

**TASMANIAN ASSOCIATION of STATE
SUPERANNUANTS**

SUPER-NEWS

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The Newsletter for and by TASS members

37 Years old

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**Northern General Meeting
Tuesday 17 May
Sunny Hill Country Club
59 Castlemain Rd
Ravenswood
Meet at 11.30 for Lunch at
12.00**

**Please advise The Hazzlewoods
If you can attend
See page 2**

EDITORIAL

As mentioned later in this issue, TASS is looking healthy again with new and enthusiastic and younger members joining the executive.

Also inside a brief report on the address by CEO of RBF, Philip Mussared. In summary I think it is fair to say we came away from the meeting much relieved.

Congratulations to our very active Northern members, June and Bert Hazzlewood, who were granted life membership of TASS.

Also included as a reference for members are the two items produced by President Tony Robinson which outline the case for indexation of our pensions by a more just method and then a summary of the arguments usually raised against such increase, by government. Please read these items as they will give you a good background to the case for indexation.

As editor I do apologise for the small number of humorous items that are so popular with our members. There were however many important items held over from the last issue, and other items from our Annual General Meeting. Ed

Future Meetings



Northern General Meeting

Tuesday 17th May at Sunny Hill Hotel, Ravenswood. Gather at 11.30 for lunch at noon followed by a brief meeting. Once again June and Bert Hazzlewood have managed to get a very good deal for lunch at this lovely location. Lunch is \$20 each and to finalise arrangements would you please contact June or Bert by phone on 6327 2562 or 0414 770 864 or email ahazzlew@bigpond.net.au. For those unable to make the luncheon, the meeting should begin at about 1 pm and finish by 3.00. A number of the executive will be travelling up from Hobart for the day and hope to meet as many Northern members as possible.

Executive Meetings

Tuesday 21st June and
Tuesday 19th July
at Forestry Tasmania, Melville St.
Starting at 1.30pm.

For those joining the Executive, we gather at the seats outside the reception and move in to the allocated meeting room as a group about 1.30pm. Should you be delayed, then the reception will direct you to the meeting room that we have been allocated.

TASS Telephone Book Listing

In order to increase the ways in which we are able to be contacted by existing and prospective members, your Executive took the decision to list TASS in Phone Books. Our trial is with the 2011 Burnie Book as it was still open for entries at the time we took the decision. Our entry is in both the White and Yellow pages as well as online of course. *John Chalmers*

TASS Membership for those reading this but not already a member

Are you interested in becoming a member of TASS or in finding out more about TASS? If so, please contact John Chalmers on 03 6249 1240. A membership form can be sent to you or, alternatively, one can be downloaded from our website, www.tass.org.au. We look forward to your enquiry and membership.

Council on the Ageing

For some years TASS has been involved with the Council on the Ageing (Tas) as an affiliate of COTA and through the membership of Lance Brown. The aims of COTA are "Championing the Rights and Interests of Older Tasmanians". A number of our members are also members of COTA which provides more social activity than TASS is able to provide. In the South COTA is based in Westella, 181 Elizabeth St. and can be contacted on the phone between 9 and 5 on 6231 3265.

TASS AGM

I can report to members that this year TASS had a very good AGM. It was good for a number of reasons. First we had a large attendance including a number of our members who we had not met previously at general meetings. Secondly our guest speaker, CEO of RBF, Phillip Mussared was able to allay the concerns that many members had (more details later). Two of our members were granted life membership. And finally we welcomed to the executive 3 (actually 4) new members.

There was however one unfortunate consequence of a successful meeting in that the afternoon tea/coffee that I had promised, did not eventuate. I had anticipated the meeting finishing by 3.30 when tea was to be provided by '50 and better.' However, a later finish found that '50 and better' had closed for the day. My apologies.

Following Mr. Mussared's address, the various reports which were included in the previous Super-News, were presented 'as read'.

Our President, Tony Robinson, then advised the meeting that the executive recommended that two of our members from Launceston, who have given outstanding service over a number of years, be granted Life Membership of TASS. There was universal support that June and Bert Hazzlewood both be granted life membership. The Secretary will advise both and forward the life membership certificates to June and Bert.

The election of office bearers then took place. Executive members Brian Richardson and Gerri Bitt did not stand for election and Tom Ellison was replaced by Tony Naughton as Secretary. New executive members elected were Kip Muller, Murray Harper and Stephen Graetzer. The President thanked Gerri and Brian for their service to TASS over a number of years and welcomed the new members. Although not able to make our AGM, Ross Butler also offered to join the executive and was formally co-opted at the April executive meeting. Ed

Summary of some of the points made by Philip Mussared

As mentioned earlier the general response to the points made by Mr. Mussared was positive and reassuring for members.

In opening he stated that he would ensure that communication to the 8,000 Superannuants would be better than it had been in the past. As TASS represents approximately 20% of the superannuants he welcomed the opportunity to speak to us.

Some questions had been provided before the talk to make sure that member concerns would be addressed. A number had expressed concern at the appointment of Mercer and how this would affect the service and also the financial performance of RBF. He explained that although the decision to involve Mercer was made before his appointment as CEO, he saw positive benefits flowing from the change. Mercer are, and will remain subservient to the control of RBF. Mercer will receive contributions on behalf of RBF and these will then be forwarded on to RBF for investment. He emphasised that the investment side of RBF will continue on as present. Mercer will however look after administration again to the requirements of RBF. That is all the responsibilities stay with RBF who will have a management contract with Mercer for member services.

Face to face contact for financial planning will continue by RBF as at present.

However, as mentioned in the letter to members of 25th February, during the transition of member services to Mercer there will be a delay in some services. This period will be from mid-April until June 2011. (This will be in place before this Super-News is received). During the transition period, superannuation payments will be made as normal.

Members are urged to carefully read pages 6 and 7 of the March edition of RBF Member News to ascertain if they need to contact RBF.

If you have any concerns please phone 1800 622 631. *Ed*

Our New life members

Although most of our North and Northwest members would know both June and Bert Hazzlewood, those from the South may not have been so fortunate. There is an old adage; "if you want something done well, look for a busy person" This applies to the Hazzlewoods. TASS needs a presence in the North to arrange our Northern General Meetings and also our Northern Christmas function. For a number of years now, June and Bert have filled this need, and more. Although the Northern meetings are listed in Super-News, if sufficient numbers have not replied, the Hazzlewoods will make a number of telephone calls to those who may have 'forgotten'. The result is that although the membership numbers are smaller in the North, we often get larger numbers attending meetings. Earlier I mentioned an old adage. June and Bert are active members of AIR, founder members of National Seniors northern branch and are active in a number of seniors advisory groups. June is also president of the National Council of Women of Launceston, co-founder, volunteer tutor and chair of the OPEN Seniors Computer Club and an Honorary Associate of UDRH, UTAS Department of Rural Health. Both are keen gardeners on their large block on the West Tamar.

Back in 2006, at 73 June was awarded a PhD. from the University of Tasmania. This added to her 2 post-retirement Masters degrees and an OAM in the same year for services to older adults. As those who attend our Northern meetings will know it is not uncommon for June and Bert to entertain us with a singing duet. Although numerous other commitments preclude June and Bert travelling down to our Southern executive meetings, they are very much at the core of TASS and deserve the election to that of Life membership.

Thank you both.

The Case for change of Indexation

Our President, Tony Robinson, has produced the following summary which presents for members some of the significant arguments for our long standing case to gain equity in the manner by which our RBF pensions are indexed. This has of course also been forwarded to our various State politicians.

The Case for Indexing RBF Defined Benefits Pensions by the Greater of

a) Increases in the CPI

b) Increases in Male Total Average Weekly Earnings

c) Increases in the New Pensioner Beneficiary Living Index

1. The present method of adjusting RBF Pensions, i.e. Bi-annually by any increases in the CPI, is seriously flawed because the CPI does not measure increases in the cost of living as was intended. As a result the value of the Life Pension is being eroded over time. Proof of this fact is contained in the published report of the Senate Select Committee in April 2001 titled "A Reasonable and Secure Retirement?" Prominent Tasmanian Senators John Watson and The Hon. Nick Sherry were the Chair and Deputy Chair respectively. Both were well versed in superannuation matters, giving emphasis to the status of this inquiry.

the Committee recommended that (inter alia):

1. The Government examine the feasibility of adopting an indexation method other than the Consumer Price Index (CPI) ---- to more adequately reflect the actual increase in the Cost of Living,

2. and that, for equity reasons, the changes made to Commonwealth public sector schemes should also apply to State public sector schemes, where appropriate.

Under the heading "Conclusions and Recommendations" contained in the bulk of its report, the following quotes are to be found and explain its reasons for making such recommendations, i.e.

"The Committee considers that Commonwealth public sector and defence force superannuants do have grounds on which to claim that they are entitled to a reasonable and secure retirement as part of the employment package offered by what was understood to be "a genuine career service." And

"It was a founding assumption that, as a condition of service (which required compulsory contributions by employees), the schemes would provide for adequate superannuation in retirement. It was also a founding assumption that, as identified in the Pollard and Jess reports, annual indexation of benefits would preserve the purchasing power and value of benefits through adequately reflecting the rise in the cost of living."

The Committee then said that:

"It is never-the-less clear, as revealed in evidence, that the term Cost of Living is not consistently applied," and

"The Committee notes the evidence given by the Australian Bureau of Statistics (ABS) the CPI is not a measure of the cost of living, and

The Case for change of Indexation

"The Committee also notes that the 'Basket of Goods' used by the ABS to measure the cost of living does not appear to reflect the actual expenditure patterns of the retired." (our underlining)

and later

Because of the CPI's proven inadequacy to keep abreast with actual costs of living, the age pension is now adjusted bi-annually through wage-based indexation mechanism."

2. In a search of the Australian Bureau of Statistics website in November 2009 it was found that for the preceding 62 quarters the average increase in the CPI has been 0.7% compared to an average increase of 1.1% for Average weekly ordinary time earnings (AWOTE). This means that AWOTE has on average each quarter increased more than half as much again (57%) as the CPI.

3. Supporting evidence from University of Sydney

Can be found in a discussion paper entitled "The Role of the Consumer Price Index in Contemporary Wage Setting", by Chris Briggs of Acirrt in 2004. In the paper it explains "Acirrt is a multi-disciplinary research centre based at the University of Sydney founded in 1989".

From the paper are some selected excerpts: -

The CPI was traditionally designed as a cost- of- living index because its 'principal purpose' was to be an 'input to the highly centralised wage and salary determination process' (ABS 1997: 5). Most recently, under the centralised wage systems of the 1980s, the CPI was the focal point of national wage adjustments.

The CPI was restructured following a review in 1997, reconfigured from a cost- of- living index into a general index of price inflation. The CPI now carries an explicit statement from the ABS that it is not and should not be used as a cost- of- living index.

A gap has opened up between average annualised wage increases (AAWI) in agreements and the CPI.

The CPI is no longer an accurate measure of changes to cost- of- living and forging a tight nexus between wages and the CPI would be highly unusual within the current wage- setting environment.

Wage movements in the agreement sector have become increasingly dis-connected from price movements and the CPI.

The CPI, and cost- of- living, remain relevant factors in determining wage movements but both the CPI and wage- setting have changed so substantially that it is difficult to sustain a case that wages should be tightly linked to the CPI."

List of Reasons Advanced by Government for Refusing RBF Pension Indexation Improvements and TASS responses

1 Government

The Government is of the view that the indexation of pensions by CPI is the most appropriate method for a number of reasons.

The CPI measures the national price level for a representative basket of goods and services. By keeping RBF pensions indexed to the CPI, the real value of the RBF pension is maintained, relative to that basket. Although the basket of goods and services for each household will be different, the movement over time in the prices of the goods and services included in the CPI basket is an appropriate measure of the changes in overall prices faced by the vast majority of households.

TASS Responce

It was a founding assumption evidenced by our member's statements and also identified in the Pollard and Jess reports that indexation would reflect the rises in the cost of living.

The CPI is not a measure of the cost of living as declared by the bureau of Statistics

2 Government

CPI indexation was a core design element of the RBF Defined Benefit Scheme. Had a different indexation basis been chosen, other aspects of the scheme design may have been different. For example, if Average Weekly Ordinary Times Earnings (AWOTE) had been used, pensions would increase at a greater rate as the growth in average weekly earnings is generally higher than CPI. This would result in higher costs to the Government in meeting pension benefits and to compensate for this, the scheme design would need to have changed and other benefits may have been less generous or employees required to contribute a higher percentage of salary.

TASS Responce

This assertion implies that a balanced package of legislative provisions was created around use of CPI adjustments and this package cannot be disturbed. Yet the reality is that the Act has undergone major amendments in 1982, 1987, 1993 and 1999; whenever Governments have felt the need for change. Such changes included:

1. Closure of the Superannuation Accumulation Fund.
2. Allowing contributors to take all of their benefits as a lump sum.
3. Less generous pension conversion factors being available to scheme members who joined after 1 July 1994, and
4. A change in the definition of benefit salary from final average salary over one year to final average salary over three years.

Concurrent with these reduced benefits changes was a reconfiguration of the CPI in 1997 from a cost of living index into a general index of price inflation only, therefore the original package no longer exists.

Government

"The growth in MTAWWE reflects the labour productivity and various supply and

demand issues that affect the labour market. These issues are not related to the Cost of Living which the CPI is designed to capture.”

TASS Response

- The CPI is not a measure of the Cost of Living according to the Bureau of Statistics.
- Whilst growth in average wages may occur in a variety of ways, the stand out recurring feature of the Australian system has been regular Cost of Living adjustments. Over the years this type of increase may have been applied to the now abandoned basic wage, or the minimum wage, or total Wages: Cost of Living increases have also flowed on to Tasmania's Service Incremental Payment Scheme by consent of the Tasmanian Government.

Government

Each superannuant of the Defined Benefit Scheme had a choice as to how They received their benefit. It would therefore be highly inequitable to alter the indexation basis as you propose as this would provide additional benefits to RBF pensioners, but not to those who took all or part of their benefit as lump sum or allocated pension on the basis that their RBF pension would be indexed by CPI. This could; lead to those who: chose to take lump sum, benefits making representations to the Government that they have been disadvantaged as they would not have made that choice had they known that the pension indexation arrangements would change.

TASS Response

Obviously individuals have a free choice in this regard when they retire and are responsible for the decision they make.

If Parliament sees merit in changing superannuation law to benefit pensioners then lump sum recipients do not suffer proven loss as a result. In fact if they had been prudent and used their pay-out to reduce a high interest bearing debt; purchased a successful business; or invested wisely they could be better off financially.

Government

The CPI is the basis currently by all other jurisdictions including the Commonwealth, to index their superannuation schemes.

TASS Response

Of greater significance is the fact that other pensioners such as social security and veterans affairs pensioners constitute an immense group in size who justifiably enjoy indexation better than CPI increases. There are other instances to be found which recognise that the CPI is not a proper instrument to measure increases in the cost of living. For example, the Tasmanian Judges Contributory Pensions Act 1968 provides that pensions are increased once a year in accordance with movements in judicial salaries.

And if an RBF member resigns prior to age 55 with more than 5 years service but cannot satisfy early conditions of release provisions, the Commonwealth's preservation rules apply. This means that the employer share of the end benefit must be preserved until preservation age is reached. The unfunded employer share of the benefit must be preserved in a compulsory preservation account and indexed twice a year in accordance with increases in the national CPI or average weekly ordinary

times earnings - whichever is the greater.

Government

In December 2008 the Commonwealth Government commissioned a review of the pension indexation arrangements for seven Australian Government civilian and military superannuation schemes, the "Review of Pension Indexation Arrangements in Australian Government Civilian and Military Superannuation Schemes".

In this report the author Mr Matthews advises that although "he received many submissions that the CPI is failing to maintain the purchasing power of pensions", he "did not find any conclusive evidence that the CPI understates inflation as it affects Australian households in general." Furthermore, Mr Matthews also advises that he has "looked at the issues objectively and cannot find that there is a case for an employer to be required to update a former employee's retirement income in line with changes in community living standards-that is, to provide former employees with a share of productivity increases."

Mr Mathews also concluded that "neither have I found that it is inequitable that pensions are not increased in line with Age and Service Pensions. These are different benefits provided for different purposes and are not comparable. If they were to be compared, it is notable that although the Age and Service Pensions may be increased to achieve a minimum benchmark, civilian and military pensions have advantages that do not apply to the Age and Service Pensions. For example, civilian and military pensions are guaranteed lifetime benefits that are payable from younger ages than the Age and Service Pensions."

TASS Response

- Strange indeed that Senator Sheery should Commission Mr. Matthews to review indexation arrangements for Government Superannuants given that the former had co-authored, with others, a comprehensive report on the same matter in 2001.
- Mr. Matthew's rather wide ranging views appear to stray from the core issue of indexation.
- The Government has not attempted to illustrate that other reports used by TASS had erred in their contrary findings.

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He had a photographic memory that was never developed.

A midget fortune-teller who escapes from prison is a small medium at large.

Once you've seen one shopping centre, you've seen a mall.

Bakers trade bread recipes on a knead-to-know basis.

Santa's helpers are subordinate clauses.

Acupuncture is a jab well done.

Computer Scam

An increasing number of our members are using computers for more and more tasks. As mentioned in the last issue of Super-News, the real strength of a computer becomes evident when connected to the 'world wide web'. So many things can be done and so much information is available to all and once established on the 'net' communication to and from anywhere in the world is free. There is however a downside and this also is increasing with time. The down sides are 'scams' which can be in various forms.

Scams form a feature item in the latest issue of 'News for Seniors' published by Centrelink. The item draws attention to the fact that as many scammers are overseas, they are very difficult to track. Typical methods are pretending to be the Australian Tax Office, Banks or law firms, etc. usually involving some money due to you which you can claim by providing certain information. If given, this information will be used to withdraw money from your account. Providing this information can also allow the scammer to 'steal' your identity. The main protection is for the computer user to be suspicious especially when a Bank, ATO, even Centrelink contact you and ask you to log into a site that is not exactly the known address for that site. Somehow these scammers seem to know who is a Senior and realise that we may be more trusting than those who are younger.

As an example, 3 weeks ago I had ongoing trouble with my server and often could not go one line. Quite frustrating. Then out of the blue I received a telephone call, yes an Asian sounding voice, who introduced himself by name and as an authorised representative for 'Windows', my operating system. He explained that Windows had advised him that I had a problem with my computer that might not be obvious at this stage, which they had asked his organisation to fix remotely. To do this I had to log onto a web site, he remained on the phone as I logged on. He then gave me instructions to open two or three system files. When I outlined the contents he sounded concerned. "yes they confirmed that I did have a problem and he could repair it for free". Even at this stage I was a bit concerned and noticed that the site I had logged on to did not have "Windows" or "Microsoft" in the title. I mentioned my concern and his reply was that as stated, they were an authorised agent for Windows. I did log on for a very brief period, noticed from my modem that data was being transferred and logged off. This caused the authorised 'operator' much concern. I then hung up the phone. I contacted my provider, told them the story and was told "It is a scam". They asked me if I was on line at that moment. I said "No the computer is off". He replied that someone is using your service as we speak. He called back later to say the unknown person has been disconnected and would not trouble me again. Later I spoke with 3 other Seniors who had also been contacted, more than once on a similar basis. One person like me was taken in and ended up with a large bill for excess use of her internet service for a period when she was not even on the net. The other two were much wiser than me he just hung up the phone each time. Be warned!! *Ed*

USEFUL CONTACTS FOR MEMBERS

As a service to members TASS will include a regular section giving useful contact points (usually telephone numbers) which may be of value to members.

RBF Pension queries or death of the superannuant	1800 622 631
Australian Tax Office: Income Tax inquiries	132861
Superannuation help	131020
Tax Refund	132863
CENTRELINK: To book an appointment at a regional office ...	131021
Pension enquiries	132300
Overseas Pensions	131673
Family enquiries	131305
Disability, sickness and carer	132717
Hearing or speech impairment	1800 000 587
Financial Services Burnie	6434 1535
Devonport	6424 0665
Launceston	6332 8298
Hobart	6232 1555
Bellerive	6244 0566

Better Hearing Australia & Tinnitus Support Group..... 03 62445570
4/32 Bayfield St. Rosny Park

AAAAAAAAAAAAAAAAAAAA

Pension Limits

INCOME TESTS

Part pension is possible for a couple receiving less than \$2,455 per fortnight
 Single receiving less than \$1,605 per fortnight
For a Pensioner couple separated by ill health, less than \$3,173 per fortnight

Commonwealth Seniors Health Card for a couple on less than \$80,000 per year
 for single on less than \$50,000 per year

ASSETS TESTS (not including your home)

a) For Home Owners	For Full Pension	For Part Pension
Single Pensioners	Up to \$181,750	Less than \$659,250
Couples (Combined)	Up to \$258,000	Less than \$978,000
Couples Sep. due to ill health	Up to \$258,500	Less than \$1,213,000
b) For non-home owners		
Single Pensioners	Up to \$313,250	Less than \$799,500
Couples (Combined)	Up to \$389,500	Less than \$1,122,500
Couples Sep. due to ill health	Up to \$389,500	Less than \$1,362,000

Should you change your address would you please advise us of your new address.
Some members believed that advising RBF of a change will also involve that information also coming to us. This is not so. RBF quite correctly keep their address data confidential and will not pass this information on to us. If we do not have your correct address, we cannot send you Super-News.