



Election Outcome

Australia now has a minority Government. Labor has the support of the Greens and enough Independents to have a majority of two. Labor and the Greens will not have control of the Senate until next July.

Issues for the New Government

SCOA will continue to pursue a number of issues with the Gillard Government, the Opposition, and the Independents:

- indexation;
- tax treatment of our pensions and non super income;
- the proposed amalgamation of the military and civilian super boards; and
- superannuation issues associated with the Cooper Review.

At present we have a comparatively favourable political environment in which to pursue fairer indexation of our pensions. It appears that all the major political parties believe that CPI indexation is inadequate, but there are concerns about the cost of providing better indexation. However, money is accumulating in the Future Fund and we hope

to be able to show that by 2020 the Future Fund will have enough money to pay for indexation by a wage-based index such as MTAW. See John Coleman's detailed report on the indexation campaign on page 4.

A New Index for Australian Government Superannuation Pensions?

The Rudd Government supported the findings of the flawed Matthews Review, and adopted its recommendation to continue to index Australian Government Superannuation Pensions by the CPI. However, the former Finance Minister, Lindsay Tanner, requested the Department of Finance and Deregulation and the Australian Bureau of Statistics (ABS) to examine the feasibility of developing a new price index that would reflect the price inflation experience of Australian Government superannuants, in line with the fourth recommendation of the Matthews Report.

It is expected that this feasibility study will take about three years and cost about the same as the recent development of the Pensioner and Beneficiary Living Cost Index, i.e. at least \$15 million.

Inside this Issue

SCOA Contact Details	2
From the President	3
New Federal Secretary	3
Update on the 16 th Series CPI Review	4
Indexation Matters	4
Superannuation Matters	6
Productivity Commission Inquiry into Caring for Older Australians	6
Membership Application/Renewal	7

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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Federal Office relies on a number of volunteers for their specialist advice and administrative and operational support.

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ABOUT SUPERTIME

SuperTime is published quarterly by the Superannuated Commonwealth Officers' Association (Federal Council) Inc. ABN 66 313 469 900 and distributed to members throughout Australia. All enquiries in relation to this publication can be directed to The Editor, PO Box 107 MAWSON ACT 2607, email: fedsec@scoa.asn.au, ph. (02) 6286 7977, fax (02) 6286 7999.

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From the President

Annette Barbetti
Federal President



The other reason for a smaller SuperTime is the present uncertain situation in Federal Parliament. Since the Independents and the Greens effectively hold the balance of power in the House of Representatives, and the Greens will hold the balance of power in the

Usually I would be writing to you after a September Federal Council meeting, but due to the unusual timing of the Federal election and the need to take into account the availability of Federal Councillors, this year's Federal Council meeting will be held from 26 to 28 October.

Matters to be discussed at Federal Council will include indexation of ComSuper pensions and various tax matters, including the unfair taxation treatment of ComSuper pensions, the Henry Tax Review and the proposed new tax summit to be held next year. Council will also consider a proposal to conduct another member survey next year, so that we can keep in touch with members' concerns.

Members will notice that this quarter's SuperTime has fewer pages than usual. This is partly because our Federal Secretary, Marita Linkson, resigned in July. Marita made a valuable contribution to past issues of SuperTime.

Our Assistant Federal Secretary, Kylie Pryde, also resigned in September. Kylie made a valuable contribution to the running of SCOA's Federal Office. We are planning to fill the Assistant Secretary position as soon as possible.

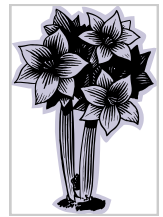
Senate after next July, we will need to meet with the Independents and the Greens as well as with members of the major parties to find out where they stand on issues of interest to SCOA members.

Members will be sorry to hear that our tax expert, Peter Hurley, has been ill and has not been able to write one of his excellent articles on Tax Matters for this issue of SuperTime. Peter is now on the mend and we hope

that he will soon be out of hospital. We all wish him well.


Keep up the good work.

Annette Barbetti
Federal President



New Federal Secretary

We welcome our new Federal Secretary, Dr Vivienne Teoh who commenced work on 11 October. Vivienne has had extensive experience in the public sector and with volunteer organisations. We will be telling you more about her in the next issue of SuperTime. We wish her well for her future with SCOA.

Handy Contacts 	
Enquiry Type	Contact
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. 13 286 1
Age Pension Commonwealth Seniors Health Card Centrelink's Financial Information Service (FIS) (<i>free information and education</i>)	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

Update on the 16th Series CPI Review

The 16th Series Australian CPI Review will be presenting its report in December this year. The new CPI will be released in September 2011.

The CPI Review has had a number of meetings of the Review panel, as well as public meetings, at which many users of the CPI expressed a desire for an official index to maintain the purchasing power of incomes. At this stage, it does not appear likely that such an index will be developed. However, the ABS has agreed to update the description of the quality adjustment methodology for the CPI and to provide an analysis of its impact. That additional information would be very useful for our indexation campaign.

I was invited to be a member of the 16th Series Review panel. I have been representing SCOA's members and expressing their concerns about the need for an alternative index that measures the purchasing power of their superannuation pensions. I also presented a paper at the recent EPIC conference, on the same subject, and, with John Coleman, had previously met with the ABS during the development of the PBLCI.

Annette Barbetti

Amalgamation of Civilian and Military Superannuation Boards

The Government will probably

seek to re-introduce legislation to implement the Rudd Government policy of reforming and modernising the governance and administration of Government superannuation schemes.

The legislation was defeated in the last term of Parliament because the Opposition and minor parties believed that the proposed single trustee model did not sufficiently recognize the unique nature of military service.

INDEXATION MATTERS

2010 Campaign

John Coleman
Indexation Campaign Manager

INDEXATION

Well the election has come and gone and we now have a minority Labor Government, relying significantly on the support of several Independents and the Greens in the Senate. It was most disappointing that we did not see the Government agree to provide the national standard pension indexation we know you are entitled to.

Unfortunately our proposed marginal seat campaign was not able to be implemented in most seats due to the earlier than expected calling of the

election.

We did however have successful public meetings in Bateman's Bay, which is in the marginal seat of Eden Monaro and also in Canberra where we knew the Senate seats would be closely contested.

Letters were also sent to all Labor and Coalition MPs to explain why the Trevor Mathews report recommendations were flawed and to also explain what the real cost of a change would be, particularly after cost claw-back from reduced Age Pension expenditure and increased tax revenue is accounted for.

Your efforts in sending letters to your local MP and to a Senator of choice have certainly kept the issue in the political spotlight. We have been advised that MPs received thousands of letters from SCOA members and we know that some of you also took the trouble to contact your local member; we thank you for that.

What Have We Achieved?

Despite both major political parties' initially accepting the recommendations of the Trevor Mathews report, which was to retain the CPI indexation tool for Commonwealth Superannuation pensions, both parties have since acknowledged that the CPI is not an appropriate way to index your pension.

During a meeting in Julia Gillard's office on 27 July, the Finance and Deregulation Minister's Adviser said that the Labor Government had accepted that the CPI was an inappropriate pension indexation tool and that

the Department of Finance and Deregulation had been instructed to work with the Australian Bureau of Statistics to find an index that was more appropriate. That is a significant step forward and whilst we are yet to have the major parties agree to a wage-based index for your pension, their acceptance of the inappropriateness of the CPI to index your pension ends the long held position of the two larger political parties.

A second major achievement is that whereas the Trevor Matthews report recommended retention of the CPI, that same report stated that the purpose of indexation was to maintain the purchasing power of pensions. As I have said in earlier SuperTimes, the Australian Bureau of Statistics that produces/manages the CPI says that “the CPI is not a purchasing power or cost of living measure.”

These latter two points provide us with a solid foundation on which to continue our campaign for indexation fairness.



The New Parliamentary Environment

The minority Labor Government now relies heavily on the support of several Independent MPs and also, for the first time, a Greens member in the House of Representatives. From mid 2011 it will depend even more heavily than previously on the Greens, who will have increased numbers in the Senate.

The Independent member for New England, Tony Windsor, has been a long time supporter of our bid for indexation fairness.

We also understand that Andrew Wilkie, the new Independent member for the Tasmanian seat of Dennison has expressed strong views regarding pension indexation.

In the weeks leading up to the election the Greens issued a media release and supporting document supporting fair pension indexation for Commonwealth superannuants. The Greens have been long term supporters for fair wage-based indexation.

SCOA has written to each of the Independents and is in the course of requesting meetings with these influential MPs and the new Greens member for the seat of Melbourne.

It is very difficult to understand how both major parties have denied you indexation fairness when those of them who joined parliament prior to 2004 will retire on a substantial pension that will increase at twice the rate your pension increases.

The Economic Environment

The two larger political parties have claimed that the cost of indexation fairness is not affordable. This poor argument was used by the Coalition even when large budget surpluses were being achieved. The Labor Government was able to find many billions of dollars to stimulate the economy to successfully guide us through the global economic crisis.

The cost of providing you with fair pension indexation is \$26

million in the first year; it does compound. This is an extremely small figure in budgetary terms and will be even less when cost clawback due to reduced Age Pension expenditure and additional tax revenue is considered. The average Commonwealth superannuation pension of \$24,700 is more than \$1,000 less than the combined couple rate of Age Pension.

Despite the global economic crisis, Australia's economic outlook is most favourable. We are enjoying record low unemployment, low interest rates, favourable balance of trade results and low inflation. **At 31 March 2010 the Future Fund held \$67 billion**, a fund the former Coalition Government's Treasurer established to pay for Commonwealth superannuation pensions.

It is clear that the Australian economy is well equipped to pay for the quite small budgetary cost of ensuring that your standard of living ceases to be eroded. We will certainly be making this point when we meet with MPs over the coming months.

Finally I want to thank those of you who have actively supported SCOA with its campaign for indexation fairness. The many phone calls, emails and letters I have received demonstrate the strength of feeling with this issue. We will only have lost this battle when we cease to fight it. I believe that we will eventually win this battle because the weight of evidence is on our side. SCOA's Federal Council will be meeting in October to decide on our next plan of action.

John Coleman

SUPERANNUATION MATTERS

INCOME TAX 2010 - 2011

BY SCOA'S Superannuation Advisor



The following is a guide to how much income tax SCOA members will pay for the 2010-11 financial year.

Tax table for 2010-11

Taxable Income	Tax Payable on taxable income
\$0 - \$6,000	\$0
\$6,001 - \$37,000	15%
\$37,001 - \$80,000	\$4,650 + 30%
\$80,001 - \$180,000	\$17,550 + 37%
\$180,001 +	\$54,550 + 45%

The above table does not include the Medicare levy.

Tax offsets

For most SCOA members the amount of tax payable is reduced by a number of offsets. The following are tax offsets that would mostly apply to SCOA members.

Low Income Tax Offset

The Low Income Tax Offset is \$1,500 where income is less than \$30,001. For each \$1 over \$30,000, the Low Income Tax Offset of \$1,500 reduces by \$0.04 and cuts out completely when taxable income reaches \$67,500.

Senior Australian Tax Offset (SATO)

Those who have reached pension age and are not receiving an Age Pension from Centrelink or a DVA Service Pension may be entitled to SATO. Where adjusted taxable income for a single person is less than \$30,686, the tax offset is \$2,230. The tax offset reduces by \$0.125 for each \$1 of adjusted taxable income above \$30,385 and cuts out when adjusted taxable income reaches \$48,525. For couples earning less than \$26,681 each, the tax offset is \$1,620. For each \$1 above \$26,680 the tax offset reduces by \$0.125. The tax offset cuts out when adjusted taxable income for each couple exceeds \$39,496. There is also a mechanism to transfer any unused tax offset from one spouse to the other spouse.

Mature Age Workers Tax Offset

Those aged 55 and over who receive adjusted taxable income from working of between \$10,000 and \$53,000 will be entitled to a tax offset of \$500. If the adjusted income from working is less than \$10,000, the tax offset is \$0.05 for each \$1 of adjusted taxable income from working. If the adjusted taxable income from working is between \$53,000 and \$63,000, for each \$1 of adjusted taxable income over \$53,000 the Mature Age Workers Tax Offset reduces by \$0.05.

Adjusted Taxable Income

Adjusted Taxable Income for the purposes of SATO and the Mature Age Workers Tax Offset includes reportable superannuation contributions (salary sacrifice), adjusted fringe benefits (reportable fringe benefits x 0.535) and total net investment loss.

Employer indexed CSS pensions and unfunded employer component of PSS pensions

For those aged 60 and over receiving a CSS or PSS pension the untaxed component (that part financed by the Commonwealth) is subject to a 10% tax offset.

Tax free and taxable components of PSS pensions

For those aged 60 and over the components of PSS pensions less the untaxed component is tax free. However, for those aged between preservation age (currently age 55) and age 60, there is a tax offset of 15% on the taxable component of the PSS pension.

The amounts representing tax-free, taxed and untaxed components of a PSS pension are shown on the pension increases advices from ComSuper.

Productivity Commission Inquiry into Caring for Older Australians

The Australian Government has asked the Productivity Commission to develop detailed options for restructuring Australia's aged care system to ensure that it can meet the challenges facing it in coming decades, when the Australian Government's third Intergenerational Report estimates that the number of Australians aged 85 or over will increase from around 400,000 in 2010 to 1.8 million by 2050.

Terms of Reference

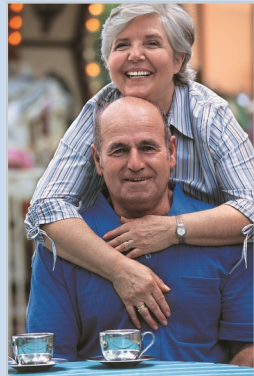
In summary, the terms of reference of the inquiry are to:

- Examine the social, clinical and institutional aspects of aged care

(Cont on Pg 8)

Thank you for your continued support.

Membership renewals will be due on 1 January 2011, so if you haven't renewed your 2010 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 in Victoria, ACT and Queensland.

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 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: _____

(Continued from pg 6)

- develop options for reforming the funding and regulatory arrangements across residential and community aged care (including the Home and Community Care program)
- address the needs of special needs groups
- examine the future workforce requirements of the aged care sector
- recommend a path for transition between the current funding and regulatory system to the new system that ensures continuity of care and time to adjust
- examine whether the regulation of retirement villages should be aligned more closely with the rest of the aged care sector, and if so, how this should be done
- assess the long term fiscal implications of any change.

Timetable for the Inquiry – Key documents and dates

- Terms of reference – 27 April 2010
- First circular – released 7 May 2010
- Issues paper – released 21 May 2010
- Initial submissions – due 30 July 2010
- Draft Report – December 2010
- Draft Report submissions – due February 2011

- Final Report to Government April 2011

What has SCOA done about this inquiry?

At the time that the inquiry was first announced, SCOA members were paying more attention to the Henry Tax Review and the 2010 Federal Budget. By the time that the issues paper came out, most of us were more interested in pursuing indexation and taxation issues. A member of the ACT Branch prepared a submission and told the ACT Branch about the inquiry. It was decided in mid July that it was really a matter for consideration by the Federal Executive, but due to other commitments in July, we decided that we would not be able to prepare a submission before the 30 July deadline.

We would be very interested to hear members' views about the topics raised in the inquiry and any suggestions for future action.

Issues likely to be of particular interest to SCOA members

Accommodation bonds are of great concern to many people planning to enter low level care or requiring an extra service high care place. The bond amount and payment arrangements are negotiated between providers and residents. At present, residents cannot be asked to pay a bond that would leave them with assets of less than \$37,500. Many

people believe that amount is far too low.

Because of the regulatory restrictions on accommodation bonds for high care residents, aged care providers claim that they are reluctant to take on new licences to provide more high care places, because they can't raise enough capital from high care residents (standard high care residents do not have to pay accommodation bonds). This has resulted in a shortage of high care places and means that people often have to wait too long for a high care place when they need one. That in turn means that such people often have to stay in hospital longer than necessary, causing bed shortages in hospitals, which in turn leads to long waiting times in accident and emergency units.

There is widespread concern about inadequate wages for staff in aged care facilities. Because staff can receive much better wages working in hospitals, there are often staff shortages in aged care facilities, comparatively high staff turnover, and complaints that people in such facilities are receiving an inadequate level of care.

How you can find out more about this inquiry

The terms of reference, the issues paper, submissions and regular updates on the progress of the inquiry can be found on:

www.pc.gov.au/projects/inquiry/aged-care/issues

If undeliverable return to:
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Summer 2010

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