RAY, MY EMAIL ADDRESS IS WRONG, IT SHOULD BE ihug.

South Australian Government Superannuated Employees Association Inc.
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From the President

THE federal election has come and gone without either of the major political parties supporting wage-based indexation of Commonwealth superannuation pensions.

At the annual general meeting of the Australian Council of Public Sector Retiree Organisations (ACPSRO) held after the election there was a consensus that **the cost of changing to wage-based indexation was <u>not</u> the reason** why the indexation campaign failed. The cost was small compared to that of other commitments given.

It appears that a large majority of federal parliamentarians are convinced that public sector superannuation pensions are already far more generous than the community standard represented by the superannuation guarantee (SG). They feel justified in refusing to make changes which involve any further increase in the cost of the schemes even when the increase is small.

In spite of the lack of success so far ACPSRO will be continuing with the indexation campaign and this is supported by all affiliated organisations.

* * *

In South Australia the Association continues to press the State Treasurer to explain why South Australia is still running its pension schemes as untaxed schemes when other states have converted their pension schemes to taxed schemes. These conversions interstate saw a majority of members being made better off with no members being disadvantaged. All this happened without increasing the cost of the schemes.

Because we have had so little success in getting a satisfactory explanation of this taxation issue from any state treasurer we have now taken the step of making a direct submission to every South Australian MP. In a nutshell we have claimed that all South Australian pension funds, **including the parliamentary fund,** would be improved by conversion to the taxed form and at no cost to the state government. A fuller account of our submission to MPs is given elsewhere in this newsletter. *—Ray Hickman*

Super SA to Offer Post-Retirement Products

SA Superannuants delegates will attend a special meeting on 10 February to be informed of the details of Super SA's new post-retirement products. More information will be given to members at our AGM.

CPI Change: The Adelaide Consumer Price Index increase for June-December, 2004, was 0.94% and this same adjustment will be made to Super SA pensions on and from the first pension payment date in April, 2005.

Annual General Meeting

Monday, 28 February, 2005, at 1 p.m.

Pilgrim Centre, 12 Flinders Street, Adelaide

Agenda:

1. Apologies
2. Minutes of the Previous Annual General Meeting
3. Annual Reports: President, Treasurer
4. **Subscription Fees: Increases have been proposed and are set out in a following item. They will apply only if approved by members at this meeting.**
5. Life membership proposal (Frank Morony)
6. Election of Officers and Committee for 2005

Guest Speaker:

Ms Sue Lyons
The Aged Rights Advocacy Service

General Meetings

Venue: Pilgrim Centre, 12 Flinders St., Adelaide
1 p.m-2.30 p.m.

Speaker Program March-June, 2005

March 28: Dr Paul Harvey, Murray Mouth Advisory Committee. Will the Murray River Run Dry?

April 18: Dr Stewart Martin, Sustainable Energy Centre. Renewable Energy, Where to From Here?

May 30: Ms Caroline Batalha, Repatriation general Hospital. Mental Health Services for Older People.

June 27: Mr Paul Lainio, Bureau of Meteorology. The Greenhouse Effect and Global Warming.

Flyer Enclosed: if you know someone interested in joining SA Superannuants please hand them the flyer enclosed.

Fee Increase Proposal

THERE is an agenda item for consideration at the annual general meeting for an increase in fees. The amounts of the proposed increase are set out in the following table:

Fee	Current ($)	Proposed ($)
Annual	8	10
Life Members:		
Under 60 years	160	200
60-65 years	120	150
Over 65 years	90	110

The main reasons for seeking the increases are:

- the decision taken during 2004 to obtain public liability insurance for the Association. The cost for the first year has been $871.
- an anticipated, but as yet unspecified, increase in 2005 in hire fees for our meeting premises.

In the past, the Association has run without public liability cover and the question of whether or not insurance was justified has arisen from time to time. It arose again in 2004 when we were advised that the Association was not covered by the public liability policy of the Pilgrim Church which owns the premises in which the Association holds its general meetings.

The matter was looked into by Vice-President, Clive Brooks and other members of the Executive. Their conclusion was that the association should acquire insurance cover if it was reasonably affordable and could provide protection for both the Association and the individuals serving as officers and committee members. The policy obtained does this and its cost has been judged as reasonably affordable.—RH ⌘

A Cooperative Approach

DURING 2004 your Executive Committee discussed the possibility of establishing a co-operative purchasing and/or negotiating service for members. Although the Committee did not proceed with that matter, it noted that members of the Public Service Association are provided with 'Ambassador' cards which entitle them to discounts on a range of products and services from retailers, hotels, motels, restaurants and many leisure-time activities. In August/September 2004, Ambassador cardholders gained access to the 'Spendless Buying Advisory Service'. (The normal joining fee of $9.99 is waived for PSA members.)

The Executive Committee understands that Spendless is a privately owned company that has been in operation since 1990 and currently has over 290,000 members in NSW and Victoria. Members wishing to purchase goods or services simply contact Spendless which is able to advise the best prices available from a range of stores with which it has formed strategic alliances. In South Australia, Spendless can provide discounted movie tickets and price advice on major electrical appliances.

The Executive Committee has resolved to maintain a watching brief over the Spendless expansion into South Australia and members wishing to know more about this service can access the Spendless website at www.spendless.net.au.

Incidentally, retired PSA members can continue their association with that organization as an 'Associate Member' for an annual cost of $27.50. Associate members receive copies of the *Public Service Review*, an Ambassador Card and may also rent the PSA holiday homes which are located at Glenelg, Port Lincoln, Robe, Goolwa, Mannum, Kingscote and Port Vincent.—MD ⌘

Membership of the Executive Committee

ALL members who are in a position to attend meetings are encouraged to consider putting themselves forward for membership of the Executive Committee in 2005. Nominations may be made in writing to the Secretary or at the AGM.

There are three general committee positions for which nominations had not been received at the time of writing this newsletter. The outgoing Officers and Committee members would like to see new people coming on to the Committee and particularly people who are interested in serving as officers.

Deductible Super Contributions for Retirees?

TRADITIONALLY there has been a superannuation work test and it has only been people gainfully employed who have been able to make superannuation contributions, or have contributions made on their behalf by an employer.

Several years ago the superannuation work test was partially removed when legislation was passed which allowed people to make contributions on behalf of a spouse. Now it has been removed altogether and it appears that, beginning this year, any person aged 18-64 years can make superannuation contributions.

There is another superannuation rule which allows a person to claim a tax deduction for superannuation contributions if he/she derives less than 10% of his/her total income from wages. Any person who receives more than 10% of total income as wages can make contributions but they are not deductible.

Some members have asked if this means that a retired person aged less than 65 years can now make superannuation contributions and claim a tax deduction. Telephone inquiries to the Tax Office have been inconclusive on this point and the Association has written to the Commissioner of Taxation for clarification. In the meantime members having an interest in the matter should make their own inquiries of the tax office.—RH ⌘

Disclaimer: *Readers should not act, or refrain from acting, solely on the basis of information in this newsletter, but should consult the relevant authorities or other advisers with expertise in the particular field. Neither SA Superannuants nor the editor accepts any responsibility for actions taken by readers.*

Taxed Fund Submission to State MPs

IN late January SA Superannuants wrote to all State MPs with a submission on the benefits of changing state super pension funds from untaxed to taxed funds. The three key elements of the submission were:

1. We presented the following extract from the website of the Victorian State Government Superannuation Office at www.gsoconnect.com.au. The Victorian State Superannuation Fund is the Victorian equivalent of the fund to which members of SA Superannuants belong.

On 29 June 1995 the tax status of benefits paid by the State Superannuation Fund (SSF) changed from ***untaxed** to **taxed**. In effect the SSF pays tax on employer contributions and the member receives a 15% tax offset on pensions and less tax is payable on lump sums.*

Consequently members' gross pension and lump sum benefits were reduced by applying tax reduction factors. However, the net benefit either remained the same, or as was the case for the majority of members, was increased.

As the fund did not commence paying tax on contributions until 1 July 1988, no reduction factors apply to entitlements prior to 1 July 1988.
The reduction factor applied to a member's pension and or lump sum, takes into account factors such as the amount of the annual pension, your eligible service date, and your service history.

This should make clear to South Australian MPs that the Association's claim of taxed funds being able to provide superior benefits for most members, without disadvantaging other members, is quite likely to be valid.

2. We used the parliamentary fund to illustrate our claim. The parliamentary fund is fully funded and, because the pensions are relatively large, many pensioners of the fund are currently paying tax at marginal tax rates of 42-47% on a significant fraction of their pensions.

Using these two facts about the Parliamentary Fund it was relatively easy to demonstrate the advantage of paying pension benefits from a taxed fund rather than an untaxed fund. We were able to show that all members of the parliamentary scheme would be better off if their fund was converted.

Of course, the pensions paid to SA Superannuants members are, on average, much smaller than parliamentary pensions and the fund from which they are paid is not yet fully funded. However, this was also the case with pensions paid from the corresponding Victorian (and NSW) funds which have been converted from untaxed to taxed.

Members of these funds, with pensions much smaller than parliamentary pensions, still made worthwhile gains. The likely reason is that the service history of most government employees allows their pensions to be converted without being reduced by as much as is necessary when a typical MP's pension is converted.

3. We made a blunt assertion that the State is dissipating tens of millions of dollars each year in unnecessary income tax paid by members of its pension schemes. If the Association is correct this is money which should be retained by state superannuants and spent directly in the South Australian economy.

By making this point we emphasise that conversion of pension funds from untaxed to taxed provides an advantage for the state as well as for superannuants. All this at no cost to the state government.

If the Association's assessment of this taxation issue is wrong then we will have to admit our error once it has been pointed out.

Our submission to state MPs should be seen as a way of forcing the Government either to prove us wrong or reveal some hidden reason that it has for continuing to run its pension funds as untaxed funds when other states have changed their comparable funds from untaxed to taxed. **This move has been made after several years of fruitless attempts to get an answer from successive state treasurers.**—RH ⌘

Pension Scheme Investment Earnings

THE 2003/2004 year saw superannuation fund investment earnings surge back into the black with many funds reporting double digit returns. The investment return for the pension scheme was 18.20%.

Pension scheme investment returns and CPI pension adjustments for the eight years to June 30, 2004 are shown in the table below. The bottom row of the table gives the eight year average for each measure.

Year	In. Ret.	CPI	Year	In. Ret.	CPI
2004	18.20	2.98	2000	16.80	3.24
2003	-0.85	3.74	1999	9.05	0.98
2002	-5.40	2.96	1998	12.91	0.33
2001	3.18	5.88	1997	20.50	0.00
Eight year averages: In. Ret. = 9.30%; CPI = 2.58%					

The target for annual investment returns on pension scheme money is 4.5% above CPI over an investment period of eight years. Funds SA, which is the organisation responsible for the investment of state superannuation money, expects volatility in returns and expects about two annual returns out of eight to be negative. In the eight year period just completed there were two years of negative returns but the eight year average for the investment return still exceeded the CPI change by 6.72% p.a. which is considerably more than the target.

Of course, pension scheme members do not get any direct advantage from good investment returns just as they do not suffer any direct disadvantage if investment returns fall below the target.—RH ⌘

Vale Barbara Bray (14-5-1924/5-12-2004)

IT was with sadness we said goodbye to our esteemed member and friend Dr Barbara Bray who served on the Executive Committee, and in the roles of Assistant Secretary and Acting Secretary.

Barbara came to Australia with her family in 1939 from Germany. Settling in New South Wales her family began a new life and quickly settled into their new country. Barbara was married to Hugh who was also a member of SAGSEA and served on the committee for a number of years until his death.

Having raised her family Barbara renewed her education at age 50 and gained a Bachelor of Arts degree, followed by her Masters and finally a Ph.D. in Chinese Studies. Barbara will long be remembered for her activities and support of the Aboriginal people of Australia and refugees. Barbara was also a long time member of the Australian Labor Party and held various membership positions during this time. Her belief was social equality for all, and having learnt of her own background as a Jewish child in Germany during the 1930s, one can understand why she had such a strong conviction in this area.

Barbara will be missed by her many friends.

—Rosemary Reddaway ⌘

Brian Douglas Hannaford (13-8-36/10-9-04)

—A life devoted to Community Service

BRIAN was an example to us all. A battler and a quiet community activist, most people were unaware of the impressive list of organisations that had benefited by his presence. He was, of course, well known to SA Superannuants as a Life Member, and past President; and also as President of the SA Government Superannuation Federation; and Deputy Member of the SA Superannuation Board.

It was only in June last year that illness finally prevented him attending our executive meetings as an observer. His last action in July was to be a member of a delegation to Senator Wong's office seeking support for our campaign seeking changes to the method of indexing pensions.

Brian's working career centred primarily on the dairying industry and when he retired in 1993 he was Chairman and Chief Executive Officer of the Metropolitan Milk Board. Prior to that he been an export standards officer with the Australian Quarantine Service and also for a time worked with both the Victorian and SA Departments of Agriculture.

Although he suffered indifferent health he did not let it interfere with sporting activities including rowing and sporting car racing. He was a proud owner of both veteran and vintage cars.

The overflowing attendance at the funeral and committal service at the Church of Emmanuel, Wayville, was testament to the wide respect in which Brian was held by many people and organisations.

SA Superannuants extends its deep sympathy and condolences to his wife Micheleine and three sons Philip, Simon and Nicholas.

—Vic Potticary ⌘

Current Executive Committee

President: Ray Hickman
Vice-President: Clive Brooks
Secretary: Vic Potticary
Assistant Secretary: Christine Venning
Treasurer and Membership: John Reddaway
Committee Members: Mike Duff, Maureen Goodwin, Willy Hajszan, Laurie Bennett

From the Association Treasurer

Before you throw away the envelope in which this Newsletter arrived, check the first line of the address which shows you your current financial position. 'Life Member' means you do not need to forward any money. "Paid to 31.12.04" indicates that your subscription is now due. "Paid to 31.12.05", or later, indicates that you are financial and do not have to send any money.

If you disagree with the date shown on the envelope please contact me either in writing or by telephoning the number shown on the front of this Newsletter.

Membership remains fairly constant around 1500, but we can always do with more. Remember, we are your voice and are working for you, so if you know of anyone who receives a S.A. State Super pension, please encourage them to become members by handing them the flyer enclosed with this newsletter.

If you move, PLEASE do not forget to tell me of your new address.*—John Reddaway*

Membership Form

✂ *Cut here and post to:*

John Reddaway, Treasurer
SA SUPERANNUANTS
7 Mead Street, Paradise, SA 5075

Existing Life members should ignore this section (unless notifying change of address). Membership inquiries should be directed to John Reddaway, Tel 8337 2425.

Your membership category is on the envelope.

MEMBERSHIP 2005

Renewal 2005 / New Application / Life membership

(Delete as necessary)

Please find enclosed the amount of $................* for *S.A. Superannuants* Annual / Life Membership

FULL NAME (please print)..

....

ADDRESS (please print)..

.... Post Code.........

Tel.:........................ Date of Birth....../...../19........

SIGNED...

DATE......../........../200.....

***Fees:** Annual = $8. Life *(once only fee)* Under Age 60 = $160; Age 60-65 = $120; Over Age 65 = $90.

(Receipts will not be posted unless a stamped, self-addressed envelope accompanies the application)