



Pension Indexation: *The State of Play*

Marita Linkson

Recent weeks have seen a Coalition promise of better things for some military superannuants, and the release of a *Fair Indexation* policy by The Greens. The ALP is standing by its endorsement of the recommendations of the Matthews Review.

Under a Coalition government, from 1 July 2011 members of the Defence Force Retirement and Death Benefits (DFRDB) scheme (and possibly the Defence Forces Retirement Benefits (DFRB) scheme, although this is still to be confirmed), aged 55 years or older, will have their military superannuation pensions indexed in the same way as the Age Pension. Indexation will be the greater of the Consumer Price Index (CPI), Male Total Average Weekly Earnings (MTAWE) or the Pensioner and Beneficiary Living Cost Index (PBLCI).

These proposed changes are cited by the Coalition as being fair, equitable and fiscally responsible, and in recognition

of the unique nature of military service. Widows of these superannuants will also benefit. Members of the current Defence Military Superannuation and Benefits Scheme (MSBS) will not benefit.

The Greens have called for fair indexation of *all* Commonwealth and Defence pensions and have issued a *Fair Indexation for Commonwealth and Defence Force Superannuation Pensions* policy which supports indexation 'linked to wages and not CPI'.

ACT Greens Senate candidate Lin Hatfield Dodds said, '*Commonwealth and Defence Force retirees have devoted their lives to public service. The Greens want to make sure that their quality of life is maintained in their retirement.*'

The ALP wants to continue with CPI indexation. In line with the Matthews recommendation they will consider an alternative index, should one become available. It would need to be robust and better reflect the price inflation experience of Commonwealth superannuants.

Read more in our *OPINION* column, page 4.

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VOLUNTEERS NEEDED



If you have experience in successfully applying for a Reversionary Benefit (the pension for surviving partners of Commonwealth superannuants) and think that you would be able to help others with this process, we'd like to hear from you.

If you'd like to help, please contact SCOA's Federal Secretary,
ph (02) 6286 7977
email: fedsec@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.

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ABOUT SUPERTIME

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From the Editor



Welcome to our Spring edition of SuperTime!

As we go to print with this edition, the Federal Election campaign is underway, and so we've updated you with the latest information we have on the major parties' policies with regard to pension indexation, and our thoughts on these. Keep an eye on our website for any further updates.

News also on the outcomes of the Henry Tax Review (page 10) and the Federal Budget (page 12), and our continued efforts to have representation on the superannuation board.

The ATO has advised a change in the way that your SCOA member fees are claimed as a tax deduction. Full details about this, as well as eligibility requirements are on pages 8 and 9.

Thanks to all who've acknowledged the work that Kylie and I do in Federal Office!



Marita

FEATURE

The Great Divide in Seniors' Tax

Marita Linkson

When the Howard Government gave the gift of tax-free super to the over-sixties—it was a bit like giving lolly bags to only some of the kids at a party; not the sort of behaviour any reasonable parent would espouse.

Essentially, private super recipients got the lollies, Commonwealth Government super recipients did not; they instead received a small ten percent tax offset sweetener (which was only of benefit to those who earned enough to be paying tax anyhow). I note here that the average Commonwealth superannuation pension is less than \$25,000.

Fair enough, that there are reasons to treat the taxation of super income from 'taxed' sources (private super) differently from super from 'untaxed' sources (such as CSS, PSS etc.). What isn't fair though, is the resultant differences in the marginal tax rates applying to any additional non-super income.

Under current conditions, having your superannuation income tax free provides a significant tax benefit on any

other income. Or, to put it another way, if you have to count your superannuation income in your taxable income, that means that any other income is taxed at a much higher rate than it otherwise would be.

That's why SCOA is advocating that all superannuation pensions are separated out as special income and taxed separately. That would mean that even if the superannuation income attracts income tax (as Commonwealth super does), the superannuation income is not added to any non-superannuation income to determine the marginal tax rate to be applied to that non-superannuation income. Simple!

Such a change was supported by the Senate Standing Committee on Economics, in its February 2007 report on the review of "Tax Laws Amendment (Simplified Superannuation) Bill 2006 (Provisions and related bills)."

We will continue to advocate for this change, and look forward to some positive action on this matter.

Handy Contacts

Enquiry Type	Contact
CSS and PSS pensions	ComSuper Ph. 1300 001 777 pensions@pss.gov.au pensions@css.gov.au
Personal Tax	Australian Taxation Office Personal Tax Infoline Ph. 13 2861
Centrelink Retirement Services	Centrelink Ph. 13 23 00 www.centrelink.gov.au

From the President

Annette Barbetti

No doubt you have all been surprised to see that the long-awaited Henry Tax Review did not make any recommendations about the tax treatment of Commonwealth civilian and military super pensions. A member of the Review panel told me that the panel members thought that all matters pertaining to Commonwealth civilian and military superannuation pensions had already been dealt with in the Government's response to the Matthews Review, and therefore they did not make any recommendation about the tax treatment of those pensions in the Henry Tax Review.

However, the terms of reference of the Matthews Review did not explicitly refer to the taxation of our pensions. We were told on many occasions that it would not be considered in the Matthews Review because it would be covered in the Henry Tax Review. The Government's response to the Henry Tax Review did not mention taxation of our pensions either. We will therefore be pressing for further consideration of this issue before the election.

The Federal Budget contained some items of interest to members; once again no mention of the tax treatment of our superannuation pensions. See the article on page 12.

We have recently been informed that the Minister for Finance, Lindsay Tanner, has instructed the Department of Finance to provide SCOA with more information about the methods used for calculating the estimates in the



Matthews Report. We intend to talk to the Department of Finance at the earliest possible opportunity. We hope to have a further meeting with the Minister for Finance, and also hope to be able to meet the new Prime Minister before the Federal election.

Some MPs and Senators have been very alarmed by the estimates of the increase in the unfunded superannuation liabilities for the civilian and military schemes that were presented in the Matthews Report, but those estimates cover a forty-five year period; they are required by accounting standards because they represent provision for worker entitlements; and Government debt will not immediately increase by that amount. The estimated annual costs for the first few years are not at all alarming (only \$208 million in total for the first four years for the civilian pensions – see Table J3 of the Matthews Report, page 66). MPs need to be reminded of that, and I have written to a number of them. Further information about the indexation campaign may be found in the article on page 6.

John Coleman and I recently met with the new CPSU Secretary, Nadine Flood. We thanked the CPSU for their cooperation in supporting our campaign for better indexation, sending our membership brochures to retiring public servants, distributing our literature in workplaces and encouraging public servants to come to us for assistance in their dealings with ComSuper and Comcare.

Many SCOA members have contacted Federal Office about

SCOA OPINION

Coalition Policy: Welcome but Not Fair



SCOA welcomes the good fortune of some Defence and former Defence personnel while regretting the many instances of continued unfairness to which the new Coalition policy on pension indexation would lead.

Indeed, the continued unfairness would be of such a scale, and of such arbitrariness, that it needs to be seriously asked whether the Coalition really understands the implications of their decision. For instance, certain Defence and former Defence personnel will be much more fairly treated than they are at the moment but others, for no reason that can be identified, would continue to be subject to unfair CPI pension indexation.

(Continued on page 5)

the indexation campaign. I have been very pleased to see how well you have responded to the campaign. I hope that you will all keep talking to your local members and Senators in the lead up to the election, as well as contacting your local radio stations and writing letters to newspapers.

Keep up the good work.

Annette Barbetti

(Continued from page 4)

People who would be disadvantaged include those who were persuaded to accept the offer of a transfer from the DFRDB to the newer MSBS scheme in 1991, and those DFRB and DFRDB pensioners who also have CPI-indexed CSS or PSS pensions because they joined the public service at the end of their military career.

ALP: While They're Moving Forward, We're Moving Backwards
 SCOA members are fed up with promises of reviews. They want some concrete action.

In the lead up to the 2007 federal election, the ALP promised a review of pension indexation; this review did eventuate, but has not delivered any improvements to SCOA members.

The ALP also promised to consider the taxation inequity faced by Commonwealth superannuants; but have not delivered on this promise.

Greens: Wage-based Indexation Welcome
 SCOA welcomes the support of The Greens for wage-based indexation.

We agree with The Greens' statement that the "superannuation system is designed to take pressure off our social security system and provide employees with an adequate income for a

reasonable standard of living once retired. For Commonwealth employees and Defence force personnel in superannuation pension schemes, appropriate indexation of their pensions is an important factor in meeting these goals."

SCOA Seeks National Standard

The time has come for all governments and potential governments to recognise that the pursuit of fairness means there must be a national standard for indexation of retirement incomes, and that national standard must be applied in a fair and even-handed way.

This means indexation of retirement incomes in accordance with wage and salary movements in the community as a whole, not just indexation in accordance with CPI movements. And it means recognition that the principles already applied to indexation of the Age Pension provide that national standard and can and should be applied to all civilian and Defence personnel.

For more than a decade Australian governments have


endorsed fair indexation for Age Pensioners. Age Pensioners have welcomed it. The community has welcomed it.

Present injustices will not be abolished until all Defence personnel, and all their civilian counterparts, also have their superannuation indexed in accordance with the national standard.

Parliamentary superannuation is indexed much more favourably than the Age Pension. We do

not think the self-serving indexation applied to parliamentary superannuation is fair and we do not seek it for ourselves. But we do think the parliament got it right in setting the national standard for indexing the Age Pension. We simply ask that the principles enshrined in that national standard be applied in an even-handed way to all who have served their country whether as Defence or civilian personnel.

SCOA seeks the national standard in indexation so as to maintain the purchasing power of pensions for all Commonwealth civilian and Defence superannuants. That national standard is indexation which is the highest of the CPI, PBLCI and MTAW.



SCOA's Indexation Policy

SCOA wants a national standard for indexation of all retirement incomes.

SCOA considers that the national standard for pension indexation is the highest of the CPI, PBLCI and MTAW.

SCOA wants the national standard of pension indexation to be applied in a fair and even-handed way; specifically for it to be applied to all Commonwealth civilian and Defence superannuants so as to maintain the purchasing power of their pensions.

INDEXATION MATTERS

2010 Campaign

John Coleman



Campaign Letters to MPs and Senators

All indications are that many members have responded positively to SCOA's request to write to local members and/or to Senators of their choice. Some members forwarded SCOA's proforma letter, and it seems that a good many members took the trouble to prepare their own letters.

Thanks to all SCOA members who have taken an active role in our campaign. Thanks also to those who have forwarded copies of responses received or contacted SCOA to seek further information or to make suggestions regarding the campaign. SCOA has written to some politicians to correct a number of errors in the responses received by our members.

Whilst we endeavour to acknowledge or respond to your correspondence, the sheer volume of the response has meant that it has not been possible to respond to all SCOA members as quickly as we would prefer, and so please accept our apologies for this.

Matthews Report Holds the Key to Fair Indexation

Despite SCOA's initial disappointment with the Matthews report and its unreserved acceptance by the Government, we believe that Matthews holds the key to fair indexation. Mr Matthews referred to and agreed with the view of a Professor Pollard who advised the then Government, in 1973, that "*the purpose of indexation should be to maintain the purchasing*

power of pensions."

Mr Matthews went on to say, "*I concluded that Professor Pollard's opinions about the purpose of pension indexation remain relevant today.*"

The Australian Bureau of Statistics says that "*CPI is not a purchasing power or cost of living measure.*"

It is extremely difficult for any of us to understand how the Government can maintain its position. It accepts Trevor Matthews' opinion that the purpose of indexation is to maintain the purchasing power of pensions, and must know that the CPI is not a purchasing power or cost of living measure. Yet it maintains that the CPI is an appropriate indexation measure. SCOA will be presenting this anomaly to Government members in the run up to the federal election.

SCOA's Proposed Campaign Actions

The Defence Force Welfare Association, the Australian Council of Public Sector Retiree Organisations and SCOA are collaborating to write to all Federal MPs and candidates, setting out the key facts regarding the indexation issue, including the cost of a change, which is too often grossly distorted.

SCOA branches are arranging public meetings in some marginal seats to which the candidates are invited to speak.

SCOA continues to meet with MPs, and recently met with Tony Abbott's Policy Adviser. We applauded the Coalition's promise to provide wage-based indexation for some Defence superannuants, we expressed

deep disappointment with the decision to exclude MSBS, (Defence) superannuants and all Commonwealth civilian superannuants.

A planned meeting with the Prime Minister's Adviser has been postponed twice, but we are continuing to pursue that meeting.

SCOA will continue to encourage media participation in our campaign, particularly in marginal seats.

Your Ongoing Involvement is Essential

Few Governments ever change poor policies unless they hear from those affected. Please continue to take an active role in this campaign. You can do this by:

- Sending your campaign letters;
- Meeting with your local MP and or Senator/s;
- Writing to your local newspaper, expressing your strong disappointment with being treated unfairly; and
- Participating in talk back radio to express your views about your unfair pension indexation.

CPI (Shopping)

Annette Barbetti



I was invited to present a paper at an invitation-only conference on the Consumer Price Index (CPI) and the Purchasers' Price Indexes (PPI) in mid July. In my paper, I suggested that the Australian Bureau of Statistics should consider publishing a new index, which I called CPI (Shopping), to be based on prices which had not been adjusted for quality improvement, only change in quantity (such as same price, smaller chocolate bar), or, failing that, more information about the extent to which the prices used to compile the CPI are discounted for improvements in

(Continued on page 7)

IN FOCUS



Private Health Insurance

Lance Garraway

In March this year *The Age* reported that Medibank Private had introduced premium increases of up to 50% for certain procedures and that new members would lose restricted cover for certain high cost procedures such as knee joint replacement surgery and renal dialysis.

Medibank Private is by far the largest private health insurer in Australia with 28.6% of the market and is wholly owned by the

CPI (Shopping)

(Continued from page 6)



quality. This is particularly important for items such as cars and computers. If a CPI (Shopping) were available, a future Government may decide that it would be more suitable than the CPI for indexing our pensions, in line with Recommendation 4 of the Matthews Report.

Many of the other conference participants also wanted more information about the extent of the discounting of the prices for technological change, because people need to know how much community living standards are increasing so that they can make adequate provision for their retirement. When more information about the extent of price discounting for technological change becomes available, SCOA will be able to use it to make an even stronger case for better pension indexation. The next meeting of the CPI Review Group will be in August and the final report is due in December.

Commonwealth Government. The Government has not raised any objections to the current changes.

In view of their dominance in the field, it is reasonable to assume that any changes made by Medibank Private will have a major influence on the market.

The concern is, that the high cost procedures are more common in the aged sector of the population. It is likely that many SCOA members are lifetime members of a health insurance fund, and are expecting to be covered at this very vulnerable time in their lives.

Other funds are believed to have also taken action to reduce services to their members.

SCOA is monitoring the changes and asking members to inform us if their fund is reducing benefits, and how this affects them. Please contact us if you have any information on any negative changes to your private health fund. This will enable us to gauge the extent of the situation and, if necessary, develop a position to inform the community and Government of any disadvantage to our members.

Double Taxation Agreements

Peter Hurley

A number of SCOA members live overseas in countries which do not have Double Taxation Agreements with Australia.

A member has recently alerted SCOA to a problem which SCOA hasn't previously encountered.

The problem is that the member has to pay two lots of income tax on an ARIA/ComSuper pension – Australian taxation and taxation in

the country in which the member is now living. The effect of this is lower disposable income.

In this case there is no 'double taxation agreement' between Australia and the country in which the member is now living and indications are that there won't be one in the foreseeable future.

SCOA has discussed the issue with a number of agencies and has established that even where there is a double taxation agreement, members may still find that their ARIA/ComSuper pension and other taxable income may be subject to double taxation. This is because taxation arrangements, especially in relation to pensions, vary from agreement to agreement.

The advice that SCOA has received is that if a member is considering moving from Australia to another country that the member should write to the Commissioner of Taxation advising of the prospective move to another country. The letter should:

- Provide details of the move together with a list of taxable items, such as pensions, and seek advice in writing from the Commissioner of Taxation as to the taxation position of each of the items in both countries and advice of any tax credit arrangements;
- Seek guidance as to which agencies in Australia, such as ARIA/ComSuper, and which companies, the letter from the Commissioner of Taxation should be shown;
- Seek advice as to which agencies in proposed country of residence will need to be shown the letter from the Commissioner of Taxation.

For more information, contact ARIA on 1300 001 777 and/or the ATO on 13 28 61.

TAX MATTERS

Peter Hurley

(Peter is SCOA's Taxation Adviser, and he represents SCOA on the Australian Taxation Office's Personal Taxation Advisory Group (PTAG)).



PTAG and the Tax Office Vision

The Australian Tax Office (ATO) has recently developed and issued the following strategic statement, covering the period 2010-2015, which noted that the ATO is seeking:

'Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law.'

The ATO's PTAG (Personal Tax Advisory Group) meetings include much discussion and analysis of ATO systems and practices.

As SCOA's representative on PTAG I have the opportunity to review a wide range of developing and existing products and systems. I assess their design and ease with which they allow taxpayers to meet the ATO's compliance objectives. I am able to highlight policies, practices and administrative systems that may not be well understood by SCOA members and may therefore make compliance difficult. Practical suggestions for improvement can be made for the benefit of both taxpayers and the ATO.

ATO/Treasury Protocol

In the past I have raised concerns about whether there is an adequate mechanism for the Tax Office to provide comment, concern and input in relation to tax policy and legislation.

At a recent PTAG meeting, members were given a copy of 'Australian Taxation Office/ Treasury Protocol – Tax Policy and Legislation', which I am currently examining.

Reforms to Income Tests

Reforms to income tests will result in less disposable income for many taxpayers and will affect some SCOA members and their dependants.

SCOA has brought this to the attention of the government, and I was encouraged that the February PTAG meeting minutes acknowledged my comment on this matter; noting:

'The reforms to income tests measures do not affect an individual's assessable or taxable income; however they do affect the income tests for a range of government benefits and obligations. The end result of these changes may mean that some taxpayers who were previously eligible for offsets and the Medicare Levy surcharge exemption may get a tax debt in 2010 due to the use of adjusted taxable income to determine eligibility for certain offsets, etc.'

Programs affected by the reforms to income tests include:

- Medicare levy surcharge;
- Dependency offsets;
- Senior Australian Tax Offset;
- Mature Age Workers Tax

- Offset;
- Superannuation co-contributions;
- Higher Education Loan Program; and
- Student Financial Supplement Scheme

A fellow member of PTAG from another organisation noted that the effect of these changes on retirees will be negative, and will result in less disposable income for many. This concern has been communicated to the government.

PTAG Recognition

In February I suggested that the work of PTAG should be recognised in the ATO's Annual Report. At the June PTAG meeting, the Chair sought the views of PTAG members on wording for the Annual Report. The editorial committee will have the final say on whether or not to include this material.

Your 2010 Tax Return

No Index in 2010 TaxPack

Many PTAG members, including myself, expressed concern that the 2010 TaxPack was being issued without an index. Whilst nothing could be done about the 2010 edition, the ATO has agreed to review this decision ahead of producing the 2011 TaxPack.

Changes to Claiming SCOA Membership Fees

Despite our earlier advice from the ATO to claim membership fees against Item D15, this has now changed. I only became aware of the change when I received a copy of the new TaxPack in early July, and so I apologise to any members for whom this has been a problem.

The ATO has revised its e-tax and TaxPack 2010 Item numbering, and now advises as follows:

'For 2010, SCOA fees claimed as a

deduction should be included at Item D16 (Other deductions) on the income tax return. This is the correct item whether the TaxPack form is used or e-tax. The Short Tax Return does not have an equivalent item as it only caters for a restricted range of deductions. Therefore, if you do not use a tax agent, you will have to use e-tax or TaxPack 2010 to claim your SCOA membership fees. Item D16 is in the TaxPack 2010 supplement.'

Eligibility to Claim SCOA Membership Fees as a Tax Deduction

The Australian Tax Office's Class Ruling 2003/76 sets out the conditions for when a SCOA membership fee can be claimed as a deduction. You are able to claim fees in full in the following circumstances:

- where you have single (ordinary) membership; or
- where you have a contributor's widow(er) membership.

If you have joint membership and your spouse/partner is not a Commonwealth or Territory superannuant or is not a Comcare client, then you can claim only the single (ordinary) membership fee. The balance of the joint membership fee is not deductible by your spouse/partner.

Where a joint membership is held and both members covered by that membership are joint recipients of Commonwealth/Territory superannuation pensions and/or Comcare payments, each can claim half the joint membership fee.

Please note: If you are not in receipt of a superannuation pension and/or a compensation payment from Comcare, you cannot claim SCOA membership fees. Deductibility of these fees will need to be determined having regard to your individual circumstances. Members in this situation should

therefore seek advice from their taxation adviser or the Australian Taxation Office.

Possible Processing Delays

The new ATO income tax processing system is still experiencing some difficulties.

- In late December 2009 the Tax Office commenced installation

SCOA fees claimed as a tax deduction should be included at Item D16 on the income tax return.

of a new 'wham bam' computer system;

- As often occurs with these 'wham bam' new systems, there have been a range of problems some of which are still not

- resolved;
- A significant number of taxpayers have been impacted by delays and errors;
- Refunds were delayed to the point where some 4,700 hardship requests had to be processed;
- There have also been some problems with superannuation processing, notices of assessment and statements of account; and
- Tax agents and taxpayers have expressed concern about the suitability of the new notice of assessment and statement of account.

Some of the problems are likely to carry over into the new financial year. If you experience delays or problems, contact the Tax Office on 13 28 61.

Henry Tax Review

On 2 May 2010, the Treasurer released the Henry Review Report and the Government's response to its recommendations.

Significant delay in the issuing of hard copies has impeded our ability to examine some of the finer detail, and so we are yet to make any comment on either the Report or the Government's response.

Government Rejections

The Government has rejected 19 of the Report's recommendations and has reaffirmed that it will never increase or broaden the base of the GST or remove tax free superannuation payments for the over 60's.

Most SCOA members benefit from the government's rejection of the following recommendations (a selection of the rejected recommendations—transcribed directly from Treasury media release):

- Inclusion of the family home in means tests;
- Introduction of land tax on the family home;
- Do any changes to the tax system that [would] harm the not-for-profit sector, including removing the benefits of tax concessions, raising the gift deductibility thresholds or changing income tax arrangements for clubs;
- Reduce the CGT discount, apply a discount to negative gearing deductions, or change grandfathering arrangements for CGT;
- Reduce indexation of the age pension;
- Hitting pensioner and low income concessions for utilities, transport and other essential services;
- Remove the benefits of dividend imputation;
- Introduce a bequest tax; and
- Align superannuation preservation age with pension age.

SUPERANNUATION MATTERS

Marita Linkson & SCOA's Superannuation Adviser

Extension in Drawdown Relief for Account Based Pensions

The Gillard Government will extend the drawdown relief currently provided for account-based superannuation pensions to the 2010-11 year.

This is good news for SCOA members who receive allocated and account based pensions from private superannuation funds.

The Government said,

"While equity markets have recovered to an extent over the past year, they remain well below the levels reached prior to the onset of the global financial crisis. As in the past two years, the drawdown relief will be in the form of a 50 per cent reduction in the minimum payment amounts for account-based, allocated and market linked pensions."

Drawdown relief over the past two years has helped retirees with account-based pensions by reducing the need to sell assets at a loss in order to meet the minimum payment requirement.

Extending the drawdown relief for a further year will help retirees to recoup capital losses on their pension portfolios as equity markets recover over time.

Currently, it is a requirement that minimum payments be made from an account-based superannuation pension at least annually. Minimum payments are determined by age and the value of

the account balance as at 1 July each year. The minimum annual payment rule is designed so that retirees draw down on their superannuation capital over their retirement. This rule recognises that superannuation is designed as a retirement savings vehicle with substantial tax concessions.

The minimum drawdowns for 2010-11 are:

Age	Minimum percentage withdrawal
Under age 65	2%
Ages 65 to 74	2.5%
Ages 75 to 79	3%
Ages 80 to 84	3.5%
Ages 85 to 89	4.5%
Ages 90 to 94	5.5%
Aged 95 and over	7%

Superannuation Board Update

The proposed Commonwealth Superannuation Corporation (CSC), which was due to commence business from 1 July 2010, remains to be established.

Legislation to merge the trustee boards for the Government's main civilian and military superannuation schemes and establish the CSC, did not pass the Parliament ahead of the winter break.

With the Federal election now having been called, the Bills will lapse and it will be 'back to the drawing board'. For now, the existing ARIA and MSB boards will

remain in operation.

Superannuation Board Nominations

SCOA has written to the ACTU proposing that a SCOA representative be admitted to the, still to be established, CSC Board.

The ACTU, which has carriage to nominate the three member representatives for the board, has rejected our proposal in favour of retaining the three existing member representatives: namely Peter Feltham, Margaret Gillespie and Winsome Hall.

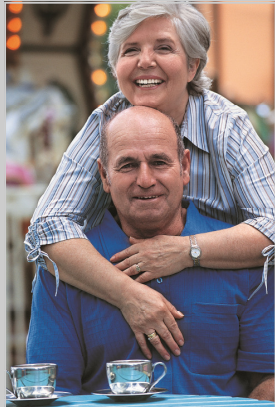
SCOA believes that the ACTU's suggested nominees will not adequately represent the needs of preserved and retired members, who currently make up more than half of all members.

SCOA represents preserved benefit and retired members and represents more CSS, PSS and PSSap members than any other organisation. We therefore maintain that at least one of the directors nominated by the ACTU should be a person referred by SCOA.

We have advised the ACTU of our disappointment and concern regarding adequate representation of preserved and pension members. We have asked that they reconsider our nominee, should a vacancy occur. We have also written to the Minister for Finance and Deregulation seeking his consideration of the matter.

Thank you for your continued support.

Membership renewals were due on 1 January 2010, so if you haven't already renewed, you can 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.

2010 Membership fees	
Member	\$29
Member + Partner	\$40
Surviving Partner	\$21

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

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 members ONLY, may enter credit card details below.)

Please make cheque/money order payable to 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 members!

MasterCard Visa

Credit Card Number : _____

Expiry Date: __/__/__ Amount \$ _____

Name on Credit Card: _____

Signature: _____

FEDERAL BUDGET

Annette Barbetti



This year's Federal Budget was essentially a cautious pre-election Budget that promised a return to surplus in 2012-13.

The inequitable tax treatment of Commonwealth civilian and military pensions was not dealt with in any way.

There were some measures that will be of benefit to some members:

- 50% tax discount on the first \$1000 of interest earned.
- Superannuation contribution tax rebate of up to \$500 a year from 2012-13 for low-income earners with adjusted taxable incomes of less than \$37,000, paid to the individual's super fund.
- People aged 50 and over with total super balances below \$500,000 can make up to

\$50,000 a year in concessional super contributions.

- The cataract schedule fees will be reduced by only 12%, instead of 50%, as proposed in the 2009-10 Budget.
- Rebates of long and complex consultations with GPs, etc will be increased (that had already been announced on 14 December 2009).
- \$247.7m will be redirected from high-level residential aged care to high-level community aged care over the next four years.
- From 1 July 2013, the superannuation guarantee age limit will increase from the current 70 years of age to 75.
- From 1 July 2010, the low income tax offset will increase from \$1,350 to \$1,500. If you are eligible, no income tax will be payable on the first \$16,000 of income.
- From 1 July 2010, the 30% personal tax threshold will increase from \$35,000 to \$37,000, and the 38% personal tax rate will decrease to 37%. All other thresholds

remain unchanged.

There were other measures that will not be so welcome.

- Introduction of an energy content-based fuel excise system. Excise on ethanol will be 25c a litre from 1 July 2011, falling to 12.5c a litre from 1 July 2015. This will only affect people who use petrol with 10% ethanol.
- The threshold for the 20% net medical expenses tax offset (NMETO) will be increased from \$1,500 to \$2,000 and the threshold will be indexed to the CPI from 1 July 2010.
- Increase in tobacco excise of 25% from 30 April 2010.

The temporary reduction of the matching rate for superannuation co-contribution from 150% to 100% will continue. This means that the maximum co-contribution payable on personal after-tax contributions is \$1000.

The implementation of any currently outstanding 2010-11 Budget measures will now very much depend upon the outcome of the election (Ed).

www.scoa.asn.au

If undeliverable return to:
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Spring 2010

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