

INDEXATION UPDATE

By John Coleman
Indexation Campaign Manager

Senator Ronaldson Fair Indexation Bill

In the last edition of *SuperTime* I said that a private members' bill had been presented to the Senate by Liberal Senator Ronaldson. That Bill, if passed by the Parliament, would have provided fair indexation to DFRB and DFRDB military superannuants. It would not, however, have done so for military MSBS members or civilian Commonwealth superannuants, i.e. former public servants. The passing of that Bill by Parliament would have been an important step towards having fair indexation for all Commonwealth superannuants which is why SCOA supported that Bill.

Unfortunately the Senator Ronaldson Bill was defeated in the Senate after a further Senate Inquiry headed by Senator Polley. Both Labor and Greens Senators voted against the bill, despite the Greens issuing a media release prior to the last election pledging support for fair indexation. SCOA had also briefed Senator Brown's adviser on how fair indexation could be achieved without affecting the Government's pledge to return the budget to surplus by 2012-13.

Whilst the outcome for the Senator Ronaldson Bill was very disappointing, it nonetheless has kept the issue in the political arena where it needs to be. SCOA is continuing to work with the Defence Force Welfare Association and the Australian Council of Public Sector Retiree Organisations to have the minority

Labor Government provide what you and several Senate inquiries know is both fair and affordable.

Since the defeat of the Senator Ronaldson Bill in the Senate, the matter has been aired on a Canberra commercial radio station several times, which has generated significant interest and support from those affected. There has also been interest shown by some other media organisations. We need a lot more of that.

Fairness Farce

The Government's refusal to provide fair indexation for more than 300,000 senior Australians is a shameful contradiction of the many references to fairness found on the ALP's web site. Following are but a few of those many "fairness" quotes:

- ***"The Federal Labor Party has always stood for fairness for older Australians"***
- ***"Labor's commitment to a fair go for everyone is at the foundation of our approach to Government. Fairness has been grafted into the Australian soul throughout the past century, in large part because of the sustained efforts of the Australian labor movement"***
– Julia Gillard.
- ***"Labor believes in a fair go for all."***
- ***"...our character has been defined by our belief in the fair go for everyone – an egalitarian spirit that says all Australians are equal."***

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VOLUNTEERS NEEDED



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SUPERANNUATED COMMONWEALTH OFFICERS' ASSOCIATION (SCOA)

Established in 1923, the Superannuated Commonwealth Officers' Association (SCOA) is a not-for-profit volunteer organisation which enhances the well-being of members and their dependants. SCOA influences government in policy areas such as superannuation, health, taxation, concessions and aged care, and works to improve retirement conditions for members.

SCOA has branches in all states and the ACT, and is managed by a Federal Council, with volunteer representatives from each branch, who meet twice yearly to determine SCOA's policies and priorities.

SCOA has a Federal Office in Canberra, staffed by two part-time employees, who provide secretariat support, advocacy and representational services, as well as national member services, including production of this newsletter, and maintenance of the SCOA website.

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Federal Office relies on a number of volunteers for specialist advice.

ABOUT SUPERTIME

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From the President



SCOA is pursuing a policy of developing stronger relationships with kindred organisations, so on 17 May I met with Peter Matwijiw, the General Manager, Policy and Research from National Seniors, to discuss a number of matters of mutual interest. National Seniors support our campaigns for fair indexation, fair tax treatment and indexation of the thresholds for the Commonwealth Seniors Health Card. I thanked National Seniors for their successful campaign to have the Work Bonus Scheme improved.

Mr Matwijiw said that National Seniors would support the removal of age limits on contributions to superannuation funds. His organisation thinks that the Government should revisit the current rules that force people to draw down their superannuation while they are still willing and able to keep working, and the Government should increase the age limit for paying worker's compensation. We in SCOA need to give more thought to these issues, and I look forward to hearing your views.

Further to the article on the Cornwell Case in the May 2011 issue of SuperTime, Frank Mines and I met with Mr Faulks of Snedden Hall Gallop, the Canberra law firm that successfully represented Mr Cornwell. Mr Faulks kindly agreed to provide an article about the work that his firm is doing to assist former Commonwealth public service employees who were not informed of their eligibility to join the CSS or

the PSS. See page 8. I also spoke to the CPSU and the ACTU about this issue, and suggested that their organisations should be paying it more attention.

Towards the end of May, the Federal Executive developed a draft policy on compensation to households for a carbon price which was forwarded to relevant members of parliament and other members of our peak body, the Australian Council of Public Sector Retiree Organisations (ACPRSO). For details, see the article on page 10.

In early June, the House of Representatives expressed its support for fair treatment of members of military superannuation schemes, but the following week the Senate rejected the Ronaldson Bill that sought improved indexation for members of the DFRB and DFRDB, which was very disappointing. For further details, see John Coleman's article on page 1.

The Bills to effect the merger of ARIA and the Military Super Boards were passed by the House of Representatives on 15 June and by the Senate on 21 June. ARIA ceased to exist on 30 June 2011. The new body is called the Commonwealth Superannuation Corporation (CSC). The new governance arrangements commenced on 1 July 2011. More about this on page 8.

SCOA continues to monitor action on the Henry Report recommendations. To date, there has been little Government action.

In the May 2011 Federal Budget, the Treasurer announced the Government's intention to register 'non-profit organisations' nationally. This will replace the present arrangements whereby non-profit organisations have to be registered in all states and

territories in which they operate. SCOA recommended this change in its Submission to the Henry Review to overcome shortcomings of the present requirement. I would expect more consideration of the recommendations during the Tax Forum, given the expected focus on personal taxation and transfer payments. This will become clearer when the Treasury discussion paper becomes available.

The Tax Forum will be held on 4-5 October 2011. Given the limitation on the number of attendees, I expect that the Australian Council of Public Sector Retiree Organisations, of which SCOA is a member, will represent us at the Tax Forum.

The Australian Statistician has invited me to be a member of the Topic Advisory Panel for economics, which will contribute to the development of the next update of Measuring Australia's Progress. This will involve attending three meetings, in September and November this year and in February next year. My particular topic will be "What people want from their superannuation", covering all types of superannuation. I would be interested in hearing members' views on this in the survey in this Super Time.

Please take some time to fill in the survey form included in this issue of SuperTime. We last ran a survey in 2006, and it's time to run another one so that we can keep informed about what our members are thinking. This time we will be running a series of small surveys, rather than one big one, so it shouldn't take you very long to do this one. We look forward to hearing from you.

A. J. Barbetti

Dr. Annette Barbetti
SCOA President.



From the Federal Secretary



The next Federal Council meeting will take place in Canberra between 16-18 August. It is early this year due to Councillors' other commitments. For those not from Canberra this presents some challenges, not the least of which is getting people to Canberra noting the possibility of fogs which can appear at this time of year and of course the low temperatures, which are hard to take for those from warmer places. A report on Federal Council will be in the November Super Time but should also be on the SCOA website by late October.

We'll also be making some decisions earlier than would otherwise have been the case, such as the major themes in the pre-budget submission. The earlier meeting should give us extra time to think about the critical issues. The August agenda deals with the future of SCOA which follows on from a presentation we had by ARIA at the March Federal Council meeting. It is vitally important that we know who our members are and who might join us in the future. What do our members want and what have we got to offer? The survey will assist.

But I have also been looking at who SCOA's feeder groups are and how big our potential membership (those over 50) might be. The **APS State of the Service Report** provides some interesting information which will be discussed at Federal Council meeting. I can say that the future of the APS is female even though many older members at each rank are men. This is something for SCOA to

think very seriously about. This is why I wrote the article in this SuperTime about women and superannuation. I wanted to find out if women in the APS were disadvantaged in earning capacity like women are in the private sector. Earning capacity affects the size of your superannuation. And women are similarly disadvantaged in the APS as they are in the private sector. I'd like to thank Rosemary Oakes and Pam Frost (SCOA Victoria) for their help and feedback in producing that article, as well as Anne Willenborg, our Federal Office volunteer, for her help in the article and in the survey.

Finally we have also been doing some work on enabling members to renew their subscriptions electronically. Currently some members can do this and others can't. This is because different branches have different arrangements as can be seen if you look at our website. If we want to appeal to younger members, having an online presence, including being able to renew your subscriptions electronically, is a necessity. It is still a work in progress.

*Dr. Vivienne Teoh
The Editor*

Women and Superannuation: A SCOA Project Volunteers Permitting

by Vivienne Teoh

Women tend to live longer than men so superannuation is very important to them. Currently SCOA does not actively promote an understanding of the special needs of women. Should we do so? A significant proportion of existing SCOA members are women. A substantial number of our women members are the widows of members. In many cases their spouses made the major financial decisions in the

partnership. And there are now more female federal government employees than male employees, with women over 50 years rapidly catching up to the numbers of men over 50.

Many older SCOA female members worked in the days before equal pay for equal work. Some worked during the time of the marriage bar and could not preserve their superannuation. Thousands were displaced when the Australian Public Service (APS) eliminated the fourth division where many 'women's' jobs existed. Many adapted to these changes at work, but others left the public sector. Many of these women are now retired.

The equal pay for equal work legislation was hailed as a big step forward when it was finally passed in the early 1970s. But forty years on, women, are still earning less on average than men. The gender wage gap which impacts on retirement incomes is well documented and remains a constant feature of the Australian economy, even today. Most women have less than two thirds of the superannuation balances of men on their retirement. Amongst those with a partner, nearly 73% of women rely on their partner at least partially for financial support compared to 45% of men.

Men have over 40 years of peak income earning capacity compared to women with just 20 years. The **Australian Public Service State of the Service** statistics also reflect this disparity. In 1996, 3,703 men and just 433 women had over 30 years of service. This compares to 4,487 men and 2,369 women in 2010. Over the same period, more women than men were temporary staff with more women in lower paid jobs. In 2010 there are more women in the APS than men and increasingly women are in more senior positions.

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This is a recent phenomenon. As women are younger at each classification level than men, the disparity in superannuation payouts may remain for some time to come.

Clearly defined salaries in government employment have helped women. Women did not do as well where individual bargaining was involved. Agency based bargaining and workplace agreements have complicated the situation. Some agencies paid more than others. Performance pay instituted across the APS of the type that was rolled into a person's superannuation may have also added to the disparities between male and female pay.

The superannuation rules for public sector funds apply equally to both men and women, but a 9% superannuation contribution for a lower salary over an extended period of time has a compounding effect on retirement income. Add to this the effect of inadequate CSS/PSS pension indexation and the inequitable tax assessment provisions applying to our pensions and we can see that women (and lower paid APS male retirees) face additional challenges.

The average CSS pension is \$26,963.00. The average PSS pension is \$19,631.00. The average female pension is lower still. CSS membership data supplied by ComSuper to ARIA showed that as at June 2008 there are still significant differences in male and female salaries which will contribute to a future retirement pension gender gap. The average salary for a male CSS member was \$89,671. For a female CSS member it was \$78,686. For a male PSS member the average salary was \$74,464. For a female PSS member it was \$66,069.

The PSSap is an accumulation fund where a member's pension will be determined by the account balance

when they retire. But as long as wage inequities exist there will also be inequitable outcomes for PSSap members.

Women make up 40% of the CSS and 60% of the PSS. Over 60% of PSSap members are women. The figures for PSS and PSSap reflect an increased participation of women in the APS over the past decade. Looking ahead, it seems that the proportion of women on pensions will rise when compared to men. So for the foreseeable future, the discriminatory indexation and inequitable tax issues which SCOA has been pursuing will remain relevant and may become even more important given the increased numbers of women pensioners. There will also be other issues of relevance of women.

The Association of Superannuation Funds of Australia Limited (ASFA) publishes regular studies on adequate retirement incomes. According to ASFA (March 2011), 66% of Australians over 65 year, have a government pension as their main source of income. This includes the Age Pension as well as public sector pensions. ASFA notes that a single person would require \$21,218 p/a. for a modest lifestyle. For a couple, the corresponding amount would be \$30,708.

Note that the average PSS pension is not adequate for a modest lifestyle even for a single person. Because of the age of many of our CSS members, many couples live on one CSS pension which is less than the amount cited by ASFA for a modest lifestyle for a couple. A comfortable lifestyle for a single retiree would be \$39,393. The corresponding figure for a couple would be \$53,879.

The 2011 CPSU survey **What Women Want** noted that women

report feeling less informed and less confident about their retirement income:

- Many women do not pay attention to their superannuation, with more than a quarter reporting that they did not know how much money they had in their super account.
- Fewer than half of women make additional superannuation contributions, with 2 in 5 women saying they do not contribute extra because they cannot afford it.
- Most women have not attended an information session on superannuation and have never seen a financial planner about their superannuation or retirement.

SCOA would like to assist in providing products and information which cater for women's needs. Will we be able to do it? We cannot do it without the input of members. In the May edition I asked for volunteers to work on this project with the Victorian branch. We could actively recruit new members if we develop specific policies and services for women who are about to retire or who have already retired. If you are interested in this project please contact Vivienne Teoh on 02 6286 7977 or email fedsec@scoa.asn.au.

Federal Budget Outcomes - May 2011

By Peter Hurley

SCOA is disappointed that the Government failed to act on measures identified by SCOA as being necessary to bring fairness and equity for current and future Commonwealth superannuation pensioners, especially those in defined benefit schemes. For people who have inadvertently made excess super contributions, the budget measures are discriminatory.

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SCOA's understanding of the Budget announcement is that from the 2011-12 financial year and onwards, if a person breaches the concessional contribution cap by less than \$10,000 (not indexed) they will have the option to have the excess contributions taken out of their superannuation account and assessed against their marginal tax rate, rather than incurring the additional 31.5% excess concessional contributions tax.

This measure discriminates against Commonwealth superannuation pensioners who have returned to work because any non-pension income is taxed at their marginal tax rate, rather than from zero, as is the case for account-based pensions. Again, it is SCOA's understanding that this measure will only apply once and to breaches in the 2011-12 financial year and onward. This means that there is no joy for people who breached the cap prior to 2011-12.

SCOA made a submission to the Senate Inquiry addressing this issue pointing out that the mechanisms suggested in the consultation paper were too vague, appeared to discriminate against people in defined benefit super funds, would be an administrative nightmare and would increase fees for all fund members. The Government has chosen to ignore this.

Positive aspects include:

- From 1 July 2012, employers must report on employee paysheets the amount of superannuation actually paid into their superannuation account. Employers and employees will receive quarterly notification from their superannuation fund if regular payments cease. This should minimise employee superannuation losses when a company goes into liquidation or wind-up.
- The new Work Bonus scheme –covered elsewhere in SuperTime.

- On-going funding for set top boxes for Age Pensioners on a full pension.
- Continuation of the bowel cancer screening program.
- Mental health reform package with \$ 2.2 million in new money over 5 years.
- Additional funding for emergency departments, elective surgery and 1300 sub-acute hospital beds.

Overall, SCOA envisages the announced Budget measures will have minimal impact on SCOA members.

Taxation

There will be no change to the personal income tax rates in 2011-12, so the Government will get more revenue due to bracket creep. Other measures include:

- Recipients of the Low Income Tax Offset (LITO) will now receive 70% through PAYG (formerly 50%). The effect will be the Government will deliver up to an extra \$300 of LITO in regular pay packets, including pension payments.
- New Medicare levy thresholds are applicable for the financial year (ending 30 June 2011). These are \$18,839 for individuals (previously \$18,488) and \$31,789 for families (previously \$31,196). The increase on these thresholds for each dependent child or student will be \$2,919. The low income threshold for single pensioners below age pension age has been increased to \$30,439 (previously \$27,697). This will ensure such pensioners do not pay the Medicare levy when they do not have an income tax liability.
- The temporary Flood and Cyclone Reconstruction Levy is

operative from 1 July for the 2011-12 financial year only. It will affect those with a taxable income of \$50,000 in 2011-12. The additional tax for the levy will be included in PAYG payments from 1 July 2011 including pension payments. (See also p.9).

- The dependent spouse rebate will be removed for taxpayers who have a dependent spouse born on or after 1 July 1971 (ie aged 40 or less on the commencement date). The Government intent is that the removal of this offset benefit will result in the spouse's actively looking to rejoin the workforce.

- The Government will remove the ability of minors (children under 18) to access the Low Income Tax Offset (LITO) to reduce tax payable on their 'unearned income'. Income earned by minors will still be eligible for the full benefit of LITO.

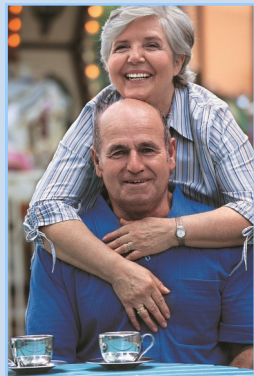
Superannuation

- Account based account holders will be allowed to withdraw 75% instead of 100% of the minimum draw down requirement in 2011-12.
- Under the superannuation co-contribution scheme, the maximum government contribution will be \$1,000 in 2011-12 (the same as for 2010-11).

There was no funding for a Public Dental Health Program and the Government's stated intention to phase out the Chronic Disease Dental Scheme by the end of 2011. The impact of these decisions will be a further increase in the number of low income people on public dental waiting lists, possibly to 750,000. The Treasurer indicated in his Budget speech that there would be significant dental reform in 2012-13. Unfortunately, a similar promise was made in 2007-08 but has not eventuated.

Thank you for your continued support.

Membership renewals were due on 1 January 2011, so if you haven't renewed your 2011 membership, can you please do it now!



Photograph of models for illustrative purposes

Here's how...

Please complete this membership form and send with payment to your local SCOA Branch. You can find local BRANCH CONTACT DETAILS on page 2.

2011 Membership fees	
Member	\$29
Member + Partner	\$40
Surviving Partner	\$21

Please note that CREDIT CARD payments can only be accepted for members of the Victoria, ACT and Queensland branches.

Please Note: 2011 fees are the same as 2010.

Please do NOT send membership forms to Federal Office.

Keeping In Touch



If you haven't done so, we'd love you to email your local SCOA Branch Secretary to let them know your email address (details page 2). Email is a great way for us to keep in touch with our members.

Membership Application

Please Tick one. New Member Renewing

Member Number (if applicable) _____

Please Tick one.

- Member \$29
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Given Name(s) _____ DOB __/__/__

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GOVERNMENT EMPLOYEES MISS OUT ON SUPERANNUATION

From Richard Faulks, Managing
Director, Snedden Hall & Gallop

Many of you will be aware that the Senate has recently held an inquiry into superannuation claims for former and current Commonwealth Government employees. SCOA made an important submission to that inquiry and gave evidence.

My firm has been involved in claims of this sort for over 10 years. It has become apparent that many blue collar or industrial government employees did not join the Government superannuation scheme. In many cases, they failed to join the scheme because they were given incorrect and misleading advice by supervisors and others in the work place. In other cases, employees were simply not advised at all that they were eligible to join the superannuation scheme.

We were the lawyers who acted for John Cornwell who made a claim in the ACT Supreme Court based on incorrect advice he was given to the effect that, as an industrial worker, he was not eligible to join the super scheme. Although the Commonwealth Government denied the claim and took the matter on appeal to the High Court, John Cornwell was successful in establishing a right to claim damages representing the difference between what he would have received by way of superannuation had he joined the scheme when he was first eligible, and what he ended up receiving upon retirement.

We have many other similar employees who have potential claims of that nature. We have discovered that there are numerous variations in the factual and other circumstances for such employees, and the other difficulty faced by many potential claimants is that there are time limits associated

with bringing such claims.

The High Court in the Cornwell case found that the time limit did not start until an employee left Government employment and accessed superannuation, as that was the time when their loss was suffered and the claim was complete. There are many potential claimants who may have retired and accessed superannuation many years ago and therefore, may be out of time. This issue was considered by the Senate Inquiry, particularly as the Commonwealth Government has refused to make any payments to those who were out of time, even though they have encouraged such claimants to seek what is called an "act of grace" payment where their legal entitlement may be denied because they were out of time.

The Senate Committee has now handed down its findings and, other than independent Senator Nick Xenophon, has failed to make any recommendations for change. This is very disappointing and we believe there was clear evidence of the need for change and the Department should process more of those act of grace payments in favour of the claimants. Further, we had made representations that the time limit should not be enforced by the Commonwealth Government but the majority of the committee failed to act on that. Senator Xenophon has vowed to keep fighting for change and we hope that SCOA will support him in that (as we will) and we await the outcome of those submissions.

So far, the only claims that have been resolved are those where there has been a representation made by the Government to the effect that employees were not eligible, when in fact they were eligible. The question of whether the Government had a duty of care to provide information of a positive nature is yet to be deter-

mined by a court. At this stage, the Commonwealth Government is denying that any such duty existed or still exists.

It is clear that many government employees were denied what was and is clearly an important entitlement associated with their employment and it remains to be seen how many of those employees receive justice by way of a lump sum payment to compensate them for their losses. For more information you should refer to www.sneddenhall.com.au or contact Richard on 02 6285 8000 or by email at rfaulks@sneddenhall.com.au.

Superannuation News

Establishment of the Commonwealth Superannuation Corporation

ARIA ceased to exist on 30 June 2011. The new Trustee for our superannuation schemes is called the Commonwealth Superannuation Corporation (CSC). The CSC will look after the CSS, PSS defined benefit plan and the PSS accumulation plan. The CSC has 11 directors. Three directors are appointed to represent contributing members, preserved and deferred benefit members and pensioners of the CSS, PSSdb and PSSap. Another two member directors have been appointed to represent members and pensioners of the two military superannuation schemes. There are five directors representing the Commonwealth as the employer and an independent chairman.

The ACTU has nominated three CPSU members to represent civilian superannuation pensioners on the new board: Peter Feltham (who is also a member of SCOA), Winsome Hall (a long-standing member of the ARIA board) and Nadine Flood, the Federal Secretary of CPSU.

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On 31 May it was announced that Pillar Administration, a NSW state owned corporation, will be responsible for administering the PSSap scheme administration services from 21 November 2011. Senator Sherry, the Minister Assisting on Public Sector Superannuation, said that the consolidation of the funds would produce a more efficient trustee operation and better services for members. There would also be better investment returns and lower fees.

ComSuper will continue to provide administration services for the CSS and PSS defined benefit plan on behalf of the CSC. However, from 21 November 2011 Pillar Administration will take over the administration of the PSSap from ComSuper. The CSC will continue as the Trustee for the PSSap.

Minimum drawdown for allocated and account based Pensions

Those members who have an allocated or an account based pension with a private sector superannuation fund are required to draw a minimum pension payment from their pension account each financial year. Due to the global financial crises the Government, as a temporary measure, reduced the standard

minimum drawdown for the financial years 2008-09, 2009-10 and 2010-11 by 50 per cent.

The Government announced that the temporary relief on minimum pension drawdowns will continue for the 2011-12 financial year. Instead of the standard minimum drawdown being reduced by 50 per cent, it will be reduced by 25 per cent for the 2011-12 financial year. The standard minimum drawdown will resume from 1 July 2012. The table below shows the minimum drawdowns for 2011-12 and subsequent financial years.



TAX MATTERS

by Peter Hurley

Tax Help

If you have not completed your tax return for 2010-11 or had it done by a tax agent, you may be able to utilise the services of a Tax Help officer. Tax Help is a free and confidential service for people on incomes of up to \$50,000 (slightly more if you have dependent children). To find out where your nearest Tax Help centre is or whether you are eligible to use the service, phone the Tax Office Individual Infoline on 13 28 61.

Claiming your SCOA membership fees as a tax deduction

The Tax Office has confirmed that SCOA and any other association membership fees should be claimed against '**Other deductions**' at Item **DI5** in the **2011 TaxPack supplement** and for **e-tax**.

Temporary Flood and Cyclone Reconstruction Levy – information from the ATO

The Government's Temporary Flood and Cyclone

Reconstruction Levy (flood levy) came into effect on 1 July 2011 and will apply for the 2011-12 income year only. Taxpayers with a taxable income over \$50,000 in the 2011-12 financial year will have to pay the levy.

What types of income does the flood levy apply to?

The flood levy applies to taxable income. This means the levy will be applied to the income you include in your individual income tax return, such as salary and wages, investment income and business income. Certain superannuation benefits and employment termination payments, which include an amount of taxable income, will have the flood levy applied. The levy will not apply to income that is exempt from income tax, for example, some superannuation benefits paid to a person over the age of 60 years.

Who is exempt from the levy?

You are exempt from paying the flood levy if you:

- have a taxable income of \$50,000 or less, or were affected by a declared natural disaster in 2010-2011 and fit into one of 3 exemption categories.

The exemption categories are:

- recipients of an Australian Government Disaster Recovery Payment.
- New Zealand citizens who were recipient of an ex-gratia payment for a disaster in 2010-2011 in lieu of an Australian Government Disaster Recovery Payment, or
- individuals who were affected by a declared disaster under the Natural Disaster Relief and Recovery Arrangements and meet other criteria.

Age of Beneficiary	Percentage of account balance on each 1 July or on commencement of pension	
	Financial year 2011/12	Standard minimum drawdown
Under 65	3	4
65 – 74	3.75	5
75-79	4.5	6
80-84	5.25	7
85-89	6.75	9
90-94	8.25	11
95 or more	10.5	14

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Exempt individuals who earn more than \$50,000 of taxable income can ask their employer to lower their regular tax payments by completing a **Flood levy exemption declaration** form and giving it to their employer. This form can also be provided to other payers, including superannuation funds, so that the flood levy is not applied to payments with a taxable income over \$50,000.

For those who pay instalments towards an expected tax liability, for example investor and self-funded retirees, the flood levy will automatically be included in your instalment rate (pay as you go instalments system). If the ATO identifies you as exempt from the flood levy, they will not increase your instalment rate and will notify you of this in writing.

Alternatively, individuals can claim the exemption at the end of the year in their income tax return, and the ATO will refund you any flood levy overpayment you may have made during the year, and the flood levy will not be included in your tax payable amount. For more information go to: www.ato.gov.au/floodlevy or call 13 28 61.

Compensation for a Carbon Price – SCOA's Policy August 2011

by Annette Barbetti

Having heard that compensation to households for a carbon tax might be provided through the tax and welfare systems, I became concerned that, since many members receiving Commonwealth superannuation pensions do not have any tax liability, and receive only part-Age Pensions, they might not receive much compensation. My view was that the only fair way to compensate households was through a non-taxable cash

payment to all households of an amount that would provide adequate compensation to the average household.

Several other organisations, such as ACOSS and the Association of Independent Retirees (AIR), also suggested that a cash payment would be the most effective way of providing compensation. The Government set up a Household Assistance Working Group to design the compensation package. Members of the Group include National Seniors and COTA, but our peak body the Australian Council of Public Sector Retiree Organisations (ACPSRO) was not invited to participate.

I wrote to all members of the parliamentary committee considering the carbon tax, including Greg Combet, the Minister for Climate Change and Energy Efficiency. I informed Greg Combet's office that if they were going to use access to the Commonwealth Seniors' Health Card as a basis for compensation, the thresholds for the CSHC needed to be increased. The thresholds had not been changed since 2002 and should be indexed. Commonwealth superannuation pensions are included in the income test for the CSHC, unlike superannuation pensions from taxed funds. Because of the tax treatment of our superannuation pensions, our lower income pensioners might not benefit from the tax cuts.

The compensation package announced on 10 July provides some compensation for most Commonwealth superannuants. Part-Age Pensioners and holders of a Commonwealth Seniors' Health Card will get \$338 for singles and \$255 for each member of a couple. Compensation will also be provided through the income tax system. Some details have been provided on the

Department of Climate Change and Energy website <http://www.cleanenergyfuture.gov.au/>.

At the time of writing no information had become available about the tax cuts for self-funded retirees with pensions from untaxed super funds like the CSS and PSSdb. No information was available about how the Senior Australian Tax Offset (SATO) would be factored into the compensation. The Household Assistance Tax Reform Fact Sheet (available on the website), mentions that "*the pensioner tax offset will be rolled into the more generous SATO to create a single seniors and pensioners tax offset*". However none of the 43 types of household examples account for superannuation from untaxed funds or SATO in their calculations. We are trying to find out more about how SCOA members will be affected.

Claiming for your Franking Credits where you are not required to Submit a Tax Return.

From the National Information Centre on Retirement Investments.

NICRI is an independent, government funded, consumer agency. Their research indicates that many older shareholders are not claiming their franking credits. Often the seniors missing out are those who do not have to pay tax and therefore do not complete a tax return. If you have not claimed your franking credits, it is not too late to do so. Even franking credits dating back to 2001 can be claimed.

Claiming your franking credits is simple. Gather your Share Dividend Statements and complete an **'Application for refund of franking credits for individuals'**. The Application form can be obtained from the Tax Office by phoning the Publications Distribution Service on

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1300 720 092 or from the Tax Office website: (www.ato.gov.au/publications).

What are 'franking credits'?

Dividends paid by Australian companies to shareholders are taxed under a system known as 'imputation'. The tax paid by companies (currently 30%) is allocated to shareholders as franking credits attached to the dividends and received by shareholders. If the franking credit received by the shareholder exceeds the tax they pay, the difference can be claimed back as a tax refund.

For example, if the shareholder's marginal tax rate is 15%, the franking credits represent the difference between the 30% company tax rate and their own tax rate of 15%. Alternatively, if the shareholders marginal tax rate was 45% they couldn't claim any franking credits but would only pay the difference between their marginal tax rate and the company tax rate (45% marginal tax rate – 30% company tax rate). Therefore they would pay tax of 15% on those dividends.

Should you require further information from NICRI, their toll free line is 1800 020110, their email is nicri@nicri.org.au or write to NICRI at PO Box 1339, Fyshwick ACT 2609.

Supporting Senior Australians to Stay in the Workforce – new Work Bonus arrangements

New Work Bonus arrangements became operative from 1 July 2011. In the May issue of SuperTime, these arrangements were spelt out in detail. In brief, the Work Bonus discounts half of the first \$500 of gross employment income earned in a fortnight by an eligible

Centrelink of DVA customer. Pensioners are also allowed to accumulate earnings in an 'employment income bank' up to a maximum amount of \$6,500. This can be carried forward to future years. For more information see page 9 issue 85 of Centrelink's **News for Seniors**.

Given that SCOA is not familiar with each member's financial status and given that there are special arrangements in relation to transitional rate Age Pensioners, our advice is that if you think you may be eligible for the new Work Bonus that you:

- Visit your nearest Centrelink Customer Service Centre; and/or call the Centrelink Seniors line on **13 2300**.

There is also information on changes to the Work Bonus on www.centrelink.gov.au.

A Centrelink document recently provided to a SCOA member indicates that the Work Bonus is applicable to the following Centrelink payments **if** the customer is of Age Pension age:

- Age Pensioners.
- Bereavement Allowance (BVA) – BVA is subject to the pension income test.
- Carer Payment.
- Disability Support Pension.
- Widow B Pension; and Wife Pension.

The Work Bonus is also available to Department of Veterans' Affairs (DVA) customers of Service Pension age who are in receipt of :

- Income Support Supplement (ISS).

- Service Pension (DVA); and Age Pension (AGC).

DVA customers qualify for Service Pension (AGE) at an earlier age than Age Pension customers.

Aged Care Reform: New National Info Line

From 1 July 2011 older Australians, their families, and carers should find it easier to access valuable information about aged care with the introduction of a single, national information line on **1800 200 422**. This new national phone number consolidates the range of existing 1800 numbers, and acts as the new, single point of entry for people seeking information and access to aged care services.

In addition to the introduction of the single national information line, improvements have been made to the aged care website (www.agedcareaustralia.gov.au) to ensure better, more comprehensive and up-to-date information is available for the growing number of people who source their information online. This should make it easier for older Australians, their carers and families to find the aged care services they need.

The Commonwealth Government is working to establish a new approach to aged care that will improve information, intake and assessment through a national aged care hub and the establishment of local care and assessment teams over the next 3 years.

Telstra Priority Assistance

Telstra Priority Assistance is a service that Telstra provides for people living at home who have a diagnosed life-threatening medical condition and who might be at risk without access to a fully-operational telephone

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There are also many references to "fairness" on The Greens' website.

Fairness is at the heart of the indexation issue and that is the fundamental principle that ought to be influencing both the Labor Party and the Greens to provide you with what is both overdue and very affordable.

Where to From Here?

SCOA is currently preparing an indexation action plan that will amongst other things, focus on the fairness principle to which Labor claims it is so passionately wedded. We will present this plan to our August Federal Council meeting. We have strong evidence that supports our claim that the estimates the bureaucrats provide to the Government regarding the cost of fair indexation are exaggerated.

This evidence comes from several credible sources. We will be striving to inform key MPs of these expert opinions about the cost of fair indexation and how, using the Future Fund, your pension can be fairly indexed without affecting the Government's understandable wish to return the budget to surplus by 2012-13.

Our campaign will continue to involve the other key organisations such as the Defence Force Welfare Association and the Australian Council of Public Sector Retiree Organisations.

Your Involvement is Crucial

I urge you to play your part in this campaign and you can do that by taking any one or more of the following actions:

- *Meet with your local MP and or Senator/s.*
- *Write to your local MP and Senator/s.*
- *Write letters to the editor of your local paper and a major daily newspaper.*
- *Phone your local member's electoral office and tell them you want a fair go.*
- *Raise the issue in radio talk back programs.*

Please remember that we haven't lost this battle until we cease to fight it.

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Telstra Priority ...

service. If you are a Telstra Priority Customer and you have a fault with your nominated telephone line, Telstra will endeavour to fix your telephone service within 24 hours of your request.

Telstra doesn't have to be your telephone provider for you to have this service; you can still be a Telstra Priority Customer if your telephone service is with another provider. If you make a request for priority assistance, Telstra will send you a form to fill in.

Once Telstra have received your completed form, you will receive Priority Assistance for the next three years, after which Telstra will send you another form so that you can re-register if your circumstances are the same.

For more information or to register to be a Telstra Priority Customer, you can telephone FREECALL **1800 808 981** or go to their website at www.telstra.com.au and type "priority assistance" into their search engine.



If undeliverable return to:
SCOA (Federal Council) Inc.
PO Box 107
MAWSON ACT 2607

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August 2011

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MEMBERS SURVEY

In our last member survey five years ago, members told us which issues were most important to them and SCOA thanks them for that. SCOA has since been pursuing these issues. However to ensure that we are still applying our limited resources appropriately and effectively, we now need to ask members again what they think we should be working on.

Since the last survey, there have been a number of Government policy changes that may have affected you as a retiree or will later affect you if you are still employed. These include different superannuation taxation arrangements, the tightening of the income test for the Age Pension and, more recently, the announcement of the carbon tax that will apply from 1 July 2012.

(Part A) First would you please tell us about yourself.

1. Gender Male Female **(Please circle applicable)**

2. Age -----

3. Your SCOA branch -----

4. Where do you live? Your state and postcode only -----

5. Do you receive a 1922 Act pension? Yes No **(Please circle applicable)**

6. Do you receive a PNG pension? Yes No **(Please circle applicable)**

7. Do you receive a CSS pension? Yes No **(Please circle applicable)**

8. Do you receive a PSS pension? Yes No **(Please circle applicable)**

9. Do you receive a Military pension? DFRB, DFRDB or MSBS **(if so, please circle which one.)**

10. Do you have any other source of income? **(Please tick all that apply below).**

Investment income Wages Salary Bank interest Dividends Part Age Pension

Other (please specify) _____

(Part B) SCOA Issues

We have listed below the issues SCOA is currently pursuing. For each item please let us know how important you think they are by placing a tick in one of the boxes labelled 1 to 5. 1 indicates the lowest priority. 5 indicates the highest priority. You may rate two or more items of equal importance:

	Lowest		Highest		
	1	2	3	4	5
Fair indexation of Commonwealth superannuation pension/s and a common index for all Government payments/entitlements/thresholds.					
Fair taxation of non-Commonwealth superannuation income, e.g. bank interest, rental income.					
Income test for the Commonwealth Seniors' Health Card to exclude CSS, PSS and 1922 Act pensions.					
More generous income test for the Age Pension and access to the Work Bonus					
Health care issues, e.g. the need for a national dental care scheme.					
Aged care issues such as appropriateness of accommodation bonds, supply of services, quality and cost of services etc.					
Seniors' concessions.					
Payment of special temporary allowance for spouses/partners of deceased 1922 Act superannuation scheme members as applies to the spouses/partners of CSS and PSS members.					
Any other issues we should pursue? Please specify.					

12. To assist SCOA prepare for the Government's upcoming Tax Forum, please tell us what you think are the top three superannuation issues the Government should address.

- 1. _____
- 2. _____
- 3. _____

(Part C) We would now like to ask you about our newsletter, SuperTime.

13. In order to reduce our running costs, we could reduce the number of issues of SuperTime. How many times per year would you like to receive SuperTime?

Twice a year Three times a year Four times a year Unsure

14. Are you happy with the contents of SuperTime? Yes No **(Please circle applicable)**

If not, why not?

15. Are there any topics not currently covered in SuperTime you would like to see included either regularly or less frequently? Yes No

Other topics **(Please specify)**

16. In the interest of reducing our carbon foot print, would you like to receive SuperTime by email or in hard copy?
Email Hard copy

17. Are there other comments about the work of SCOA you would like to make? **(Please attach a separate sheet)**

Thank you for taking the time to complete this Survey.

Please return to:

**SCOA SURVEY
P.O. Box 107
Mawson, ACT 2607
or
Fax to (02) 6286 7999**