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THE SUPERANNUANT

Newsletter of the South Australian Government Superannuated Employees Association Inc.
Trading as SA Superannuants Established 1927 www.sasuperannuants.org.au

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From the President

I want to draw your attention to two matters, for one of which there is a second article in this edition of The Superannuant.

For several years we resolutely pursued the issue of the change in superannuation for former ETSA employees when ETSA was privatised. We firmly believe that in the conversion to the new Electricity Industry Superannuation Scheme an advantage that should have gone to the members went instead to the private company that took over ETSA. The Department of Finance and Treasury did nothing to stop what we believe was an injustice. Because we are in the unusual situation in SA where the government controls our super schemes we were concerned that if this matter went unchallenged we would be vulnerable to government changes in the future. As stated in issue 51 of The Superannuant we have now put this matter (ETSA/EISS) behind us but we remain alert given that our superannuation scheme belongs to the Government and not, as with similar schemes for public servants, to an independent authority.

Recently it came to our attention that the new government has a policy by which it plans to "require" Funds SA to give preference to Investment Managers who have an office in SA. There are over 40 of them and few at present have SA offices. They are responsible for investing over $37 billion annually. My fear is that this requirement will interfere with the integrity of Funds SA and could be the "thin edge of a wedge" of more requirements. Read further in this edition.

Another important matter.

We have made submissions concerning the scarcity of Home Care Packages, particularly at the higher levels 3 and 4. A significant shortage of all packages against approved applicants remains. If the coming Federal budget fails to narrow that gap we may need to consider further action.

Finally, my congratulations and thanks to our Membership Officer, Max Jahn, for taking up the role of Newsletter Coordinator. This is Max's first edition.

Peter Fleming

Issue 52 of *The Superannuant*

Speaker's Corner

Dascia Bennett, newly appointed head of Super SA, was guest speaker at the Association's AGM in February this year. She introduced herself by saying she had 18 years experience in superannuation, mainly interstate, and was very pleased to be back home in South Australia. She has been in the job since 9th December, 2017.

There are three defined benefit pension schemes: State Pension Scheme, Parliamentary Pension Scheme and Judges' Pension Scheme. The last two are fully funded and ours is planned to be funded by 2034.

Super SA employs over 160 staff. A new administration platform system is being brought in and, by the time this newsletter reaches you, it will have been in place for several months. The new insurance products are being developed for the Triple S contributors. Super SA is run by an independent board. The board has to abide by numerous State Government regulations, as well as those regulations under APRA, ASIC and SIS*.

Her talk was peppered with many questions, which demonstrated the interest created by her as well as her approachable demeanour. We are indeed fortunate to have such a professional leader to guide Super SA to bigger and better things. The committee looks forward to having amicable dealings with Dascia Bennett.

*APRA: Australian Prudential Regulation Authority, which oversees banks, etc, and most members of the superannuation industry. APRA is funded largely by the industries that it supervises, and was established on 1st July 1998.
SIS: Superannuation Industry (Supervision) Act of 1993. It is the superannuation legislation and the statutory bible for all superannuation funds.
ASIC: Australian Securities and Investments Commission is Australia's integrated corporate, markets, financial services and consumer credit regulator.

Christine Venning

A thought provoking sign on an old railway station notice board in Kenya:
"If you avoid your first accident,
you will never have another one."

From your Membership Officer

The committee appreciates the frequent accolades and "thankyous" from members when they renew membership or change addresses. I often share them with the committee.

When you use the page 8 cut out column, it is useful if you fill out all the details too, as I always check the written information with the accuracy of our data base.

Often the accompanying letter with an application for membership presents some interesting comments. Consider this one received in April.

"I am becoming concerned at the way our politicians are viewing retirees as malleable cash cows. It would be so easy for the SA Govt to enable changes to my defined benefit pension through legislative change, I would like to be in a position to influence proposed changes by belonging to a pressure group that represents the views of those in receipt of defined benefit pensions. Although not expressly stated, it would appear that your association is such a group."
I signed him up immediately.

You know you're getting old when you can't remember where you put all the mouse traps around in the house.

Max Jahn

Speaker program
Meetings May-August 2018

Meetings commence at 1.00 p.m. at the Pilgrim Centre, rear of 12 Flinders Street, Adelaide

Speakers and topics subject to change without notice.

May 28: Rae Campbell,
Adelaide and Koala Wildlife Hospital.
"*The future of koalas in South Australia*".
June 26: TBA/finalised
Major Rau Aust Army Museum Keswick
Military Armaments in World War I
July 30: TBA/finalised
Arthritis SA or Stroke SA
August 27: TBA/finalised
A speaker from "Operation Flinders"
Projects working with disengaged youth.

Federal Budget & Income Tax Changes

Federal budget and income tax changes

In the 2018 Federal Budget the government announced changes to income tax rules which, if passed by the Federal Parliament, will be phased in over a seven year, three stage, period. The stages are:

Stage 1, 2018/19 – 2021/22. This stage will see introduction of a Low and Middle Income Tax Offset (LAMITO) that will be available only during this period. LAMITO will be in addition to the existing Low Income Tax Offset (LITO). Over the same period the upper threshold for the 32.5% tax bracket will rise from $87,000 to $90,000.

Stage 2, 2022/23 – 2023/24. In this two year period the current lower threshold for the 32.5% tax bracket will rise from $37,000 to $41,000 and the upper threshold for same tax bracket will rise further from $90,000 to $120,000.

Stage 3, 2024/25 and thereafter. The 32.5% tax bracket will be further extended to $200,000 and the 37% tax bracket will be removed. So, from 2024/25 the 32.5% tax bracket will extend from $41,000 to $200,000.

This is a complex set of changes and the table below displays the tax savings that will be made at various income levels. The savings values have been generated using the government website at https://www.budget.gov.au/ The reader can use this website to check what savings he/she will receive. For most recipients of Super SA pensions the savings will be the same as, or close to, those for the $50,000 income.

Taxable income ($)	**50,000**	**125,000**	**200,000**
Saving Stage 1 ($)	2,120	560	540
Saving Stage 2 ($)	1,080	4,050	4,050
Saving Stage 3 ($)	540	2,250	7,225
Total savings Stages 1-3 ($)	3,740	6,860	11,815
Annual saving for 2024/25 on ($)	540	2,250	7,225

The Federal Opposition has said it will support the Stage 1 changes but not the rest. The Government has said it is an 'all or nothing' situation for them.

So, the tax changes are far from certain to be in place before the next Federal Election. The Opposition, if successful at that election, intends to proceed with tax reform that will see tax savings of $928 for incomes up to $90,000. The saving will reduce beyond this income level and be $0 at an income of $120,000.

Whatever tax reductions are made they will benefit many recipients of Super SA pensions and other retirees getting untaxed-source pensions. This is a small minority of retirees, the majority of whom receive taxed-source pensions which are tax-free up to income levels well over $100,000.

Ray Hickman

Superannuation Federation Report

The Federation met at the AEU building at Parkside on 21 March 2018.

Peter Fleming and Christine Venning represented the SA Superannuants. The Federation decided to appoint a subcommittee to look into governance matters of the Federation- namely to investigate changes to the way in which the organisation is run, and any amendments to the constitution deemed necessary. Leah York, Jan McMahon, Kevin Crawshaw, Natasha Brown and Christine Venning were elected to the governance subcommittee.

The subcommittee will report to the next meeting and present any other terms of reference needed. The President reported that Labor said the Liberals if elected would only use managers with an office in SA.

The Liberals replied that they would not interfere with the management of Funds SA but hoped that there would be employment for some local people to assist in job opportunities.

We stressed that SA Superannuants strongly believe that there should be no interference in the running of Funds SA

Dascia Bennett from Super SA introduced herself. She has been in the job since 9th December 2017. She said Super SA was highly thought of nationally. It is a large complex fund and its investments are doing very well. There are demands for digital services which Super SA is investigating.

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The Board will have a strategic planning day in the next two months. She said she is proud of the call centre and is adamant that it will never be outsourced.

With regards to the Royal Commission into banks Super SA did not get a letter to attend. Great news! Only 10% of submissions were concerned with superannuation.

The Royal Commission is looking into misconduct. A question was asked about identity theft. Dascia said she will report about cyber security later in the year.

Richard Friend and Tony Keenan represented Funds SA. The organisation is looking at its role and its objectives and what resources are needed. The equity markets have done well. Bonds and cash have been weak for the past three years. The markets went up after Donald Trump was elected mainly due to the promise of tax cuts. The US is beginning to increase interest rates. Markets are comfortable but cautious. The two letters mentioned would be a topic on the next agenda. We will oppose anything that will reduce returns to members.

Christine Venning, Delegate

Letter to the Editor

Staffing hospitals & aged care facilities

Having had considerable recent personal experience of hospital and aged care facilities, I tend to disagree with President Fleming's concerns about staff shortages in these institutions, and the need to fill them with foreign workers, apparently regardless (or not being too zealous) about their English language skills.

On the contrary, I believe it is vital for nursing staff and aged carers to have at least a good level of speaking and understanding of the English language. In addition, competent interpreters should be available when needed. I know that elderly (and other) patients or aged care residents often have had (in my own loved one's case) great difficulty in even hearing, let alone understanding, what was being said to them. Patients have trouble also being heard and understood. When present, I had the same difficulties myself.

Hospitals and the aged care industry (for that is what it is) need to be very careful that their staff are linguistically capable of providing the best care and safety for their patients, customers, clients, and other recipients, with their fragilities. Effective and accurate communication are essential to this cause.

They need also to be properly trained. Many I encountered were barely competent or able to effectively communicate. This is where, I think, a high standard of language fluency is required.

John Ling

Membership – How can it be increased?

At a recent meeting the Executive Committee had a long discussion on potential ways and means for increasing the number of Members and Associate Members of our Association. It is a fact that total membership numbers are declining. The Pension Scheme stopped taking new members years ago and public servants retiring as members of that scheme are now down to a trickle. If it was not for the increase in our lifespan, thanks to medical science, the decline in our membership would have been even greater. One consequence of the ageing of our membership is the increased difficulty obtaining volunteers to work on our Executive Committee. Indeed it is this latter problem that will lead to our demise within the next 10 years unless we take some action to turn it around. What do we do?

One of our Associate Members gave the Committee a few ideas to consider and this lead to the long discussion referred to above. Although we have not fully considered these ideas and some others from one of our Committee members, I thought that I might share a few with you. Several ideas can be grouped under one heading.

"How can we reach out to those public servants and retired public servants who belong to, or will belong to, the Triple S lump sum scheme and other smaller schemes?"

We concluded that we would need help from Super SA to make contact with these individuals. We also agreed that we would need to put together a quality brochure to send to these people. We need also to look closely at our constitution to make certain that there are no hidden obstacles there. Perhaps we may also need to look at our Association's name to make it more inclusive.

We will need to determine the issues that would be of interest and concern to Triple S scheme members. We should identify also the issues that we have in common with our age group in schemes such as the Triple S.

These issues may include the Age pension and its indexation, the Commonwealth Seniors Health Card, Home Care Packages, retirement villages and aged care facilities.

Perhaps we need to put together a Working Group of Executive Committee members, Pension Scheme members and Triple S members. Discussion with key employee organisations such as the Public Service Association and the SA Branch of the Australian Education union may be useful given their excellent contact networks and our shared membership of the Superannuation Federation.

I hope that this article may inspire some members to offer comment on the above and if a Working Group was to be formed, to volunteer to be part of it or contribute to its investigations.

Peter Fleming

We are given gifts,
so we can share them with the world.

Potential directives to Funds SA a matter of concern

Recently the Executive Committee of the Association became aware of a Liberal Party policy titled "Local Funds Management". It can be found on the Liberal party website and was part of the policies it took to the last election.

You would be aware that our superannuation accumulated funds are held by, and managed by, Funds SA a statutory authority. Legislation for Funds SA was designed to ensure that these funds were managed and invested by a body independent of the government of the day. The government of the day, however, can intervene by amending the covering legislation and/or the accompanying regulations.

The Liberal party policy states, inter alia, that
"The funds held by Funds SA need to be managed carefully to protect the interests of South Australians...".

The policy also says,
".... opportunities exist to leverage other benefits from the management of these funds in terms of local employment and investment opportunities".

The policy goes on to say,
"A Marshall Liberal Government will require most fund managers contracted by Funds SA to maintain a substantive local presence in South Australia, including staff involved in the day-to-day management of funds.

Funds SA employs more than 50 different fund managers across a number of different asset classes and funds. While some of these have local operations and employ people locally, many do not. (The Writer of this article notes that many of these investment managers are located interstate and some overseas.)

Fund managers will need to meet the same investment standards regarding expected investment returns and prudential requirements, but will be required to employ people locally. It is reasonable to expect Funds SA, in its engagement of funds managers to have ready access to the people making investment decisions on behalf of South Australians. Details of these new requirements will be implemented after consultation with industry."

The outgoing Treasurer, Tom Koutsantonis, in a recent letter stated, inter alia,
"Currently, Super SA uses the professional services of Funds SA to invest the money held in your members' accounts. Funds SA is a statutory authority run under the direction of an independent board. Funds SA is owned by the State Government but the Superannuation Funds Management Corporation of South Australia Act 1995 deliberately puts the responsible minister at arms' length from how the funds are invested.

Specifically, the Act says the minister 'must not include a direction to the Corporation in relation to an investment decision. The Funds SA board has a fiduciary duty to act in the best interest of members."

This letter from the then-Treasurer was drawn to the attention of the then-Shadow Treasurer, now Treasurer, Rob Lucas, who replied in another letter stating inter alia,

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"*Contrary to the claims from Mr Koutsantonis a Marshall Government will not interfere with how superannuation funds are invested. A copy of the policy makes it clear that: 'Fund managers will need to meet the* <u>*same standards regarding expected investment returns*</u> *and prudential requirements, but will be required to employ some people locally*".

The Liberal Party policy justifies its proposed action as,

"*...growing our domestic funds management industry to create high quality and high paying jobs for young people and reasons for them to stay here in South Australia*".

In both the Policy Statement and Mr Lucas's letter the words, "require, required, requirement and leverage", are used. Require is a word used when giving a directive: not a suggestion, but an instruction. Laudable as the increase in employment opportunities for young people may be, interfering with the independence of Funds SA in any way sets a dangerous precedent. This requirement may be the thin edge of a wedge of much stronger directives such as requiring Funds SA to invest in projects favoured by the government of the day.

Of course, those of us who are members of the now closed Pension scheme, are not affected by the fluctuations in investment returns. The level of our pensions are regularly indexed and guaranteed by the government. It is quite a different matter for Triple S members whose monthly returns move about with investment returns. Triple S members are many times our number and will continue to grow. Nevertheless, the principle of independence of Funds SA from Government direction is very important. We must not forget that some people are members of both the Pension and Triple S schemes.

SA Superannuants will take up this matter with the Treasurer through the Superannuation Federation, which organisation represents most of the public servants and retired public servants covered by Super SA's schemes. Hopefully this policy in its present form can be set aside in the interest of preserving the independence of Funds SA.

Peter Fleming

Seen in a London department store,
“BARGAIN BASEMENT UPSTAIRS”.

Super SA
Protecting member privacy & increasing security

Earlier this year we wrote to all our Superannuants to let you know about changes we were making to pension payments and deductions, to and from your fortnightly entitlement.

As part of Super SA’s move to a new superannuation administration system in 2018, pension payments have been automated and are no longer processed manually.

How does this affect you?
In the past, you may have nominated that your fortnightly pension be distributed to several accounts but this function has now ceased. As a result, the full pension payment is now paid into your primary bank account each fortnight.

The last split pension payment was processed on 1 March 2018, so it’s important that you make alternate arrangements with your financial institution if you require your income payment split across multiple bank accounts.

Health Fund premium deductions
In line with the above change and the introduction of an increased secure payment system, we have also discontinued multiple health fund deduction payments.

In January we wrote to your nominated health fund (health fund policy held in your name) advising of our system changes.

Protecting your privacy The security of your information and account details is of utmost importance to us and has been paramount in making these updates. With cyber security and fraudulent activity increasing in the superannuation industry, Super SA has introduced robust changes to ensure the Fund’s members’ payments system meets industry best practice.

By paying your pension payment into one account, we are reducing the number of transactions and making this a more seamless and secure process.
The new system will further strengthen the solid measures currently in place to ensure member privacy is protected at all times.

We're here to help you.

If you have any questions regarding the above information or your Super SA pension account, please contact us on 1300 369 315 and one of our Member Consultants will be happy to assist you.

Dascia Bennett Chief Executive, Super SA

Notice in a laundromat:
"Please remove all your clothes when the light goes out."

Coordinator's notes

I am now given the privilege of putting this publication together for our SA Superannuant association. I am very aware of the responsibility I am taking on. We often receive good reports about this document. I'm working on that appreciation continuing into the future.

Your feedback will be very acceptable, be it critical or appraisal. The more you inform us about the degree to which our information is useful, and how readable are the articles, the more we can improve the newsletter.

One member has availed himself of the use of "Letters to the Editor" to share with us his opinion based on his experiences. It would be great to find other people using that column to voice their opinions or sharing experiences too.

A balance of humour will hopefully give you a giggle between serious articles: they won't always be about getting old either.

Your newsletter coordinator at his 75th birthday.
Max Jahn

Joining & Renewing

Fees And How to Pay

Current Fees:

Annual Member: $15, partner = $5.

Life Member: age under 60 = $270,

60-65 = $220, 66-70 = $160, over 70 = $130.

Partner Life Member = $50.

Receipts *will be sent for Life Memberships. Please include a stamped self-addressed envelope for others.*

a) Paying by cheque or money order

Please send your postal payment to:

Membership Officer
S.A. Superannuants
P.O. Box 348
Modbury North SA 5092

Email: pmjahn@bigpond.com

b) Bank transfers & personal deposits

Please make sure that the payment is accompanied by your name and suburb, ***and*** *please notify the membership officer of its date and sufficient details to identify you as the payer:*

Bank SA: BSB 105-900
Account number: 950313840

Account name: SA Superannuants

c) New members

When paying by one of these methods, please 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 for new members to join, and existing members to renew their annual membership, convert it to a life membership or notify a change of address.

Member Details & Payments

Existing Members
Our records show your details as:

Please indicate errors or changes:
....
....

New Members Title .... Gender ....
First Name Last name
_____________________ ______________________

Postal Address _______ _____________________

____________________________ ____ _______

Year of Birth ....

Home phone ....

Mobile phone ....

New *and* Renewing Members

Payment Amount $.....................
Purpose of payment (tick relevant box)

- ☐ Renew annual membership ($15 p.a.)
- ☐ Life membership (see scale page 7)
- ☐ Change Annual to Life (see page 7)
- ☐ Partner annual membership ($5 p.a.)
- ☐ Partner life membership ($50)

Email address currently please

...................................@.....................................

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