Issue No. 35 *Website: www.sasuperannuants.org.au* August/September 2012

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

It is very frustrating to note that our political leaders in Canberra are preoccupied with issues such as stopping boats carrying asylum seekers, carbon pricing and mining taxes. They are easily diverted on to scandals, real or imaginary. They have turned our national parliament from a place of debate and policy-making into a chamber of abuse and rancor.

This situation has shifted our leaders' attention away from the facts that we have a growing and ageing population, that globalisation of our economy continues apace, and that our economic and social profile is changing quite radically. These matters are all linked and, in the long run, will have a greater impact on us as individuals and as a community than the addition of a few asylum seekers and carbon pricing.

We superannuants are part of this mix, but it is becoming harder for our voice to get any oxygen. It's time our media outlets created space for issues such as ageing, health and education by reducing the space given to stopping the boats, the carbon tax and scandal allegations against politicians, church leaders and other prominent persons.

Health issues aside, there are many ways that superannuants and other older people can and wish to contribute to the community. Real support for older people to participate and value-add to our economy remains minimal. Perhaps we should be more vocal about this omission.

Peter Fleming

CPI Change: The Adelaide Consumer Price Index increase for January 2012– June 2012, was **0.22%** and this same adjustment will be made to Super SA pensions from October, 2012.

In This Issue of *The Superannuant*

Speaker Program for General Meetings:
September-November, 2012
(Speakers and topics subject to change without notice)

Pilgrim Centre, 12 Flinders Street, Adelaide.

Meetings commence 1 p.m.

September 24: Andy Meikle: Great Southern Rail

October 29: National Broadband Network

November 26: Bob Magor: Bush Poet 'Poetry and yarns from the bush'

Nominations for the 2013 Committee

Members are encouraged to nominate for positions on the 2013 Executive Committee.

At the Annual General Meeting in February 2013 all positions will be declared vacant and elections held.

The rules of the Association require that nominations be received by the Secretary (by post or e-mail) no later than 21 January 2013.

The full list of nominations received by 21 January will be published in the January/February issue of *The Superannuant*. Where there are vacancies, or where a nomination is withdrawn before the AGM, nominations can be made on the day of the meeting. The positions that make up the Executive Committee are:

President
Vice-President
Secretary
Treasurer
Membership Officer
Assistant Secretary
Guest Speaker Coordinator
Committee member (up to six positions)

Of the six committee positions at least two should be women.

Any member, including a member in the new category of Spouse or Partner member, is eligible to nominate for any position.

2012 Executive Committee

President: Peter Fleming
Vice-President: Clive Brooks
Secretary: Vic Potticary
Assistant Secretary: Christine Venning
Treasurer: Michael Evans
Membership: Max Jahn
Speaker Coordinator: Vacant
Committee Members: Arnulf Anders,
Ray Hickman, four vacancies
Observers: Eileen Pritchard, Ian Beckingham

Your membership officer

You may be an unfinancial member and not realise this! Check your membership details on page 8. If you are an annual member with a paid to date of 31/12/2011 then you are unfinancial. If you wish to continue as a member (and we hope you do) then send in your $15 fee for 2012 now, otherwise this will be the last newsletter you receive. Better still, send in $30 and pay up to 31/12/2013.

Non-renewal by annual members is an ongoing concern. Even if you have paid until 31/12/2012, we urge you to renew on receipt of this newsletter, so your membership is continuous.

Another “leak” of members occurs when a member dies, and a partner does not realise that they automatically take over the full membership. However, the change to the partner’s name will only happen if we are notified of our member’s death. Often we find the newsletter is returned and no mention is made of any surviving partner, and that is a shame.

New partner members are trickling in. A system of notification of their financial state is being devised and will probably appear on the back page near the full member’s financial status in future newsletters. However no one needs to worry just yet, as all paying partner members are being credited with membership until at least 31/12/2013. Yes! A few have paid for up to three years in advance, which makes my job easier.
New members: Mr A Kirk
Partner membership: Mrs R Copeland, Mrs M Zoerner, Mrs J Millar,
Sometimes renewals are accompanied by letters of appreciation. We value them and I take them to committee meetings to share your appreciation and good wishes with all the committee members.

Max Jahn

Minister’s promise ends up a ‘fizzer’

As reported in the May/June issue of *The Superannuant* the Minister for Finance, Hon Michael O’Brien MP gave an undertaking in Parliament that he would establish an inquiry into taxed-source pensions of the *Electricity Industry Superannuation Scheme* (EISS). The Minister’s undertaking included an assurance that he would consult with us and Mr Richard Vear, a member of EISS, about the person who would conduct the inquiry and its terms of reference, **before the inquiry was put in place.** Both the Association and Richard Vear quickly wrote to Mr O’Brien expressing our appreciation of this and giving him our word that we would accept the findings of an inquiry established in this way.

This promising start did not last long. No sooner had we written again to Mr O’Brien, to arrange a meeting at which the promised consultation might occur, than we received an e-mailed letter from him advising that the person to conduct the inquiry had been appointed. This was a well qualified person but when we looked into his background he had affiliations with the ETSA superannuation fund (that has become EISS), Mercer (the financial services organisation that had recommended adoption of the method that EISS is using to calculate its pensions) and with Funds SA the Government's investment body.

But it is an ill wind that blows no good. The Minister's inability to deliver on his undertaking to consult allowed us to withdraw our commitment to accept the findings of the proposed inquiry and any other inquiry established without consulting us.

Now we are pursuing our initial preference for the matter to be referred to the State Ombudsman for investigation. This will require support from a majority of Legislative Council members but there seems to be a reasonable prospect of this being achievable.

At the heart of this ongoing disputation is the rather simple question of whether EISS pensions are being recalculated to meet a tax cost by a method that has been designed to reduce the pensions by more than the tax cost. If they are then the method is unlawful but none of the relevant authorities want to give an answer to this question, or even say if they know the answer. Clive Brooks has played an important role in our attempts to get to the truth of the matter by making Freedom of Information applications for relevant documents. In the following item Clive has outlined some of his FOI experience. *RH*

Freedom of information proceedings

Your Association is determined to resist our members being placed in the situation of the Electricity Industry Superannuation Scheme (EISS) Superannuants. That is, having your superannuation moved into a taxed fund with your superannuation being reduced by more than the tax payable by the employer, contra to legislative requirements. Such a situation would be attractive to the SA Department of Treasury and Finance, at your expense.

Treasury and Finance is currently relying on the opinion of the Crown Solicitor that the current EISS pension calculation formula is valid. However, your Executive Committee has, by means of an earlier Freedom of Information (FOI) application, established that the Crown Solicitor was not provided with two documents from the same interstate office of origin, which two documents expressly contradict the one document provided to him, being the one entitled "Explanatory Memorandum".

While the "Explanatory Memorandum" asserts that "*employer costs are not expected to change as a result of the tax change,*" the other two documents refer to savings in the order of $450m for the employer if the EISS method for reducing pensions was applied to the State Pension Scheme.

The "Explanatory Memorandum" is of particular interest to your Association Executive, because it is dated only one day before the rules developed by the author of the "Explanatory Memorandum" were added to the EISS rules on the authority of the South Australian Treasurer.

Eventually our attempt to obtain the documents, by which the "Explanatory Memorandum" was commissioned by Treasury and Finance, and the invoice for the preparation, progressed to the Ombudsman's Office.

The Ombudsman on 24 July 2012 made a Provisional Determination, subject to his receipt and consideration of submissions from all the parties by close of business on 8 August 2012. He will finalise his provisional determination after that date.

The Provisional Determination is that; "subject to my receipt and consideration of submissions from the parties, I propose to vary the agency's determination." The determination of the Agency, was a deemed refusal of access to the documents sought.

As Applicant, I submitted that the agency should have document recording procedures which enable it to locate documents which are more than 10 years old. The agency has been unable to locate the documents sought.

The situation to date appears to be promising, but it would be inappropriate, and contemptuous for me to make any comment on the outcome until the Ombudsman has delivered his final determination. *Clive Brooks*

Prospects for improved indexation

The *Consumer Price Index* (CPI) adjustment that will be made to Super SA pensions in October (0.22%) is rather small and comes at a time when some prices for essential goods and services are increasing at a much greater rate.

It is a goal for all the organisations representing the interests of people receiving defined benefit pensions to have the pensions adjusted by more than the CPI. The common preference is for defined benefit pensions to be indexed on the same basis as the age pension. This increases twice-yearly by the better of the CPI and the *Pensioner and Beneficiary Living Cost Index* (PBLCI) with an additional adjustment made to ensure that the age pension keeps up with the wage measure known as *Male total average weekly earnings* (MTAWE). The change in these three measures over the 5 year period 2007-2012 are compared in the Table below (PBLCI figures are only available from 2007).

Indexation Measure	Year		Average annual % increase
	2007	2012	
CPI	157.5	180.4	2.9
PBLCI	100.0	117.4	3.5
MTAWE	$1021	$1285	5.1

Note: The CPI figures in the Table are for all capital cities combined because the PBLCI is a combined measure. The average annual percentage increase in the Adelaide CPI, which is used to adjust Super SA pensions, is also 2.9% over the 2007-2012 period.

The large rate of increase in wages compared to the CPI increase is clearly going to make age pension indexation superior to CPI and PBLCI indexation in both the short and the long term.

Military pensions: age pension indexation for the pensions paid by the *Defence Force Retirement and Death Benefit* (DFRDB) scheme might be close because the Coalition is committed to this and will move on it if they are elected to office. This would be a first step towards the same indexation being applied to Commonwealth civilian superannuation pensions. But it is by no means certain that this will happen quickly. The DFRDB is an old scheme closed to new members and the Coalition is not committed to apply age pension indexation to the pensions of the *Military Superannuation and Benefits Scheme* (MSBS). This is the scheme open to new members and the scheme to which the large majority of serving military personnel belong.

If the coalition goes to the next election without having expanded its promise of age pension indexation for military pensions to include MSBS pensions it might be a long time before age pension indexation is even considered for the Commonwealth's civilian pensions.

While the Coalition continues to exclude MSBS pensions from its commitment to change the indexation of military pensions its claim that better indexation for those pensions is justified by the uniqueness of military service is unconvincing. It might be a statement of convenience rather than conviction. The Coalition has its own long history of being opposed to any indexation change. They could make the change for DFRDB pensions, drag out the extension to MSBS pensions for years, and then maintain their historical opposition to improved indexation for civilian pensions.

The Labor position on indexation is that any improvement should apply to all Commonwealth funded superannuation pensions. This is given by Labor as a major reason why it opposed the proposal for improved indexation of DFRDB pensions when this was voted on in the Senate last year. This might also be a position of convenience rather than conviction. It allows Labor to oppose age pension indexation for military pensions on the grounds of wanting to be fair to everyone when its real preference might be to provide it to no-one.

However, Labor has given an indication that it might be prepared to apply the PBLCI, or something similar, for the indexation of Commonwealth pensions. The figures in the Table indicate that this would involve a much smaller increase in cost than indexation on the same basis as the age pension.

PBLCI indexation has been better than CPI indexation over the last five years but the difference is relatively small and so may not stand the test of time as well as indexation that includes use of MTAWE. However, a move to the **better of CPI and PBLCI** would have to be advantageous.

Super SA pensions: as far as state-based super pensions go, improved indexation is not likely to be entertained until a change is made to Commonwealth civilian pensions. When we have raised the indexation issue with South Australian Treasurers, in a formal way, the response has been that CPI indexation is the norm for defined benefit pensions and is considered to be appropriate. When the matter is raised informally a rather more vigorous reaction is seen. This can be fairly stated as "if you think any State Government is going to incur additional costs for the State Pension Scheme you are dreaming".

Cost of age pension indexation: Governments, when they decline to act on improved indexation, always talk about the cost in terms of the effect on unfunded liability. This allows them to talk in terms of $billions. The organisations arguing for adoption of age pension indexation try to have cost talked about as an annual additional cost where the amounts shrink to $millions. But, as the next paragraph illustrates, there is no escaping the fact that improved indexation has a significant cost however it is measured.

The value of Super SA pension payments made in the year ending 30 June 2011 was $498 million and so, in the first year following any increase in the indexation rate made right now, each additional 1% p.a. increase would have an annual cost of about $5 million.

In the second year this cost would compound to about $10 million, in the third year about $15 million. The effect of compounding will decline over time because the State Pension Scheme was closed to new members about 25 years ago. Consequently, the average age of members is relatively high and the number of people getting pensions is going to reduce.

In a few words age pension indexation for Super SA pensions may be a long way off. Something that might assist to bring it forward would be for individuals to write to their local members of parliament (state and federal) to point out the limitations of CPI indexation. Some assistance in doing this is provided in the next item. *RH*

Individual lobbying on indexation

Direct lobbying is when approaches are made to government ministers, or shadow ministers, or to government departments i.e. to the people who have formal responsibility for the matter that is the subject of the lobbying. This is the lobbying that organisations usually do. But all politicians, whether ministers or not, have a very good feel for whether the claims that an organisation is making will be seen as important enough by the organisation's members to influence their vote at the next election. This is where indirect lobbying enters the picture.

Indirect lobbying is when approaches are made to individual members of parliament asking them to take a matter up with the minister or shadow minister and the party. Organisations, of any size, will not get far with their direct lobbying unless the ordinary members of parliament have been hearing the same thing as a result of indirect lobbying from their constituents.

The Association encourages all members to engage in indirect lobbying on the indexation issue, and other issues, by writing to their local members of parliament. Some suggestions for things to do, **and not do,** are:

- Do say that CPI indexation is no longer an effective measure of changes in the cost of living and this was recognised when the age pension indexation method was changed to maintain a link with wages.
- Do say you think it would be fair for your super pension to be indexed like the age pension and, rather than just go on waiting for this to happen, you will support the party that agrees to make the change.
- Do use examples of cost increases affecting you that are much greater than the increases occurring in your super pension.
- **Do not** say you are worse off than an age pensioner, or that you are being forced to live in grinding poverty because of the way your super pension is indexed. All politicians know that people can receive defined benefit pensions much larger than the maximum age pension and still qualify for an additional part age pension payment.
- **Do not** get abusive or threatening towards any member of parliament or the party to which he/she belongs. This is counter-productive, as well as unacceptable, because it only distracts attention from the issue. *RH*

Contribution caps

Commonwealth governments (Labor and Coalition) have, for many years, been applying limits to the amount of superannuation that individuals can receive from contributions that have been concessionally taxed (i.e. taxed at the rate of 15%). The current means of doing this is through use of annual contribution caps introduced by the previous Coalition government and modified by the current Labor government.

Under the coalition arrangements the annual cap for concessionally-taxed contributions was $50,000 p.a. Labor has continued with the contributions cap approach but reduced the amount of concessionally-taxed contributions to $25,000 p.a. with some limited provisions to allow for contributions up to $50,000 p.a. There is also an annual cap for contributions made from after-tax income and this is currently $150,000.

All caps are indexed to wages but this indexation has been suspended until 2014.

Contribution caps in SA and WA: annual contribution caps do not apply to most of the superannuation schemes operating under South Australian or Western Australian legislation. This is because the schemes in these two states are untaxed schemes and the schemes themselves can, due to constitutional limitations on the taxation power of the Commonwealth, operate outside the taxation arrangements that the Federal government applies to all other superannuation schemes.

However, when an untaxed scheme makes a benefit payment to an individual the Commonwealth has the power to say how much tax that individual must pay on the benefit received. It has used this power to set a lifetime cap for untaxed schemes. The current value of this lifetime cap is $1.255 million. Should an individual receive a payment greater than this amount from an untaxed scheme the additional money is subject to taxation at the highest marginal tax rate.

Neither lifetime caps nor annual caps will affect most South Australian public sector employees because they will not have enough income to exceed either. However, where there are South Australian government employees who do have sufficient income to exceed the annual contribution caps they might find themselves being hit by the lifetime cap to end up worse off than if they had been subject to annual caps.

It is only high income employees who belong to one of the South Australian untaxed defined benefit schemes, such as the State Scheme, Parliamentary Scheme and Judges' Scheme, who can be certain of being able to get an advantage from making concessional contributions that exceed the annual contribution caps. People in this position can, if they have enough income, salary sacrifice into the *Southern State Superannuation* (SSS) amounts that exceed the annual caps until they have reached the lifetime cap. In this way a person can end up with $1.255 million available to be drawn from the SSS, as well as a large pension, both of which have been funded from concessionally taxed contributions.

This is an obvious loophole in the Australian superannuation system and it would be interesting to know if it is the Commonwealth Government that has insisted on a lifetime cap for the untaxed funds of SA and WA, or the Governments of those states that have refused to apply annual caps. The writer (being a suspicious and cynical fellow) suspects the latter because of who stands to gain most from not having annual caps. *RH*

Speaker's Corner

How safe do you feel out and about or even in your own home? It all comes down to commonsense according to Senior Constable John McCulloch attached to the Crime and Prevention Unit.

Out and About

- If you are by yourself, try to stay near a group so it is not obvious you are alone.
- Always be aware of your surroundings. Is there a person/persons too near you when it is not necessary?
- Walk in well-lit places,
- Carry a small torch and a personal alarm. Go to the website *www.WatchSA.com.au* to purchase. I would not like to be near one when it goes off at 120 decibels!
- Walk on the footpath which allows you to face the traffic.
- When you are nearing your vehicle, have the car keys ready if you haven't got automatic locking.
- Once in the vehicle make sure **all** doors are locked.

At Home

- Ensure all foliage is cut back so the door and windows can be seen.
- When you are out gardening, lock the door and keep the key on a lanyard round your neck.
- Buy a plastic guard for each security door from the hardware store – then no-one can cut the wire in the door to gain entry.
- Get a lock for the power box.
- Mark your property with an engraver or UV marker.
- Ensure your security locks are good quality.
- Leave your key in the deadlock when you are home.
- Never allow a stranger in. If you are unsure of the person's identity, check with the company. The employee at your door will not mind you checking.

Be alert, but not paranoid.
Keep safe.

Christine Venning

Freebies, discounts and rebates: Part 2

If you are a film buff the Mercury Cinema near Light Square puts on a film for seniors each Friday at 11am for $5 – very good value.

Now to the Government assistance.
Every money-saving scheme requires different cards, e.g. pensioner concession card, Veteran Affairs gold card, State seniors card or Health Care Card.

So this article is going to list the various schemes with a few of the necessary cards needed to access the scheme. The list is not complete by any means. Centrelink for example can be of assistance.

Council Rates. You need a pensioner concession card or Department of Veterans Affairs gold card or State Seniors card. You may be eligible for a total concession on the council rates of $290.
Spectacles Scheme you may be eligible if you have a pensioner concession card or health care card. Every two years you are eligible to either a pair of reading glasses and a pair of long distance glasses or a pair of bifocal glasses.
Water and sewerage rates. You may be eligible for a water rates remission if you have a pensioner concession card a DVA gold card or a Centrelink health care card. From 1/7/2011 the water concession will be calculated as 25% of the total annual bill subject to minimum and maximum amounts. Sewerage rate concessions will increase on 1/7/2012 to $110 p.a.
Medical Heating and Cooling Concession
This has been introduced by the SA Government. It will provide additional financial assistance to people on low or fixed incomes who require medical heating and cooling in their homes to prevent or reduce the symptoms and impact of particular medical conditions. This requires a pensioner concession card or DVA gold card marked TPI, EDA or War Widow. This item has been sourced from the 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* Ray talks about his volunteering roles, any one of which would keep a person busy and fulfilled.

A Volunteer Says

I have been volunteering my time on and off for about thirty five years. I began with Toc H with working bees helping the elderly and infirm with household odd jobs, taking them for outings, putting on film shows at various aged care facilities. *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

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:

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

Continued from page 7

I have also assisted at camps for the disabled and mentally disabled young people as well as on working bees, painting and getting the grounds in order at the Toc H campsite at Victor Harbor.

I have been a Friend of the Campbelltown Library for about eleven years, working to raise money for the library (never enough money to go around) setting up and working at book sales - some boxes of books seem to weigh a tonne.

Badge selling for a number of organisations has taken up quite a bit of time: Toc H, St Vincent de Paul, Paralympics, North East Community Hospital, Women and Children's Hospital, Red Cross, etc.

My main volunteer involvement is in my church community which I have been doing for about twenty years – administration work such as newsletters, rosters, minutes, reports as well as being a representative for the parish and South Australian head office.

Volunteering, when you think about it, is something that you may not consciously plan to get involved with. It seems to sneak up on you and can devour you, but at the end of the day I think there is a sense of doing something worthwhile that you get out of it. You meet lots of people What you do needs to be done so why not by you. You are working for a good cause and generally helping people in need. *Ray*

«Title» «Surname»
«Address_1st_line»
«Address_2nd_line»
«Address_3rd_line»