

# 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

Ray Hickman reports in an excellent article in this newsletter that we failed to win an invitation to the upcoming tax forum. In the article he provides the likely reasons why. It is reasonable to conclude that had ACPSRO agreed to request an invitation to the forum then we would likely be represented.

At the ACPSRO meeting in October, and with our Executive Committee's support, I will point this out to ACPSRO delegates and again request them to give higher priority to other means besides improved indexation for obtaining improvement in the living standards of people with untaxed-source pensions such as ourselves.

Over the next few months the Executive intends to continue building the case for some form of trustee arrangement for Super SA. There are some concerns among some people that a trustee arrangement may put in jeopardy the current practice which allows some Triple S Scheme contributors to make salary sacrifice contributions above normal contribution limits as set for SIS regulated funds. Our proposals will take this matter into account to ensure that our final proposal is only to the benefit of all contributors and members of all SA super schemes.

It is never easy to understand where our Commonwealth politicians stand on matters to do with pensions. The article, "Indexation of military pensions", demonstrates how inconsistent and expedient our politicians can be when they purport to deal with such an important and sensitive issue as "fair indexation". A very poor piece of legislation lapsed on a tied vote in the Senate.

*Peter Fleming*

**CPI Change:** The Adelaide Consumer Price Index increase for December 2010 – June 2011, was **2.65%** and this same adjustment will be made to Super SA pensions from October, 2011

## Speaker Program

September - November 2011

(Speakers and topics subject to change without notice)

**Venue: Pilgrim Centre, 12 Flinders Street, Adelaide commencing 1 p.m.**

**September 26: Bob Korotkoff**—"*Angel flight, helping country people with health problems.*"

**October 31: Roger Marchant**—"*Fromelles, a personal experience.*"

**November 28: Constable Tony Mellor, SA Police**—"*Home security*".

## In This Issue of *The Superannuant*

Items	Pg
From the President CPI Adjustment Speaker Program	1
Surviving spouse pensions <i>The Superannuant</i> via e-mail Member financial status	2
Reply from the State Treasurer Indexation of military pensions	3
Alternative indexation measures Carbon tax proposal	4
Association membership details October tax forum	5
Changes proposed for aged care	6
Speaker's Corner Fees and their payment	7
Membership applications and renewals A volunteer says	8

**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.*

### **Surviving spouse pensions**

Shortly after we published the article in our last newsletter saying that documents pertinent to continuity of pension for a surviving spouse could be lodged with Super SA whilst the pensioner is still alive, one of our members attempted to do this and was told by an officer at Super SA that the documents would have to be produced again on the death of the pensioner before the surviving spouse pension commences.

This is contrary to the information on the Super SA website and to my correspondence with Super SA before I wrote the article. I have contacted Super SA again and I have been assured that documents can be lodged while the pensioner is still alive and should not have to be produced again after the death of the pensioner provided that the documents are still valid. All Super SA staff members have been told that this is the case.

*Michael Evans*

**Editor's note: The documents Michael refers to here must be posted or delivered to the Super SA office. Some members posted them to our Secretary, Vic Potticary. All Vic can do with them is return them to the member.**

### **The Superannuant via e-mail**

Twenty-five members have signed up to receive *The Superannuant* via an e-mail system. This number is surprisingly small but that is not a problem. The option has been offered as something additional to the traditional method for getting *The Superannuant*.

One member was concerned about providing personal details via the website and asked if we had a security certificate. The answer to this question is no and we will not be getting one.

The Association's website has been prepared by a professional web page designer who advises us that, while it is possible that a hacker might be able to intercept the information a member sends to the website there would be little incentive to do so. All the hacker would get is some information that, in most cases, is already more easily available from other sources (e.g. the phone book and the e-mail address folders on the personal

computers of all the people we have sent e-mails to). If we were asking people to provide us with an authority to access their bank account, for example, to pay fees, then we would need to get a security certificate and would do so.

That said, any member who would prefer to get *The Superannuant* via e-mail, but is reluctant to do so because of a security concern, should let a Committee member know. If there appears to be a significant number of members to which this applies the Committee will revisit the matter.

*Ray Hickman*

### **Member financial status**

Annual members of the Association have their financial status indicated by the "Paid to" date included with member details on page 8 of *The Superannuant*. **Once this "Paid to" date is for the previous year you are technically unfinancial.** However, each year we send both the January/February and May/June newsletters to all annual members who were financial until the end of the previous year. **We do this because we need and value every membership we can get or retain.**

In the past a separate reminder notice to unfinancial members was included with the May/June issue of *The Superannuant*. Our previous method for getting the newsletter to members was very cumbersome and involved committee members spending hours preparing envelopes and inserting newsletters. But it did have the advantage that adding separate reminder notices to some envelopes was not much additional work. Now we are using a method for delivering *The Superannuant* that has eliminated a lot of unproductive effort. It allows us to include your "Paid to" date in the newsletter itself and we hope that members will use this to reduce the need for reminder notices to be sent. *RH*

#### **2011 Executive Committee**

*President:* Peter Fleming

*Vice-President:* Clive Brooks

*Secretary:* Vic Potticary

*Assistant Secretary:* Christine Venning

*Treasurer:* Michael Evans

*Membership:* Max Jahn

*Speaker Coordinator:* Lawrie Bennett

*Committee Members:* Arnulf Anders,

Kevin Crawshaw, Ray Hickman, Claire Withers

## Reply from the State Treasurer

The Association has now had a reply from the State Treasurer to our letter outlined in the previous issue of *The Superannuant*. We made two requests of him in that letter.

**Taxation status of the pension scheme:** On this matter we asked for an assurance that the Association will be consulted if the State Government considers a change in tax status for the pension scheme. We are quite happy with the Treasurer's answer which was:

*"The Government has no intention of changing the tax status of this scheme. Should any change be considered in the future, SA Superannuants would be consulted."*

Our Vice-President Clive Brooks has recently obtained, via a Freedom of Information application, copies of documents dealing with this taxation issue. These documents are being looked at and will be considered in detail by the Committee at its October meeting.

**Pension indexation:** We asked Mr Snelling to raise with the Commonwealth Treasurer, and with the other State Treasurers, the question of the Commonwealth meeting some of the cost of improved indexation for state pensions in the event of a state making an improvement in line with that which the Commonwealth might make. Improved indexation of a state pension would increase Commonwealth tax receipts and reduce Centrelink outlays. These windfalls, we believe, should flow back to states. Here the answer was:

*"Because no change to the method of indexing pensions is proposed, I don't plan to lobby the Commonwealth and other states about the Commonwealth contributing to the cost that would be associated with your proposal."*

We are not happy with this. On June 16 there was a proposal before the Commonwealth Parliament for indexation arrangements of military pensions to change. Pressure on both major parties to change indexation for all Commonwealth superannuation pensions is ongoing (see the following items). We will now write to Mr Snelling to say (politely) if he waits much longer to give attention to this issue he will be joining the long line of South Australian Treasurers who have been left behind in superannuation matters by their interstate counterparts. *Ray Hickman*

## Indexation of military pensions

The *Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010* introduced into the Senate by the Coalition was debated on 16 June. The result was a tied vote and so the Bill has lapsed.

The name of the Bill refers to one of the two main military pension schemes, the *Defence Force Retirement and Death Benefits (DFRDB)* scheme. This has been closed to new members since 30/9/1991. There is another substantial military pension scheme that remains open called the *Military Superannuation and Benefits Scheme (MSBS)*. If the Bill debated in the Senate on 16 June had passed the Senate, and then the House of Representatives, members of the DFRDB would have received the improved indexation but not members of the MSBS.

There was no Senator speaking in support of the Bill who referred to the fact that it excluded MSBS members from the improved indexation arrangement. One possible reason may be deduced from the membership statistics for the military schemes provided in the Table.

### Membership of military schemes at 30/6/2007

	Military Pension Scheme	
	MSBS	DFRDB
Contributors	47,721	5,548
Preservers	65,615	29
Pensioners	6,409	52,604
<b>Total</b>	<b>119,745</b>	<b>58,181</b>

Most members of the DFRDB are already retired and many would be of advanced age. Most members of the MSBS are still to retire and relatively young. Consequently, including MSBS members in the new indexation arrangement will not make much difference to the initial cost but it will make a big difference in the long run.

All Senators who spoke in support of the Bill in the Senate on June 16 based their support on the uniqueness of military service and the risks to life and limb that go with it. No-one would deny this uniqueness of military service, and so common decency demands that all members of the defence forces who have faced these risks should be treated the same way.

Among the Senators speaking against the Bill Senator Kate Lundy (Labor, ACT) referred to its divisiveness (the exclusion of MSBS members from the improvement) and other Senators

expressed concerns about the cost. All Senators seemed to agree that the cost could not just be added on to existing costs but would have to be met either from savings made elsewhere or from a new revenue source such as the mining tax. No one seemed to have a solution to the cost problem that was convincing to enough of the other Senators to get majority support. *RH*

### Alternative indexation measures

Even though the Federal Government officially maintains that CPI indexation is appropriate for defined benefit pensions there is a lot of “unofficial” acknowledgement by government MPs that it is inadequate.

The government MPs who have been most willing to express dissent from the official line on CPI indexation are those elected from Canberra (the Australian Capital Territory). This is not surprising because there are many Commonwealth military and civilian superannuants in their electorates. No person aspiring to be elected, or re-elected, to a seat in the ACT can afford to be seen to be unsympathetic to the Commonwealth superannuants’ claims for improved indexation.

Labor Senator for the ACT, Kate Lundy, speaking in the Senate debate on indexation of military pensions, was speaking for more Labor members than just herself when she said:

*“I also accept, as I have often argued, that the CPI is no longer an accurate measure of the changes of the cost of living. This has been acknowledged by the Australian Bureau of Statistics and the government, and I have therefore agreed that a better measure of indexation for military and other Commonwealth superannuation pensions should be developed. This was the reason for the Labor government’s development of the PBLCI, the pensioner and beneficiary living cost index, which has already improved the standard of living for pensioners, including those military and civilian superannuants whose Commonwealth pensions fall below the age pension income and asset levels.”*

The *Pensioner and Beneficiary Living Cost Index* (PBLCI) is an index that has been designed to measure changes in costs for people who rely entirely on Government payments such as the age pension. Changes that have occurred in the

PBLCI since it was first published in 2007 are shown in the table below and compared with the corresponding CPI changes.

Date	CPI		PBLCI	
	Index	% Change from 6/07	Index	% Change from 6/07
6/07	157.5	0	100.0	0
6/09	166.3	5.7	107.1	7.1
6/11	178.3	13.2	116.2	16.2

Senator Lundy’s remarks quoted above suggest that the Government might be considering use of the PBLCI for the indexation of Commonwealth pensions. The figures in the table indicate that this would be an improvement over the CPI but it will not be as large an improvement as indexation on the same basis as the age pension would provide. *Ray Hickman*

### Carbon tax proposal

The Federal Government is proposing to set a price on carbon (i.e. apply a carbon tax) that will raise a lot of money from enterprises that add carbon dioxide to the atmosphere. A large fraction of this revenue will be distributed to households to offset resulting price increases.

Compensation, for the most part, is to be in the form of reduced tax on incomes below \$80,000 p.a. and/or as increases in government payments including the payment made to holders of the Commonwealth Seniors Health Card (CSHC).

**Compensation via the tax system:** The tax-free threshold is to be raised from \$6,000 to \$18,200 from July 2012 and then to \$19,400 from July 2015. Other changes, not as well publicised, are that the current marginal tax rates of 15% for income from \$6,000 to \$37,000 and 30% for income from \$37,000 to \$80,000 will increase to 19% and 32.5% respectively. In addition the low income tax offset, which is currently \$1,500 reducing by 4 cents for every dollar of taxable income above \$30,000, will become \$450 reducing at the same rate for income above \$37,000. The net results are:

- Most taxpayers with incomes below \$80,000 will pay less tax with the most common improvement about \$300 p.a.
- No-one will pay more tax

Most retirees aged over 60 will get no compensation through the tax system because

most do not pay tax. However, some recipients of untaxed-source pensions, such as Super SA pensions, are still paying tax and will get compensation through the tax system unless their taxable income is above \$80,000. Compensation up to \$300 p.a. will also be paid to single income families with incomes up to \$150,000.

#### **Compensation through increased payments:**

Anyone receiving an age pension payment, or the CSHC, will get an extra \$338 p.a. (singles) or \$255 p.a. (each member of a couple). This will be on top of any compensation received through the tax system. Government publications indicate that additional annual household costs arising from the carbon price/tax will be in the range \$120-\$1000 depending on the type of household and the income.

Annual compensation payments will be in the range \$0-\$2300 depending on type of household and source of income. The biggest winners appear to be couples of age pension age with \$80,000 of taxable income split 70:30. Such couples will get \$2,289 p.a. compensation for an estimated increase of \$501 p.a. in living costs. If the same income is in the hands of one member of a couple the compensation is about \$520.

You can find out more about this matter at the website [www.cleanenergyfuture.gov.au](http://www.cleanenergyfuture.gov.au). RH

#### **Association membership details**

**New members:** Ian Gardiner, Graham Benger and Kostas Sarneckis.

At the time of sending out the May/June issue of *The Superannuant* 123 annual members had not renewed their membership and late notices were sent to these members. 52 have now renewed.

**Current membership:** Total 1507, Life 982, Annual (financial) 525.

#### **October tax forum**

The Association's efforts to secure a place at the October 4,5 Tax Forum have not been successful. This is not too surprising, with us being a state-based organisation and the Forum being a national forum. All the organisations that have been successful in getting an invitation are national organisations. It is hard to argue against such organisations being given priority.

It was always the Association's preference for the *Australian Council of Public Sector Retiree*

*Organisations* (ACPSRO) to be the organisation that sought a place at the Forum on behalf of all recipients of defined benefit pensions, and particularly those with untaxed-source pensions. SA Superannuants had emphasised its willingness to do the work involved. However ACPSRO did not think its participation in the Forum was appropriate and, faced with this situation, the Association's Executive Committee felt that we had little choice but to go it alone. As far as we know no other affiliate of ACPSRO sought a place at the Forum.

ACPSRO deserves credit for the big commitment it has made to work with its Commonwealth affiliates to achieve better indexation for Commonwealth pensions. Any success at the Commonwealth level will help in getting better indexation for state pensions. We know that our State Government, along with all other state governments, is not going to consider changing indexation unless the Commonwealth does so. But even then each state government will have to be persuaded to follow suit.

Indexation is not the only means of getting improvements in living standards for people with untaxed-source pensions such as Super SA pensions. **And with indexation there is no risk of things getting worse.** However, with matters like means testing for age pension, eligibility for the *Commonwealth Seniors Health Card* and taxation of non-superannuation income there is **both the potential for improvement and the risk of a detriment.** This is a lesson that should have been learned from the tightening of the age pension income test that occurred with the age pension reforms of 2009.

Of the community-based organisations invited to the Tax Forum many are charitable and/or welfare organisations. Those representing the interests of retirees with various levels of private means are *Council on the Ageing* (COTA), *National Seniors* and the *Association of Independent Retirees* (AIR).

These are all organisations operating across the country. They have members who are recipients of defined benefit pensions but among their memberships such people will be a small minority. It is not likely that they will be giving a high priority to the interests of people with pensions similar to Super SA pensions. This is not a criticism of any of these organisations

which do a very effective job of representing the interests of people relying on other forms of retirement income. Such people make up the large majority of their memberships.

Though we have been unsuccessful in getting an invitation to the Tax Forum we have continued the process of making members of the Federal parliament more aware that retirement income policy (taxation and means testing) affects the welfare of people receiving untaxed-source pensions such as our Super SA pensions.

The Association wrote to every member of the Federal Parliament elected from South Australia (MPs and Senators) setting out the reasons why we thought we should get a place at the Forum and asking each to support our efforts toward this end. Those who did actively support us were:

**Tony Zappia** (Member for Makin, Labor)

**Steve Georganas** (Member for Hindmarsh, Labor)

**Christopher Pyne** (Member for Sturt, Liberal)

**Senator Nick Xenophon**

The Association has also made a substantial submission to the Tax Forum and its theme is **inequitable** tax and means testing treatments of untaxed-source superannuation pensions. The keyword here is **inequitable**. Our argument is that, **compared to other retirees of equivalent private means**, people receiving untaxed-source superannuation pensions:

1. pay more tax on any non-superannuation income, including age pension
2. receive smaller age pension payments
3. are more frequently ineligible for the Commonwealth Seniors Health Card.

Interested members can read the full submission on the Association website. *Ray Hickman*

### **Changes proposed for aged care**

In August 2011, the Productivity Commission released a report of its inquiry into Australia's aged care system.

The report, entitled *Caring for Older Australians*, runs to two volumes. However, there is an *Overview* section which includes the key points made in the report and this gives an indication of the direction in which **proposals**, if adopted, will take aged care. From a reading of the *Overview*, the Report recognises that most older Australians prefer to stay in their own home and receive

appropriate support there. It is also recognised that the quality of aged care services is variable and the **proposals** aim to address issues such as some workers having insufficient skills and workforce shortages.

With regard to all residential services it is proposed there will be transparency in that costs (accommodation bonds and services) will be published and available. A government-sponsored line of credit (the *Australian Aged Care Home Credit Scheme*) will, if necessary, allow part of costs of accommodation/services to go against the home. Some details of what costs are likely to be have been provided but no comparison is made between costs in the proposed system versus those in the current system because of the inequities which currently exist. It is not clear if there will be particular implications for people with defined benefit superannuation.

In the **proposals** the focus is on promoting **independence**, giving **choice** and retaining **community engagement**. Some (abbreviated) excerpts from "Key Points" are that older Australians would:

- Be able to contact a simplified "gateway" for: easily understood information; an assessment of their care needs and their financial capacity to contribute to the cost of their care; an entitlement to approved aged care services; and for care coordination
- Choose whether to receive care at home, and choose their approved provider
- Contribute to their costs of care (with a maximum lifetime limit) and meet their accommodation and living expenses (with safety nets for those of limited means)
- Have access to a government-sponsored line of credit (the Australian Aged Care Home Credit Scheme), to help meet their care and accommodation expenses without having to sell their home. A person's spouse or other "protected person" would be able to continue living in that home when an older person moved into residential care
- Choose to pay either a periodic charge or a bond for residential care accommodation
- If they wish to sell their home, retain their Age Pension by investing the sale proceeds in an Australian Age Pensioners Savings Account

- Have direct access to low intensity community support services
- Be able to purchase additional services and higher quality accommodation

Members may like to peruse sections of the Report on the website:

[www.pc.gov.au/projects/inquiry/aged-care/report](http://www.pc.gov.au/projects/inquiry/aged-care/report)

Copies of the Report can be purchased for \$28 or \$19 from **Canprint Communications**, tel 1300 889 873

*Claire Withers*

## Speaker's Corner

*Have you been a victim of crime?*

Young people aged 18-25 years are most at risk.

*Have you reported the crime to the police?*

Over 50% of crimes are not reported to the police. The most common unreported crime is sexual assault. However it is people over 60 and young females 18-25 years who are **fearful** of being a crime victim. Kevin Fielke, a volunteer with Victim Support Service (VSS), provided these facts about victims of crime, and a lot more, at a recent Association meeting. The VSS has an Adelaide branch in Halifax Street and seven country branches. The contact details are below.

The victim of crime still does not get too many rights in the justice system. For instance if you are a victim you do not participate in plea bargaining. You do not have a say as to whether the court case is conducted before a judge only or before a judge and jury.

*Have you had to be a witness at a court hearing?*

The VSS provides counselling for individuals and their families with information about

- A victim's rights
- Compensation
- A court companion service
- Various support groups
- A resource centre

These services are confidential and free.

Kevin provided advice on helping a victim.

- Acknowledge that the crime did happen
- Don't blame the victim
- Be compassionate
- Don't be overprotective
- Offer to assist with practical tasks
- Offer to be a companion for appointments

### **Contacts:**

Adelaide- 8231 5626

Country toll free- 1800 182 368

Website: [www.victimsa.org](http://www.victimsa.org)

Murraylands 8531 3987; Pt Augusta 8641 1115;

Pt Lincoln 8683 0111; Pt Pirie 8633 4888

Riverland 8582 2801; South East 8723 2968;

Whyalla 8645 5911

*Christine Venning*

### **Fees And Their Payment**

**Current Fees:** Annual = \$15. 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**

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 is currently recorded as:**

«Title» «Surname» «Paid\_to» «Date»

«Address\_1st\_line»

«Address\_2nd\_line»

«Address\_3rd\_line»

**Indicate errors, or changes to details, below.**

.....

.....

.....

Payment enclosed:

a) Amount of Payment: \_\_\_\_\_

b) Purpose of Payment(tick one box):

€ Renewal of annual membership

€ Change to life membership

Date of birth \_\_\_\_\_ (life membership only)

Telephone.....

Signature.....Date.....

## New Members

Title.....First Name.....

Surname.....Tel.....

Postal address .....

.....

.....

Date of Birth..... (life applications only)

a) Amount of Payment: \_\_\_\_\_

b) Purpose of Payment(tick one box):

€ Annual membership

€ Life membership

Signature .....,Date.....

## **A Volunteer Says**

For a birthday treat I was on the *Dolphin Explorer* and became fascinated by the information about the Port River dolphins.

I thought I knew quite a bit about dolphins but I didn't. To satisfy myself (after all, I was winding down after working full time) so with time on my hands I joined the Whale Dolphin Conservation Society (WDCS) working out of the Maritime Museum, Lipson Street, Port Adelaide.

Now I give talks about the Port River dolphins as well touching on the history of the Port. We do know there were dolphins in the river before white settlement but then the river became too polluted. Fortunately the dolphins are back in the Port River, about 30 to 50 of them.

There are four of us in the education section giving talks to schoolchildren of all ages and from all over SA—from 10 a m till about 1 p m. Schools book the talks and we are called in when needed. These talks last about 1/2 hour depending on the children's ages. There are other volunteers, some on the *Yelta* and some piloting the *Archie Badenoch*. The children also enjoy climbing the old lighthouse.

It's a lot of fun especially with the children's enquiring minds and their questions of every description. I can assure you there is never a dull moment at the Maritime Museum.

Volunteers get discount entry at museums in South Australia and there are regular get-togethers with drinks and nibbles.

If this voluntary work appeals to you contact the museum on **8207 6255**. *Marie O'Connor*

«Title» «Surname»  
«Address\_1st\_line»  
«Address\_2nd\_line»  
«Address\_3rd\_line»