



### Good News

by John Coleman, Indexation Manager

We have some important and encouraging news for members since the previous SuperTime.

A Private Members Bill, presented by Coalition Senator Ronaldson, has been debated in the Senate during the past few months. The Bill proposes improved pension indexation for members of the military DFRB and DFRDB schemes. However it excludes the MSBS military scheme members and civilian scheme members.

Debate on this Bill in the Senate on 24 March resulted in a decision to conduct a Senate Inquiry. One of the key tasks of this inquiry is to examine ways for that Private Members Bill to be funded. Submissions to this Senate Inquiry were due on 15 April, and on request, SCOA contributed to the preparation of a submission being made to that Senate Inquiry by the Defence Force Welfare Association, DFWA.

The significance of this is that the matter has been given the opportunity to be debated in the Parliament and the conduct of the Senate Inquiry provides an opportunity for proper consideration of the cost of a change and how that cost might be funded. This applies equally to your pension in our bid for fair indexation.

### Independent Actuarial Advice

SCOA has been most fortunate to have been introduced to a highly experienced actuary who has provided us with expert opinion

regarding the Government's actuarial assumptions that underpin the estimated cost of providing you with fair pension indexation. Several of the key assumptions made by the Government's actuaries are quite questionable because they are not supported by credible actuarial evidence.

Our contribution to the DFWA's Senate Inquiry submission detailed why we disagree with those key actuarial assumptions which our independent actuary believes have significantly exaggerated the cost of fairly indexing your pension.

### Questionable Actuarial Assumptions

For example, one actuarial assumption we are challenging is the 1.5% difference between the CPI percentage rate of increase we currently receive and what that percentage increase would be if your pension were indexed by the same percentage as the single rate Age Pension.

Our expert actuary's opinion is that the percentage difference is more likely to be closer to one per cent. That is not much of a difference in percentage terms but in dollar terms the Government actuary's assumption exaggerates the cost by approximately 30%.

We have started and will continue to present our actuary's advice when we meet with MPs from all sides of politics. Also, our strong view that fair indexation can be funded from the Future Fund will continue to be expressed when we meet with MPs.

Cont... on page 6

### Inside this Issue

Indexation Issues	1 – 6
SCOA Contact Details	2
From the President	3
Federal Secretary's Report	3 – 4
Federal Treasurer's Report	5
Pensions & Solar Energy	5
Membership Application/ Renewal Form	7
Superannuation Matters	8
Tax Matters	9
Identity Crime	9
Caring for Older Australians	10
Seniors & Work	11
A Price on Carbon	11
Thank you Volunteers & New Projects	12
Tips for Winter	12

### VOLUNTEERS NEEDED



See the back page for some interesting projects you can get involved with.

If you'd like to help, please contact  
SCOA's Federal Secretary,  
P.O. Box 107, MAWSON ACT 2607  
ph (02) 6286 7977

Email: [fedsec@scoa.asn.au](mailto:fedsec@scoa.asn.au)  
Website: [www.scoa.asn.au](http://www.scoa.asn.au)

# 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.

## SCOA's FEDERAL COUNCIL

Federal President: Annette Barbetti  
 Federal Vice President: James Vandenberg  
 Federal Vice President: Merv Hazell  
 Federal Vice President: John Coleman  
 Councillor (ACT): Graeme Evans  
 Councillor (NSW): Terry Fawl  
 Councillor (Qld): Ken Harrison  
 Councillor (SA): Alan Raftery  
 Councillor (Tas): Austra Maddox  
 Councillor (Vic): Howard Deer  
 Councillor (WA): Vacant

## SCOA's FEDERAL OFFICE

Federal Secretary & SuperTime  
 Editor: Vivienne Teoh  
 Assistant Federal Secretary &  
 Graphic Designer: Ingrid Mboya-Bish

## FEDERAL OFFICE VOLUNTEERS

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

## ABOUT SUPERTIME

*SuperTime* is published quarterly by SCOA (Federal Council) Inc. ABN 66 313 469 900 and distributed to members throughout Australia. All enquiries about this publication to be directed to

**The Editor, P.O. Box 107 MAWSON ACT 2607, email: fedsec@scoa.asn.au, ph. (02) 6286 7977, fax (02) 6286 7999.**

## DISCLAIMER:

*SuperTime* is produced for the information of members of SCOA. It is written with care, in good faith and from sources believed to be accurate. However, readers should not act, or refrain from acting, solely on the basis of information in *SuperTime* about

financial, taxation, health or any other matters.

Having regard for their own particular circumstances, readers should consult the relevant authorities or other advisers with expertise in the particular field. Neither SCOA nor the Editor accepts any responsibility for actions taken by readers.

No part of *SuperTime* may be reproduced, stored in a retrieval system, or transmitted by any means, without the prior written consent of SCOA's Federal Council. Opinions expressed in articles and advertisements do not necessarily reflect those of the Publisher.

**COPYRIGHT © 2011 Superannuated Commonwealth Officers' Association (Federal Council) Inc.**

## Handy Contacts



CSS and PSS pensions  
 ComSuper Ph. 1300 001 777  
 email: pensions@pss.gov.au  
 pensions@css.gov.au

Personal Tax  
 Australian Taxation Office  
 Personal Tax Infoline  
 Ph. 13 2861

Age Pension  
 Commonwealth Seniors Health Card  
 Centrelink's Financial Information Service (FIS)  
 (free information and education)

Centrelink Retirement Services  
 Ph. 13 23 00  
 www.centrelink.gov.au

Free, confidential information service about retirement investments.

NICRI (National Information Centre on Retirement Investments)  
 Ph. 1800 020 110,  
 www.nicri.org.au

## CONTACT US

(Northern Territory Members should contact the branch they join, or branch of their choice.)

<p><b>SCOA ACT</b>                  PO Box 3989                  Weston Creek                  ACT 2611                  Ph: (02) 6287 3024                  scoa.act@scoa.asn.au</p>	<p><b>SCOA SA</b>                  PO Box 557                  HENLEY BEACH                  SA 5022                  Ph: (08) 8235 1848                  secretary@sascoa.asn.au</p>	<p><b>SCOA WA</b>                  PO Box 1550                  West Perth                  WA 6872                  Ph. (08) 9387 6094                  scoa.wa@scoa.asn.au</p>	<p><b>SCOA QLD</b>                  P.O.Box 264                  ALBANY CREEK                  QLD 4035                  Ph: (07) 3863 1055                  scoa.qld@scoa.asn.au</p>
<p><b>SCOA NSW</b>                  PO Box 3545                  North Strathfield                  NSW 2137                  Ph: (02) 9743 2667                  scoa.nsw@scoa.asn.au</p>	<p><b>SCOA TAS</b>                  PO Box 508                  Rosny Park                  TAS 7018                  Ph: (03) 6110 9269                  scoa.tas@scoa.asn.au</p>	<p><b>SCOA VIC</b>                  PO Box 15,                  ST KILDA VIC 3182                  Ph: (03) 9534 4425                  scoa.vic@scoa.asn.au  <i>Membership applications/renewals should be sent to: PO Box 2202, Mt WAVERLY VIC 3149.</i>                  Ph: (03) 9807 2021</p>	

We rely on the support of our members. Join us today, or suggest SCOA membership to a friend or former work colleague.

## From the President



There is growing recognition that the CPI is not keeping pace with increases in the cost of living.

The financial group ING Direct started to publish its Financial Wellbeing Index in August 2010. That index measures increases in the cost of living of a scientifically selected sample of households throughout Australia, and it has been consistently higher than the CPI.

For the first quarter of 2011, they found that the cost of living increased by 7.5%, compared to the CPI increase of 2.7%. That finding has been widely reported in the press. In addition, many social welfare groups have issued press releases about the inadequacy of CPI indexation for pensions and allowances.

However, the Government's response to these concerns has been disappointing. More information about the indexation campaign can be found in John Coleman's article on page 1.

Some members have questioned the prominence that we are giving to the indexation issue. I would like to remind members that it is the only issue that affects all of us.

Those of us who receive part Age Pensions will understandably be much more concerned with changes to the base rate of the Age Pension and the income test taper rate, because they have a greater financial impact.

Those who are nearing one of the thresholds for the Commonwealth Seniors Health Card would be keen to see an increase in those thresholds (because losing the card costs the average person an extra \$4,000 a year in additional costs for pharmaceuticals, etc, according to the Harmer Report).

Those of us who have to pay income tax are concerned that we have to pay tax on our non-superannuation income at our marginal tax rate, whereas those receiving superannuation pensions from taxed funds have their other income taxed "starting from zero", as Peter Costello said in his Budget speech. We are continuing to press for improvements in all of these areas.

The Tax Summit, promised before the last election, has now been postponed until October. The Government has announced that it will be introducing carbon tax legislation some time this year, but at the time of writing few details have been made available.

A carbon tax would increase the price of electricity and possibly other fuels as well. There would be smaller flow-on increases to most other items in the CPI basket. See the article on putting a price on carbon on page 11.

We are planning a survey of members in the next issue of SuperTime to give members an opportunity to provide some feedback. We are looking forward to hearing from you.

*Dr. Annette Barbetti*  
**Federal President SCOA**



## Federal Office



### Federal Secretary's Report - March 2011 Federal Council AGM

SCOA's Federal AGM was held in Canberra on 29-31 March 2011 and attended by Councillors from around Australia. The President, Treasurer and our Indexation Manager have provided separate reports on key issues in this Super Time so I will not repeat their issues here. The following additional themes were discussed at the meeting.

#### **Maintaining our current membership and recruiting new members is still a major concern**

We invited ARIA to give a special presentation which included broad demographic details of ComSuper contributors and pensioners.

This information is a useful partner to the Australian Public Service Commission's (APSC) **State of the Service** Annual Reports which show us where our future members could come from. The information clearly shows that more work needs to be done to understand the needs of PSS contributors and pensioners as well as PSSap contributors. Perhaps more time could be spent on transition to retirement issues. Many women in particular may be receptive to such an approach.

In recent years the definition of 'senior' has been applied to people over 50 years old. SCOA has members who are in their 50s and

*Cont... on page 4*

**Federal Secretary...**

Cont...from page 3

members who are over 100. This represents a challenge for SCOA and many other seniors' organisations in bridging the generation gap to cater for all of our members' needs and interests.

Federal Councillors will be spending some time at the next meeting looking at the future of SCOA. In particular how we can increase our recruitment efforts, how we can attract members to volunteer and to serve on branch and federal committees and how we can create a better structure and services nationally to respond to changing needs.

### **Direct feedback from members about your needs and views on various issues is important**

A series of short surveys will begin in Super Time from August 2011. I strongly encourage all of you to provide us with feed-back in the surveys. This will enable us to provide better services to you and to lobby for our interests more effectively.

### **Informing you**

We provide national information through Super Time and via SCOA's website. Branch newsletters also provide information. Councillors discussed whether members would prefer three issues of SuperTime instead of the current four issues. This was done in the context of cost and quality.

The idea is to publish more substantial issues of Super Time less frequently. However, Councillors felt that members wanted to retain the status quo with four issues. Some feared that members would regard three issues as a decrease in service.

Others stressed that as most branches send Super Time out with their own newsletters, three SuperTimes might make it administratively more cumbersome and costly in the end.

What do you think about receiving three issues if they were more substantial and better quality? Think about it, discuss it with others and answer the survey question in the next SuperTime.

You will have noticed that we are making more use of our website to partner with SuperTime. We are also trying to use the website for annual membership payments to branches.

Councillors are actively examining how this can best be done in time for the next membership round. Some branches already have these facilities. It would be useful for all members to be able to pay **their local branch** online if they wished to do so. A national working group is being set up to pursue this.



Front row from left; Frank Mines, Merv Hazell, Vivienne Teoh, Annette Barbetti and Garnet Foley. Second row from left; James Vandenberg,. Third row from right Tom Dent, Austra Maddox, Graeme Evans, Ingrid Mboya-Bish and Syd Bain. Last row from left; Ken Harrison, Maurie Rowe, Alan Raftery and Howard Deer.

### **Opportunities for raising Funds**

A number of avenues for raising revenue were discussed. Federal Council recommended that membership fees, our key source of revenue, be raised for

2012. See the Treasurer's report for more details. Sponsorships are to be pursued for specific projects such as the Bereavement Book.

Donations were also discussed. Some branches indicated that they already receive donations which are useful for pursuing branch activities. But donations are really needed federally to pursue national priorities.

At this stage, because of tax and other commercial issues, it is more difficult to receive donations federally. We are looking into it and will keep you posted.

### **Working with other like-minded organisations**

SCOA works with a number of seniors' organisations, with the CPSU and ACOSS both nationally and through SCOA's local branches. There has been a lot of sharing and mutual support. Councillors noted that it is important to maintain a common voice and to exchange information.

### **Changes in office bearers**

The AGM re-confirmed James Vandenberg and Merv Hazell as Federal Vice Presidents non-ACT for the next two years. Ken Harrison replaces Garnet Foley as Councillor for Qld. Alan Raftery becomes the new Councillor SA. Syd Bain (Councillor WA) also stood down from the Federal Council with WA to advise us of their new nomination.

All other office bearers remain the same. Welcome to all new Councillors. Council thanked Garnet and Syd for all the work they have done over the many years they have served SCOA. Our best wishes to them for the future.

*Dr. Vivienne Teoh*

## Federal Treasurer's Report for May 2011

by Tom Dent

The inclusion of a brief Financial Report for SuperTime is new. We plan to provide these reports as often as possible to keep all members informed about the current state Federal Office finances.

The Federal Office Budget for 2011 covering the period 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011 was recently approved at the March Federal Council Meeting. Current budget estimates indicate that there will be a small surplus of \$6,618 for the year. However it should be understood that this figure is likely to change during the year as new demands and requests are made on Federal Office to provide further services to members and to provide for unexpected cost increases since March 2011.

A major review of the 2011 Budget will be presented to the Federal Council Meeting in August this year following receipt of eight months empirical revenue & expenditure. The major features of this Budget are as follows:

### (a) Revenue

The high level of dependence by Federal Office on Capitation Fees for its annual operating revenue presents several major issues for current and future budgets. Net Capitation Fees (GST Exclusive) of \$167,829 receivable in 2011 represent 82.6% of our yearly receipts. The other major 2011 receipts of Interest Received \$9,000 and SuperTime receipts of \$25,000 represent respectively 4.5% & 12.3% of our annual income stream.

### (b) Expenditure

Every effort is made to contain overall annual expenditure where possible. Consequently all annual expenses are subject to my 'Razor Gang' review, prior to the formulation of the annual Budget in

February of each year.

However, price/cost increases resulting from normal inflationary pressures cannot be avoided and continue to affect our bottom line every year. It should be noted Federal Office employs as many volunteers as possible to contain our expenses and provide additional services to our members.

Our 'Ongoing Non Discretionary' expenses of \$181,411 in the 2011 Budget represent around 92.3% of our annual expenditure, which is a very high percentage for any organisation. This situation makes it very difficult to extend or enhance our services to members.

An amount of \$15,300 (7.8%) for 'Discretionary' expenditure covering various items such as Indexation Issues, the Bereavement Booklet, the National Survey, Recruitment Campaign etc, has been included in the 2011 Budget.

### Summary

The major issue currently affecting SCOA's viability is the effect of annual declining membership numbers in most Branches, which in turn leads to a continuing decrease in annual Capitation Fees received by Federal Office. Recent Capitation Fee increases based as a percentage of annual subscriptions are only increasing around the rate of the Consumer Price Index.

This loss of annual Membership Fees leaves Federal Office operating with less annual income, just replacing the loss of Membership Fees or showing a small surplus for the year. Capitation fees are to be increased by \$1 per member for next year to compensate for this.

In order to maintain our financial viability, it is essential for

members to encourage their friends to keep up their membership and recruit new members where possible.

## Pension Rules and Solar Energy Panels

In some parts of Australia, you can get paid for the electricity produced by solar panels on your roof. For details, see the website [www.energymatters.com.au](http://www.energymatters.com.au)

Feed-in tariffs are not counted as taxable income unless they are produced as part of a for-profit business activity.

The following new rules now apply to Centrelink pensioners and Veterans' Affairs service pensioners:

- Where feed-in tariffs are paid as a credit on an electricity bill, they are not assessed as income under the pension income test.
- Where the feed-in tariffs are made as a direct payment, for example by cheque or by direct deposit, they are assessed as income when calculating the pension. For example, if a pensioner received a cheque from their electricity company for \$260, they would need to report it to Centrelink when they received it, and it would be counted as \$10 income per fortnight for 26 fortnights (12 months).
- Financial support provided by the Commonwealth, State and Territory Governments for the cost of installing solar panels is not assessed as income for the income test.

For further information, visit [www.centrelink.gov.au](http://www.centrelink.gov.au), call the Centrelink Seniors Line on **13 23 00** or visit your nearest Centrelink Customer Service Centre.

**Indexation Issues...***Cont...from page 1***Outcome of Meetings with MPs**

In the February edition of SuperTime, I advised you of a meeting in December arranged by one of our members in Rob Oakeshott's electorate. Mr Oakeshott undertook to talk with his Independent colleague Tony Windsor and advise us of the outcome. At the time of writing this article it seems that Mr Oakeshott has not yet spoken to Mr Windsor. His constituent, a SCOA member, is following up on that undertaking.

Another SCOA member residing in Mr Tony Windsor's seat of New England met with Mr Windsor in April and received an assurance from Mr Windsor that he would take the indexation matter up with Rob Oakeshott and the Government. Our thanks go to both SCOA members for their efforts and I urge all SCOA members to follow these examples because MPs are far more likely to act on matters raised by their constituents.

On 10 February SCOA, DFWA and ACPSRO met with Senator Bob Brown's Policy Adviser. We presented the arguments provided by our independent actuary that challenge several of the key actuarial assumptions used by the Government's actuaries, which exaggerate the estimated cost of fair indexation. We also put the case for using the Future Fund to pay for fair pension indexation.

Later feedback from Senator Brown's Policy Adviser was that Senator Brown had raised the manner of funding fair indexation with relevant Government ministers in so far as the Senator Ronaldson Private Members Bill was concerned. He later participated in the Senate debate regarding the Senator Ronaldson

Bill as mentioned above.

Since that meeting SCOA and ACPSRO accepted an offer to meet with ACT Labor Senator Kate Lundy who has been an active supporter of fair indexation, together with ACT Liberal Senator Gary Humphries. We were pleased to note the particular interest Senator Lundy demonstrated when we outlined why we believed the Government's latest cost estimates were exaggerated.

Discussions with Senator Lundy's office are continuing and include discussions as to how the Future Fund should be used to pay for fair indexation. We were somewhat disappointed to learn that no additional money had been provided to the Australian Bureau of Statistics to use in examining a possible alternative index to the CPI but understand that examination is still underway.

On 20 April SCOA, DFWA and ACPSRO met with Independent MP Tony Windsor's adviser to discuss the same matters already discussed with Senator Bob Brown's adviser and Labor Senator Kate Lundy.

SCOA has also met with Andrew Wilkie, Independent member for the Tasmanian seat of Denison, who expressed his support for fair indexation.

**Further Meetings Requested/Arranged**

Meetings have also been requested with the following MPs:

- Mike Kelly – Labor Member for the marginal seat of Eden Monaro
- Tony Abbott – Opposition Leader
- Joe Hockey - Opposition Treasurer.

- Adam Bandt – Greens member recently elected to the seat of Melbourne.

SCOA will be joining with the DFWA and ACPSRO in the near future for a meeting with the Department of Finance and Deregulation to discuss the disputed cost estimates of providing fair indexation.

**What is the Effect of Unfair Indexation?**

The answer to this question depends of course on how much pension you received at the time you retired. However, to give you some idea, if you retired on a pension of \$20,000, after twenty years you would be receiving a pension that is almost \$7,000 p.a. less than it would have been, had it been indexed by the same percentage as the single rate Age Pension.

Further, you would have been "robbed" of almost \$70,000 over that same twenty year period. Of course if your pension was greater than \$20,000 on retirement, the loss would be greater.

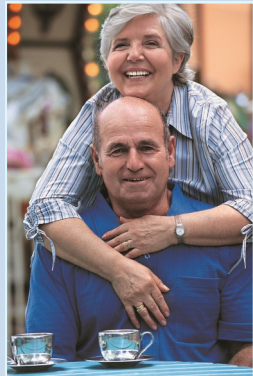
**How Much Has Unfair Indexation Cost You?**

Thanks to the son of our Tasmanian Branch Secretary, you will soon be able to calculate how much unfair indexation is costing you. We are soon to provide, on our web site, a simple tool to assist you to accurately calculate your loss. We will advise you when it will be available.

We urge you to use this tool and then tell your local MP or Senator/s how much you're losing to demonstrate the severity of unfair indexation.

# 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
- Member + Partner (Joint) \$40  
*(not available in South Australia)*
- Surviving Partner of Contributor \$21

Please complete your personal details.

Title \_\_\_\_\_ Surname \_\_\_\_\_

Given Name(s) \_\_\_\_\_ DOB \_\_/\_\_/\_\_

Mailing Address \_\_\_\_\_

P/Code \_\_\_\_\_ Phone \_\_\_\_\_

Email \_\_\_\_\_

Name of Spouse/Partner \_\_\_\_\_

Retired from/Employed by \_\_\_\_\_

Where did you find out about SCOA? \_\_\_\_\_

Please choose payment method

- Cheque  Money order
- Credit Card (ACT, Vic & QLD branches ONLY, may enter credit card details below.)

*Please make cheque/money order payable to the SCOA branch of your choice (see BRANCH CONTACT details on page 2). Please do NOT send membership applications or renewals to Federal Office.*



**CREDIT CARD PAYMENTS are ONLY accepted from ACT, Vic & QLD Branch members!**

- MasterCard  Visa

Credit Card Number : \_\_\_\_\_

Expiry Date: \_\_/\_\_/\_\_ Amount \$ \_\_\_\_\_

Name on Credit Card: \_\_\_\_\_

Signature: \_\_\_\_\_

## Superannuation Matters

by Superannuation Advisor

SCOA has written two submissions to the Government in the last quarter. The first submission applies to people with low superannuation balances who wish to make 'catch-up' payments. The second submission addresses the plight of temporary public servants who were given the wrong information about their eligibility to contribute to the CSS.

### Concessional superannuation contribution caps for individuals aged 50 and over

The concessional contributions cap for individuals aged 50 or over is a transitional cap which is scheduled to expire from 1 July 2012. Currently individuals aged 50 and over can make concessional superannuation contributions of up to \$50,000 per annum without incurring a liability for excess concessional contributions tax.

As part of the Government's *Stronger, Fairer, Simpler: A Tax Plan for our Future*, the Government announced that from 1 July 2012, individuals aged 50 and over with total superannuation balances below \$500,000 (not indexed) will be allowed to make up to \$50,000 per year in concessional superannuation contributions per annum without incurring a liability for excess contributions tax. The penalties for breaching superannuation contribution ceilings are harsh.

The Assistant Treasurer released a consultation paper "*Concessional superannuation contribution caps for individuals aged 50 and over*" on 28<sup>th</sup> February. The paper presented a broad overview of how this measure would operate and sought comments on the proposed design to assist in settling the administrative and legislative features of the measure.

The consultation paper raised some important issues for SCOA members, particularly those aged 50 and over who are still contributing to superannuation. As part of this plan, individuals with low superannuation savings will be allowed to make additional 'catch-up' contributions close to retirement to improve the adequacy of their retirement savings.

The main points of our submission were:

1. Withdrawals and pension payments made before any announcement should not be included in account balances for assessment against the account balance threshold of \$500,000.
2. The tax-free component of account balances should not be included in the account balance threshold of \$500,000.
3. The untaxed component of account balances should not be included in the account balance threshold of \$500,000.
4. Employer notional untaxed superannuation contributions should not be regarded as concessional contributions for the purposes of the concessional superannuation contribution cap.

If the untaxed component of account balances is included in the account balance threshold of \$500,000 then only 85% of the untaxed component of account balances should be assessable.

SCOA's problem is with the mechanism suggested for monitoring the account balance threshold of \$500,000. It is grossly unfair and would be an administrative nightmare like the previous reasonable benefit limits administration.

It would increase the

administrative costs of super funds and affect returns to all members whether they plan to salary sacrifice or not. It would affect many people. The SCOA submission can be viewed under 'What's New' at [www.scoa.asn.au](http://www.scoa.asn.au)

The consultation paper can be found at:

<http://www.treasury.gov.au/content/item.asp?NavId=037&ContentID=1977>

### Inquiry into superannuation claims of former and current Commonwealth public service employees

This submission arises out of the Cornwell case which the Commonwealth lost in the High Court - *Commonwealth v Cornwell* (20 April 2007). Mr Cornwell was a painter with Action Buses (then under the Commonwealth Department of the Interior).

He was not made aware that he could join the CSS as he was a temporary employee. Temporary employees with the likelihood of continuing Commonwealth employment could join the CSS after a qualifying period. Mr Cornwell later joined the CSS but the issue is that he missed out on a considerable amount of service to count towards his CSS benefit.

The Department of Finance took Mr Cornwell to the High Court by appealing the decisions of lower courts.

Mr Cornwell won his case at the High Court. But there are many other people who were in the same situation as Mr Cornwell. The Senate is trying to find out what is being done to help these people receive their proper entitlements from the CSS.

The SCOA submission argued that legislation should be

Cont... on page 9

**Superannuation...**

Cont... from page 8

introduced to give these people eligible contributory service from the time they commenced Commonwealth employment to the date they became members of the CSS.

The submission can be viewed at [www.scoa.asn.au](http://www.scoa.asn.au). If you think this could apply to you, please contact the SCOA ACT Branch Office on (02) 6287 3024.

**Tax Matters**

by Peter Hurley

**It's nearing tax return time**

Now is a good time to gather together all the information you will need to prepare your tax return or have someone prepare it for you.

**Personal Tax Advisory Group (PTAG)**

The following emerged from the April 2011 PTAG meeting:

- The **2011 TaxPacks** will have little change unless there are changes emanating from the May 2011 Federal Budget

~the index which was removed in 2010 may be reinstated but the calculators that were removed in 2009 will not be reinstated

~as a fallback, the index and calculators may be made available on the web

~SCOA and others pushed hard for both to be reinstated.

- SCOA and any other membership fees should be claimed against '**Other deductions**' which was **D16** in the **2010 TaxPack supplement** and for **e-tax**. Depending on any budget announcements, it may be given a different item number this year.

Membership fees cannot be claimed in the **Short tax return for individuals**.

- SCOA has requested that for 2012 an additional item be added to the **Short tax return for individuals** to accommodate membership fees and that provision be made on the main tax return and in **e-tax** for membership fees to be claimed in the main rather than the supplementary section of the tax return. The Tax Office agreed to consider these changes.

- Some modifications have been made to **e-tax pre-fill**. You should check all of your pre-filled information as some of it could be incomplete.

- The **Temporary Flood and Cyclone Reconstruction Levy 2011-12 commences on 1 July 2011**. Check the Tax Office website [www.ato.gov.au](http://www.ato.gov.au) or ring the Tax Office on **13 28 65** for further detail, including exemptions, or check with your tax agent.

- If you made a donation or donations to a flood or cyclone appeal and did not receive a receipt, you may claim a single donation of \$10 on your tax return.

**Tax Help**

If you want to complete your own tax return or your claim for a refund of franking credits but think you may need assistance, then **Tax Help** may be your answer. The Tax Office trains and supports this network of community volunteers to help taxpayers.

**Tax Help** is a free and confidential service for people on low incomes. In 2010 taxpayers with an income of around

\$40,000 (slightly more if you have dependent children) were eligible for the service.

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**.

**Identity Crime**

*Extract from February 2011 SCOA News ACT, Mr Bruce Arnold was the guest speaker at the ACT branch December 2010 General Meeting.*

Identity crime is an important issue which has many aspects. Mr Bruce Arnold who teaches law at the University of Canberra and who has a particular interest in privacy, online security and commercial confidentiality, said that 'identity crime' is a way of thinking about identity-related offences rather than a specific crime.

It covers a range of offences and practices, from cyber criminals (or the teenager next door) going 'extreme shopping' with your credit card, through to the medical practitioner whose degree was awarded by a friendly packet of breakfast cereal or the RSL veteran who wasn't awarded the medals he wears at ANZAC Day, wasn't wounded in battle and indeed didn't serve in the armed forces.

Like any other crime it can be managed but cannot be eliminated entirely. Management involves self-help by potential victims, rather than just vigilance by the police and other law enforcement agencies.

These days we often live much of our lives online, whether through social spaces such as Facebook or through the electronic payment mechanisms that are so strongly encouraged by banks, medical practices, public utilities, government

Cont... on page 10

**Identity ...***Cont... from page 9*

revenue collection agencies, Australian Taxation Office and so on. We deal with strangers and institutions on a daily basis. We often rely on proof of identity that ranges from whether someone is wearing a uniform or has a business card to whether the person can provide what appears to be an authentic corporate security pass, drivers licence, credit card, proof of age card or passport.

Identity crime pre-dates the web, the credit card, the cheque, the steam engine and a professional police force. It occurs wherever people want to believe and have trouble verifying an identity.

Mr Arnold illustrated his presentation with many cases involving fraudulent identity, ranging through the amusing, the bizarre and the seriously criminal. A full copy of his talk can be seen on the SCOA website [www.scoa.asn.au](http://www.scoa.asn.au). Click on the ACT branch section on the left hand side to find it.

**Caring for Older Australians***by Peter Hurley*

The Productivity Commission has released a Draft Report on 'Caring for Older Australians' and is scheduled to present a final report to the Government by the end of June 2011 for its consideration.

The Productivity Commission has received a substantial volume of written comments on the Draft Report and has also hosted public hearings in most states and the ACT. Peter Hurley represented SCOA at the ACT hearings and outlined SCOA's position on several aspects of the Draft Report.

The Productivity Commission recognised that Australia has a significant care system but that the system suffers several key

weaknesses, including:

- the system is difficult to navigate and the quantity of services is limited;
- quality can be variable, with gaps in service coverage and limited choice for care recipients;
- pricing, subsidies and user co-contributions are inconsistent and inequitable within and between care settings; and
- workforce shortages are exacerbated by uncompetitive wages and over-regulation.

The Productivity Commission was also mindful that the system will be further challenged by an increase in numbers and expectations of older people, a relative decline in informal carers and the need for a larger workforce.

The Commission's proposals address these weaknesses and challenges and promote higher quality care. The focus is on enhancing the wellbeing of older Australians promoting independence, connectedness and choice. Under the proposed reforms, older Australians would:

- contact a simplified 'gateway' for easily understood information; assessments of care needs; assessments of financial capacity to make co-contributions; entitlements to approved services; and care coordination - all at a regional level;
- receive a flexible range of care and support services that meet their individual needs emphasising, where possible, restorative care and rehabilitation;
- choose, where feasible and appropriate, to receive care at

home or in a residential facility and choose their approved provider;

- contribute in part to their cost of care (with a maximum lifetime limit) and meet their accommodation and living expenses (with safety nets for those with limited means);
- have access to a government sponsored equity release scheme to pay for their care and accommodation charges if they have assets but limited annual incomes;
- choose between paying a daily charge or an equivalent bond for the accommodation costs of residential care - with both aligned to the real cost of accommodation;
- retain their age pension when selling their home (and if paying a lower capital sum or a daily charge for their new accommodation) by purchasing an Australian Pensioners Bond; and
- choose whether to purchase additional services or a higher quality of accommodation if that is what they want and can afford to do so.

Safety and quality standards would be retained but current limits on the number of residential places and care packages would be removed, as would the distinctions between low and high care and between ordinary and extra services.

The Productivity Commission has proposed establishment of a single body to oversee and administer aged care and progressive implementation of proposed changes over several years.

SCOA will continue to monitor developments and make representations as necessary.

## Supporting Senior Australians to Stay in the Workforce

Did you know that legislation introduced into Parliament aims to support older Australians on the Age Pension to stay connected to the workforce through a new, more generous Work Bonus?

The new Work Bonus will commence on 1 July 2011 and will encourage older Australians to continue contributing their skills and knowledge by remaining in the workforce.

Under the new rules Age Pensioners will be able to:

- earn up to \$250 a fortnight without it being assessed as income under the income test;
- build up any unused amount of their \$250 fortnightly bonus in an 'income bank' to a total of \$6,500.

The 'income bank' can be used to exempt future earnings from the pension income test, so that a pensioner could earn up to \$6,500 a year extra without it affecting their Age Pension. This could be from regular work each fortnight or, for example, over a six week period before Christmas.

Any unused amount of the income bank can be carried forward across years. These changes further improve the existing Work Bonus, which was introduced as part of the Australian Government's *Secure and Sustainable Pension Reforms* on 20 September 2009.

The Work Bonus only applies to salaries, wages or directors fees. Income from other sources including ComSuper pensions, investment incomes (deeming), foreign pensions, net rental incomes etc will not be affected by the proposed Work Bonus changes due on 1 July. If you think this Bonus may apply to

you, the original announcement may be found on [http://www.jennymacklin.fahcsia.gov.au/mediareleases/2011/pages/support\\_senior\\_stay\\_workforce\\_10022011.aspx](http://www.jennymacklin.fahcsia.gov.au/mediareleases/2011/pages/support_senior_stay_workforce_10022011.aspx)

The announcement includes some case studies. If you still need more information please visit your nearest Centrelink Office or contact the Centrelink Seniors Line on **13 23 00**.

## Putting a Price on Carbon

by Vivienne Teoh

The Government has said that it intends to introduce a definite price on carbon in this term of office. At the National Press Club on 13 April, Mr Combet, the Minister for Climate Change, confirmed that low and middle-income households and pensioners would receive generous assistance, possibly through the income tax system, to overcome the costs passed on by large polluters as a result of a carbon tax.

However, many of our members do not have to pay income tax and would require some other form of compensation.

SCOA will be monitoring developments, cooperating with other organisations and making submissions where appropriate on these issues to ensure that whatever measures are introduced, they do not disadvantage our members and other retired public servants.

During the introduction of the GST, there was a one off payment for those on the Age Pension which we missed out on. We would not want that type of discrimination to be repeated.

But paying for carbon pollution is more than money isn't it? Any

measures are supposed to change peoples' consumption behaviour and encourage industry to move from high carbon production into low carbon production.

The future of our children and grand children depend on us making these changes. History has shown without financial consequences, we have been unlikely to make changes.

The criteria to judge the effectiveness of any proposed arrangements are that they would:

- over the longer term, alter the behaviour of consumers and producers alike;
- compensate those on limited incomes;
- provide incentives to encourage industry innovation to move to lower carbon production and services;
- provide some mechanisms to compensate our key carbon intensive export industries; and
- provide a labour market transfer plan (including training) for affected workers.

That's a tall order! It explains why there is so much heated debate in the community. A carbon price is a necessary thing but even an appropriate price may not be sufficient to get the required change.

Consumers would still need to have a greater understanding of the impact of their consumption choices, including better industry product standards, better power metering and better access to information.

The science is in. On the balance of probabilities, human induced climate change is real. We need to get a move on and constructively develop ways to help our society cope.

## Thank You Volunteers

by Vivienne Teoh

To all the volunteers around the country, thank you for all the hard work you are doing. Although Federal Office has no direct access to volunteers, a group of special advisors provide tax, indexation, compensation and superannuation advice on a regular basis.

SCOA would be all the poorer without them. Other special members provide our indexation graph which is regularly updated, information on Public Sector pensions by electorate, and now a new indexation tool. Thank you all for your work.

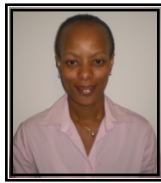
Some special projects which would benefit from a volunteer to help Federal Office include:

- **Recruitment project:** Work with SCOA Federal Office and the ACT branch to boost membership through contacting the 7-10 largest APS agencies, delivering our materials and promoting SCOA. The project might also include working with branches to increase contacts with the same agencies nationally. An honorarium will be provided to cover costs. Prefer a member from the ACT or nearby NSW.
- **Project on public sector women:** Research on the impact the current super arrangements have on public sector women with the aim of producing materials targeted to public sector women. Victoria is interested in this. Who

would like to take this one on? Need not be from Victoria. Collaboration should be encouraged.

- **Survey collation:** We have some volunteers but a few more would be good to spread the work. Members should be from the ACT or nearby NSW.

Please contact Federal Secretary either by email or by phone (See page 1 for details) to let me know if you are interested in any of these projects.



## It's Winter AGAIN

by Ingrid Mboya-Bish

Let us be economical and warm at the same time this winter and cut our costs as much as possible. Here are some useful tips:

- \* Shut all doors of the rooms you don't use. Use all windows to attract sun during the day and close all window coverings at night. Your home will be warmer during the day and require less heating at night. Be sure to invest in heavy curtains or blinds.
- \* Avoid over-heating. Reducing your home heating by one degree

makes for substantial savings in energy and cost.

- \* Dress warmly.
- \* Use ambient heat from appliances. The oven and slow cookers are a good source of heat. They warm up the kitchen and living areas. Combine good winter meals with generating warmth and reducing heating bills. If you use a jug to boil water. Save any remaining water in a vacuum flask for later use.
- \* Use the sun to dry clothes. If your home is centrally heated, on a bad weather day, use your heating to dry your clothes and humidify the atmosphere at the same time.
- \* Service heating appliances to make sure they are operating effectively.
- \* Properly seal and weather strip any windows or doors. Use pelmets to reduce drafts from windows. Do not allow drafts to enter your home. The turnover of air in a room is a major source of lost heat.
- \* Use cork screw CFL bulbs wherever you can. They usually use about a fifth of the power of common lighting.
- \* Insulate your roof, floors and walls. This is very cost effective for keeping both warm and cool.

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

SuperTime  
Print Post approved  
PP231677/00006

*SuperTime*

Winter 2011

**SURFACE  
MAIL**

**POSTAGE  
PAID**