems reasonable because there is little, if any, precedent for an individual to get a refund of tax that he/she has not yet paid.

The Federal Government probably could make special arrangements to pay the refund now while it waits to get the tax in 30 or 40 years time. But this would be complicated and why should they? South Australia is thumbing its nose at the Federal government policy on annual contributions caps by allowing uncapped contributions into the SSS by high income people who also belong to defined benefit schemes. [See the article on Contribution Caps in the August/September, 2012 issue of *The Superannuant*.]

Super SA Select will be a taxed superannuation fund and if low income employees, who are currently SSS members, agree to have their account balances transferred to *Super SA Select* they will get the Federal government low income tax refund. However, they will pay tax on their existing account balances. For each \$10,000 of an existing account balance in the SSS the tax payable will be, in most instances, \$1500 as the money is moved to *Super SA Select*. Furthermore, there could be a long term additional cost because until now it has been said that there is an advantage in having one's superannuation asset held in an untaxed accumulation scheme.

This advantage is said to arise from the fact that contributions and investment earnings in an untaxed accumulation scheme are not subject to tax on an annual basis as is the case with taxed schemes. The tax is collected when the benefit is paid out and this may be 40 years later. In the meantime the money that has been removed from taxed funds on an annual basis stays in the untaxed fund and generates investment earnings.

In the writer's opinion all this adds up to a mess in the making. Where there was one scheme

catering for all SSS members now there will be two with most members staying in the SSS and the other scheme (*Super SA Select*) catering for a small fraction who will face a dilemma in choosing between the two. It seems unlikely that *Super SA Select* is going to attract many members. The real intention might be to transfer all SSS members into *Super SA Select* with the Government not yet ready to declare this.

The matter does not appear to have any relevance yet for the pension scheme but it will bear close watching. It might be the thin edge of the wedge for movement of all South Australia's superannuation schemes into the taxed superannuation environment. RH

Ombudsman says 'No' to investigation

The Association was successful with its campaign for the Parliament to refer the taxed-source pensions of the *Electricity Industry Superannuation Scheme* (EISS) to the State Ombudsman, Mr Richard Bingham, for investigation and report. On 17 October in the Legislative Council a motion making the referral was adopted. This set out the terms of reference for the investigation.

A submission from the Association addressing the terms of reference was delivered to the Ombudsman's Office on 19 November ahead of a meeting with him that took place on 22 November. Clive Brooks and I represented the Association at this meeting.

We were surprised to be told by Mr Bingham that he considered the investigation referred to him by the Legislative Council to be outside his jurisdiction. He had reached this conclusion without reading our submission.

Mr Bingham offered to conduct an investigation on his own initiative in lieu of the Legislative Council investigation. This investigation would not directly address the question of whether the EISS pensions were being reduced by a method designed to reduce employer costs.

At the time of writing the Association is engaged in discussions with the Ombudsman and with the Hon Iain Evans, MP Shadow Treasurer who has been our main contact point with the Parliament. Mr Evans does not necessarily support our claim that EISS pensions have been reduced by more than the law allows but he does support our efforts to get the matter settled by a genuinely independent and relevant investigation. RH

Speaker's Corner

At last year's October meeting Chris Gregory from the National Broadband Network Co. provided us with a rundown on the progress of the NBN rollout.

If you are not yet connected, then you can go online at www.nbnco.com.au or ring 1800 861816 to find out when your suburb will be connected. There is also an email address – info@nbnco.com.au

The National Broadband Network is the largest infrastructure project in Australia's history. It will give Australians the second fastest internet connection after South Korea. It is scheduled to be finished in 2021. 100% of premises will have broadband connection with 93% of those accessed by fibre optic.

At the May meeting members present heard about the Men's Shed movement from Evan Reay, Eastern region coordinator.

Men's sheds have been around for 30 to 40 years but have grown rapidly in the past five years from 150 to 750 so they must be fulfilling a need. Men's sheds are making a difference bringing together men from all walks of life and nationalities – doctors, mechanics, carpenters, and engineers - and giving them a purpose. Some retirement villages are now incorporating a men's shed in their designs.

They are a space for men to meet and work on projects from the simple to the complex. Skills of the participants range from "I can wield a paintbrush" to designing and making quite advanced projects. The Milang Men's Shed, for example, has attached itself to the historical society and is involved in fixing large equipment and machines used in times past.

The Eastern Region Men's Shed has specially designed and constructed benches for the residents in the redesigned garden at a nursing home. For example the arm rests are wide enough for a mug to rest on. The larger men's sheds have a number of groups that meet on different days and work on different projects that are matched to the skill level of the participants.

Some of the projects are – boxes for birds, possums and bats, rocking horses, wheelchair ramps, toys, and specially designed items for Hampstead Rehabilitation Centre. Funding comes from a number of sources – local councils,

Federal Government, e.g. HACC which enables people to stay in their own homes longer.

The Federal Government has recognised the valuable contribution men's sheds make to people's health and well-being by providing the Australian Men's Sheds Association with funding for several years.

Whilst men's sheds are for men (obviously) there are some that are named Community Sheds so women are not excluded. But female partners think men's sheds are the best thing since sliced bread. They know their menfolk are in a supportive environment and are making a difference to their health and well-being as well as contributing to the community.

Christine Venning

Freebies, Discounts and Rebates, Part 3

Funeral Costs: You may be eligible to receive financial assistance to cover the costs of a basic funeral through the Funeral Assistance Program. Criteria apply. The income, assets and liabilities of the deceased and their close relatives all are taken into account.

Public transport too difficult? Subsidised taxi fares are available through the SA Transport Subsidy Scheme for people with permanent and severe disabilities.

There is a 75% taxi fare subsidy available for people who are confined to a wheelchair.

There is a 50% taxi fare subsidy available for people who are able to walk but who do not need a wheelchair.

Your medical practitioner can assist you with the application.

Medi Alert Rebate: There are criteria for this rebate as with any other scheme. You must be aged 75 years or older and have a Centrelink Pensioner Concession card or a DVA pensioner concession card and be a permanent resident of SA.

Other criteria: you must also be at high risk of falls or have experienced a fall in the last six months that required medical attention or suffer from a major medical or chronic condition that requires an immediate response in an emergency. You must also meet some social criteria. As well as have a referral from a registered medical professional.

This particular rebate also has numerous other eligibility criteria.

Source: SA Dept of Families and Communities

Christine Venning

Attention! Members who volunteer

A Volunteer Says is a column for members to talk about their volunteering.

To contribute contact Christine Venning on 8339 4871 or email at venncm@yahoo.com.au or speak to her at one of the monthly meetings. In this issue of *The Superannuant* on page 8 Pamela outlines her volunteering roles at community events and teaching at remote outback locations.

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 & 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:**

A Volunteer Says . . .

Come September and you will find me at the Royal Show working in the Show Cafeteria as a CWA (Country Women Association) volunteer. I work a 5 hour shift for 3 -5 days serving customers, cleaning tables, and making sandwiches. Sometimes I get to go to the sheep pavilion (no, not to feed the sheep) but to serve owners, judges and helpers with food and drink. They get so busy they can't find the time to come to the cafeteria.

Another foodie volunteer task is to assist at the Australian and Anzac Day breakfasts in Gawler. But I am not always orientated towards food.

I give mobile telephone lessons to seniors at the U3A in Gawler. Each course lasts for three lessons - nine hours in total. This teaching assignment is very satisfying seeing the older generation becoming au fait with technology that can open up their world.

I must enjoy teaching as every so often I venture into the Outback to help children on outlying sheep and cattle stations with their lessons, for perhaps four weeks at a time. Oodnadatta, Wilcannia and the Gawler Ranges are favourite destinations and the parents are so appreciative. It's quite a wrench to leave the children when the time comes.

This past year I became a partner member in the SA Superannuants. Now I can attend the monthly meetings feeling as though I am contributing to a worthwhile organisation.

Pamela