

3 December 2018

Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

2019/20 pre-Budget submission

Please find attached SCOA Australia's budget submission for 2019-20.

This is the last time SCOA will lodge a pre-Budget submission. In early September 2018, we announced that the organisation will be wound up by June 2019. The decision was a difficult one to make for the National Committee; unfortunately it was inevitable.

SCOA has been advocating for better living standards in retirement for hundreds of thousands of former government employees in a number of different guises since its establishment in 1923, almost a hundred years ago. We believe our many requests for better and fairer measures have not been unreasonable; we have merely asked that retired government employees be treated on the same basis as all other senior Australians, in particular in regard to the indexation and taxation of our pensions. We have been ignored and rejected by a succession of governments time and time again; a common message from governments being that our pensions last a lifetime, they are very generous and we should be grateful for these things.

Yes, the pensions do last the lifetime of a pensioner, and of a reversionary pensioner as well, however they are not as generous as the government, any government, seems to think and many former government employees are now among the 35% or more of Australia's senior citizens living in poverty or on the brink of poverty¹. This is a serious indictment of Australian governments' attitude towards senior citizens generally and its own former employees in particular.

The table² on the next page shows the median pension of all civilian government pensions at the end of December 2017. According to this, nearly half of pensioners must find a way to survive on a pension of less than \$30,000. When the Coalition government, in 2016, introduced the \$1.6 million Transfer Balance Cap, the justification given by the government was that it was intended to introduce a level playing field in terms of the tax treatment of superannuation drawn from taxed or untaxed sources.

The example used by the government to illustrate this was a defined benefit pension income of \$120,000!

¹ Several recent reports including from the OECD and YourLifeChoices *Retirement Affordability Index*TM (June 2018) (RAI)

² Information obtained from the Commonwealth Superannuation Corporation as at 31 December 2017.



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As the following table shows, there are not a large number of people in this bracket, but the measure has certainly impacted many of our members with very modest incomes.

CSS, PSS, 1922 Act and PNG pension details

GROSS ANNUAL PENSION	NUMBER OF PENSIONERS	% OF TOTAL	CUMULATIVE % OF TOTAL
0 - \$9,999	13,457	8.49	8.49
\$10,000 - \$19,999	27,824	17.56	26.05
\$20,000 - \$29,999	34,513	21.78	47.83
\$30,000 - \$39,999	27,473	17.34	65.17
\$40,000 - \$49,999	19,839	12.52	77.69
\$50,000 - \$59,999	13,867	8.75	86.44
\$60,000 - \$69,999	8,865	5.59	92.03
\$70,000 +	12,628	7.97	100.00
TOTAL	158,466		
MEDIAN PENSION	\$32,000		

SCOA Australia is very disappointed at the attitude shown by successive governments over time and it is regrettable that we will be closing our doors shortly. SCOA has lodged pre-Budget submissions many, many times before but has not once received an invitation to participate in the budget preparations in more detail.

This is our last attempt at getting the government to pay attention to the plight of many senior Australians, including the government's own former employees, and to realise that the harsh measures that have been introduced in recent years have had an enormous detrimental effect on our members, both economically and financially but not the least emotionally, due to the government's apparent indifference to the retirement conditions of thousands and thousands of Australians.

I would be happy to elaborate on any of the issues raised in this submission if required.

I can be contacted through SCOA's National Office in Canberra on 02 6286 7977.

Thank you for your consideration.

Peter Illidge
PRESIDENT