



2016 Annual report

Superannuated Commonwealth Officers' Association (Federal Council) Inc.

July 2016

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Attachment A Federal Council Register as at 13 April 2016.

Attachment B Audited Financial Statement and Audit Report

Executive summary

The Superannuated Commonwealth Officers' Association (Federal Council) Inc. (SCOA) continued to undergo several changes during financial year 2015/16.

Key changes and achievements include:

- Changes of Federal Officers and Federal Councillors and the departure from SCOA of the WA Branch;
- Significantly increased sales of the Bereavement Book (updated in May 2016);
- Migration of website to new, easier-to-use, software platform;
- Increased traffic on the website;
- Participation in the political debate and advocacy on behalf of members on retirement related issues, notably the "ten percent cap" issue as well as a response to the 2015/16 Federal Budget and active participation in the Federal election campaign.
- The "ten percent cap" issue and media blitz
- First online Federal Council meeting
- Further relationship developments with relevant stakeholders including the Commonwealth Superannuation Corporation, Department of Finance and Deregulation and a number of ministerial and parliamentary offices, as well as members of the media.

Although SCOA's financial position remains relatively sound, and although both SCOA Australia and the ACT Branch signed up new members, there was a net decrease in the membership numbers across all jurisdictions in the order of 14%. The decline was exacerbated somewhat by the decision by the former WA Branch to secede from Federal Council and continue to operate as a separate entity. As a result of the drop in members, it has been necessary to increase both membership fees and the capitation fees with effect from 1 January 2017 in order to continue operations.

The Victorian Branch and the Tasmanian sub-Branch were wound up, with members and funds transferred to SCOA Australia on 30 June 2016.

Federal Council wishes to express its appreciation of the efforts and commitment of the Federal Office staff.

The audited financial statements for the period are attached.

SCOA Federal Office
15 August 2016

1) Introduction

Federal Council underwent a number of significant changes during financial year 2015/16 with the departure of the WA Branch, a number of changes of Federal Councillors and the winding up of the Victorian Branch and Tasmanian sub-Branch to join SCOA Australia.

Embracing new technology, Federal Council conducted its General Meeting in March 2016 via Lync video links. A few technical glitches were identified and these were improved for future meetings to be conducted this way, resulting in significant reduction of the cost of these meetings.

Federal Council continued to be a strong voice in the political debate, both following the Federal Budget in May 2016 and in the lead up to the Federal election on 2 July 2016. SCOA hosted two "meet the candidates" events in Canberra and Queanbeyan in early June. Federal Council continued to lobby on behalf of its members in a number of areas including the "ten percent cap issue", the new taper rate for the Age Pension assets test, taxation of our pensions and others.

From December 2015 until June 2016, Federal Council ran a continuous campaign in the PS News Online newsletter which, combined with the enhanced ad for the Bereavement Book in the CSC Pensioner Update newsletter, resulted in significantly increased sales of the publication, as well as increased website traffic and incoming phone calls to Federal Office. It is also believed these activities contributed to more new members joining SCOA Australia.

2) Federal office administration and support services

There was no change in the personnel in Federal Office. Federal Office continues to operate very efficiently and effectively. Both part-time staff members had their contracts renewed for another twelve months in August 2015 (Peter Hocking) and April 2016 (Anne Willenborg).

Time spent by the two part-time staff on matters relating to the administration or management of SCOA Australia was recorded and its cost was paid accordingly to Federal Council on a monthly basis by SCOA Australia.

3) Federal Council

a) Closure of Victorian Branch and Tasmanian sub-Branch

In late 2015, the Victorian Branch and SCOA Australia commenced negotiations with a view to the Victorian Branch, and the Tasmanian sub-Branch, winding up and members and assets being transferred to SCOA Australia. The parties agreed to a Memorandum of Understanding setting out the terms which was signed on 18 January 2016. The procedure to wind up the Victorian Branch and the Tasmanian sub-Branch was completed by 30 June 2016.

b) The Bereavement Book

The Bereavement Book was updated and reprinted in May 2016. The revision was done in consultation with the Public Trustee and Guardian in the ACT, and the Commonwealth Superannuation Corporation.

SCOA experienced a significantly higher volume of sales of this publication during the financial year. This is attributed to the combined effect of the enhanced ad for the publication in the CSC's Pensioner Update newsletter, and the ad which SCOA ran in the PS

News Online newsletter from December 2015 until June 2016 (see below), both leading to increased traffic on our website and increased volume of phone calls to Federal Office.

An order form was uploaded to the website which has made it easier for members to order their free copy and for the general public to order a copy of the booklet. As the cost of postage increased on 1 January 2016, in May 2016 Federal Executive agreed to increase the price of the booklet from \$12 to \$15 and to ask members to contribute \$5 towards the postage of their free copy. A further increase in the price of the booklet is envisaged for later in 2016.

c) Recruitment

From December 2015 to end of June 2016, SCOA ran a continuous ad in the PS News Online newsletter, specifically targeting public servants, both retired and still in employment. The newsletter is published once a week to some 300,000 subscribers across Australia. The content focuses on news and information about policy announcements and initiatives across all areas of government.

SCOA has developed excellent relationships with the editorial staff at PS News Online. Not only did we purchase the ad and banner at a 50% discount; SCOA also submitted a number of items which were published in the online newsletter free of charge. The normal cost for the publication of one item is \$450.

Our own traffic reports, as well as information received from PS News Online, show that an average 5,800 people per month have "looked" at the SCOA ad/banner with a "click through rate" of 0.25% (compared to the national "click through rate" of 0.07%). We believe that this ad has contributed to at least one hundred new members joining SCOA during the month of January 2016 alone.

At its meeting in March 2016, Federal Council agreed to continue with the online ad until the end of 2016 (subject to the cost not exceeding the agreed \$10,000).

d) Submissions

SCOA continued to advocate for improved retirement conditions for its members, on some occasions in collaboration with the Australian Council of Public Sector Retiree Organisations (ACPSRO).

- **The ten percent cap issue**

In early July 2015, SCOA became aware of the serious impact that a measure included in the May 2015 Federal Budget would have on many of our members, the so-called "ten percent cap issue". Legislation was passed in July 2015 to cap the deductible amount applying in relation to the income test for the Age Pension. SCOA was inundated with phone calls and emails from members who thought they might be affected.

The Federal President wrote to the then Prime Minister, Tony Abbott, as well as the then Minister for Social Services, Scott Morrison and subsequently to his successor, Christian Porter, as well as the Leader of the Opposition, Shadow Treasurer and other relevant politicians, requesting that the measure be grandfathered or repealed. SCOA's efforts were to no avail and the new rules came into effect on 1 January 2016.

However, a degree of controversy followed when members discovered the effect the new rules had on the amount of their Age Pension. In some cases, payments had been reduced by as much as up to \$350 per fortnight, although the government denied the measure had

any severe impact, insisting that only a small number of people would be affected. The issue received wide spread media coverage with the Canberra Times, the Financial Review, The Age and Sydney Morning Herald all running with it for a week or so. The Federal President was also interviewed on the ABC's Canberra 666 radio station. As a result of the "media blitz", Opposition Leader Bill Shorten announced early in the election campaign that Labor, if it wins office, would review the policy.

Together with ACPSRO, SCOA made a FOI request regarding the number of pensioners who might be affected by the new measure. The government delayed providing a response to our request until it was in caretaker mode following the calling in early May 2016 of the 2 July 2016 Federal election. SCOA believes the information we received was severely lacking and it is the intention to continue to pursue this issue after the 2 July 2016 Federal election.

- **Changes to Age Pension assets test and taper rate**

The Abbott government, in its May 2015 Federal Budget, proposed a tightening of the eligibility for the Age Pension by increasing the assets test thresholds and the taper rate from \$1.50 to \$3.00 per \$1,000 of assets. The Federal President wrote to the Opposition Leader and a number of cross-bench politicians asking them to oppose the proposed tightened assets test and the increase in the taper rate. However, these new arrangements were also passed into law effective from 1 January 2016.

- **SCOA's 2016/17 pre-Budget submission**

SCOA lodged its 2016/17 pre-Budget submission in early January 2016. The submission included the following recommendations:

- 1) The Government should ensure that all Commonwealth and Defence Superannuation pensions are indexed by an index that reflects movements in street prices.
- 2) The taper rate for the Age Pension income test should be reset to the former rate of forty cents in the dollar, and the taper rate for the Age Pension assets test should be reset to the former rate of \$1.50 per \$1,000 of assets.
- 3) Superannuation pensions paid from an "untaxed source" should be paid as after tax non-assessable income and not added to non-superannuation income to determine the marginal tax rate to be applied to that non-superannuation income.
- 4) The superannuation pensions paid from an "untaxed source", where superannuation benefit accruals commenced before 1 July 1988, be treated for tax purposes in the same manner as superannuation pensions paid from a "taxed source" that commenced before 1 July 1988.
- 5) All Commonwealth superannuation pensions should be exempted from the provisions of the Social Services Legislation (Defined Benefit Income Streams) Act 2015.
- 6) Holders of the Commonwealth Seniors Health Card should receive the same concessions for hearing tests and the fitting and maintenance of hearing aids as those receiving the Age Pension.
- 7) That the PBS Safety Net limits for single persons aged over 65 should be 65% of the PBS Safety Net limits for couples or families.

- 8) Individual tax payers over the age of 65 be allowed a 50% discount on gross interest earned during a financial year up to a limit of \$1,000 indexed annually by the CPI.
- 9) The present relationship between the deeming rates for the Age Pension income test and the Reserve Bank cash rate should remain unchanged.
- 10) Retirees aged over 65 should be able to transfer funds into superannuation, at the prescribed contribution levels, without having to satisfy any work test; and the age limit for non-compulsory contributions (currently 75) should be removed.
- 11) The lower assets test limits for the Age Pension should be indexed by the CPI after the new legislation comes into force in 2017.

e) Relationship with Commonwealth Superannuation Corporation

SCOA enjoys excellent relationships with the Commonwealth Superannuation Corporation. This is evidenced by the CSC continuing to support the promotion of the Bereavement Book by running an ad in all the issues of their Pensioner Update newsletter.

In addition, in late 2015, the Federal President and Executive Officer were invited to meet with representatives of the CSC regarding the rollout of their Third Act Freedom in Retirement program, a series of retirement workshops for members of any of the Commonwealth superannuation schemes who are retired or about to retire. Both parties agreed to promote the other to our respective membership, and as a result, links to our respective website feature prominently on both the SCOA and Third Act websites respectively.

The Executive Officer has a particularly close relationship with the CSC External Relations Manager as a result of which a number of complex member inquiries have been resolved thanks to the personal intervention of both the Executive Officer and the CSC's External Relations Manager.

f) The website

In late 2015, the SCOA website was migrated to a new, technologically more modern, easier to use software platform. There was only very little change to the design which did , however, include a number of links to certain third parties (CSC Third Act, ACPSRO, Union Shopper and PS News Online) on the front page.

Weekly reports show an increasing number of visits to some pages of the website, for example the Bereavement Book (up 84%), Superannuation (up 17%), Current Issues (up 41%) and Join SCOA (up 37%). There has been an almost 100% increase in the number of downloads of the Bereavement Book order form. It is believed that the increased traffic has been as a result of the PS News Online ad/banner (see above). Only 2-3 people per week click on the Indexation tool.

The Executive Officer is responsible for maintaining the website.

4) Member services

a) SuperTime

SuperTime remains the most important method of communicating with our members. Despite the considerable workload involved in producing SuperTime, it is considered a justifiable cost. With the recent significant increases in Australia Post postage rates, every

effort is being made to encourage members to agree to receive the newsletter by email only. Even so, only a handful of members have agreed to this; the vast majority of members prefer to receive the newsletter in hard copy.

b) Union Shopper

Despite continuous advertising in SuperTime of the Union Shopper services (and competitions), SCOA's membership of Union Shopper continues to generate only modest business for Union Shopper; nevertheless Federal Council agreed to continue the arrangement and pay the annual fee of \$500.

c) Qantas Club

The SCOA Qantas Club scheme has been a success in terms of existing members taking advantage of the significantly reduced renewal and joining fees. It has not resulted in any new members joining SCOA. However, as there is no cost to SCOA, Federal Council agreed to continue with the scheme which is also open to members of other retiree organisations, e.g. DFWA.

Our thanks go to Alan Raftery and Merv Hazell for taking the initiative to arrange this member benefit.

d) Sponsorships

No specific sponsorships were in place during the financial year 2015-2016.

5) SCOA Australia

The discussion about the future structure of SCOA Australia, to make it a truly national organisation, continued at Federal Council and Branch level.

During the period, the Victorian Branch and Tasmanian sub-Branch closed and their members and assets were transferred to SCOA Australia. A Memorandum of Understanding had been agreed between the Victorian/Tasmanian Branch and SCOA Australia which resulted in a number of (minor) rule amendments which will be taken to the SCOA Australia 2016 Annual General Meeting in November 2016 for adoption.

The organisation is managed on a day to day basis by the two part-time staff in Federal Office. It is running smoothly and to budget.

6) Federal Executive

a) Changes in Federal Officers and Federal Councillors

There were a number of changes to the composition of Federal Council during the period as follows:

Deputy Federal President

Following the resignation in March 2015 of John Coleman, in July 2015, Federal Council appointed a new Deputy Federal President (ACT Branch Public Officer, Bob Steins). Bob Steins was subsequently duly elected as the Deputy Federal President at Federal Council's Annual General Meeting on 24 September 2015.

Federal Vice President

A new Vice President (former WA Branch President, Peter Illidge) was elected on 24 September 2015 following the resignation of then Vice President Merv Hazell.

Federal Councillor QLD

QLD Federal Councillor George Szykarski stepped down from his role in order to take on an enhanced role for SCOA Australia. On 30 September 2015, Merv Hazell was appointed as Federal Councillor for QLD.

Federal Councillor WA

On 29 February 2016, the WA Branch, at a members' General Meeting, decided to leave SCOA Federal Council and continue to operate as a separate entity in WA. As a result, WA Federal Councillor Ron de Gruchy resigned from Federal Council effective that date.

Federal Councillor ACT

In March 2016, ACT Federal Councillor Frank Mines retired due to illness. He was replaced by then ACT Branch Vice President John Blount (appointed 11 April 2016).

The Federal Councillor register as at 13 April 2016 is attached (Attachment A).

Public Officer

Peter Hocking, Federal Office Manager, is the Public Officer.

7) Financial statements

a) 2015/2016 audited financial statements

An audited loss of \$4,068 was recorded for the 2015/16 financial year, which is a disappointing result for a difficult and challenging financial year; this compared to a loss of \$1,474 in 2014/15. The major issue remains the lack of growth in net capitation fees compounded by the loss of income from the former Western Australian Branch; an increase of only \$2,585 was recorded for these fees during this year despite an increase in the capitation fee from \$20 to \$22.

However, annual expenses of \$199,069 this financial year were \$8,178 less than the previous year; this result represents a year of steady progress in identifying and effecting continuing cost savings during the 2015/16 financial year. The critical issue for Federal Council still remains the continuing sharp decline in membership numbers, which continues to restrict any effective growth in Federal Council revenue, thus ultimately affecting some present activities of this organisation. Continuing improvements continue to be made to all internal financial and administrative systems, resulting in the streamlining of financial reports. It enables Federal Office staff and the Executive to allocate more time to non-administrative and non-financial matters.

b) Auditor's report

A full audit of all financial information was conducted on 20-21 July 2016. The auditor did not return any adverse findings.

The audited financial statements and auditor's report are attached (Attachment B).

8) Summary

The momentum to achieve one national organisation is gaining pace. At the time of preparing this report, the Victorian Branch (and Tasmanian sub-branch) has wound up and joined SCOA Australia; the NSW Branch is well on its way to winding up and joining SCOA Australia before the end of 2016. The ACT Branch has established a committee to investigate the way forward for the Branch and, as membership of SCOA Australia being one option, will commence negotiations with SCOA Australia shortly.

Channelling Prime Minister Malcolm Turnbull, there has never been a more exciting or important time to be a member of SCOA, as we move towards becoming a national organisation. Commonwealth superannuation pensioners are generally considered a politically small and unimportant constituency that can be safely ignored by the government and opposition. However, as SCOA unite, we will speak louder and will be the squeaky wheel that reminds the politicians that we are not to be ignored.

The organisation is in a financially very sound position, ready for the challenges of the next chapter.



Federal President

15 August 2016



Executive Officer

15 August 2016

FEDERAL EXECUTIVE / FEDERAL COUNCIL
CURRENT AS AT 13 APRIL 2016

ATTACHMENT A

Name	State	Role	Elected/Appointed	Due for Re-election / Re-appointment	Retired / Resigned
Annette Barbetti	ACT	Federal President	2 October 2014	By 2016 AGM (September)	
Bob Steins	ACT	Deputy Federal President	30 July 2015; 24 September 2015	By 2017 AGM (September)	
Peter Illidge	WA	Federal Vice President	24 September 2015	By 2017 AGM (Sep/Oct)	
Tom Dent	N/A	Federal Treasurer	20 March 2013; 24 September 2015;	By 2017 AGM (Sep/Oct)	
John Blount	ACT	Federal Councillor	11 April 2016		
Graham Meyenn	NSW	Federal Councillor	12 February 2013		
Merv Hazell	QLD	Federal Councillor	30 September 2015		
Alan Rafferty	SA	Federal Councillor	31 March 2011; 14 Sep 2015;		
Barry Schafer	VIC	Federal Councillor	10 April 2013		
Ron de Gruchy	WA	Federal Councillor	25 February 2013		29 Feb 2016; WA Branch seceded from Federal Council

Last update: 13 April 2016.