



# CEPU RETIRED MEMBER'S ASSOCIATION

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**COMMUNICATIONS DIVISION NSW TELECOMMUNICATIONS AND SERVICES BRANCH.**

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**Attention: Department of Treasury**

**Ken Henry Tax Review**

We wish to make a submission on behalf of our 800 plus retired members of the Combined Communication Electrical Plumbing Union Retired Members Association (CEPU RMA). The CEPU RMA is affiliated with Australian Council of Public Sector Retiree Organisation (ACPSRO) also some of our members belong to the Superannuated Commonwealth Officers Association (SCOA) we understand that either ACSPRO / SCOA or both may have made submissions, which we give our whole hearted support in their submissions

Some of our members joined the Post Master Generals Department (PMG) in the late 1930's, whilst the rest joined after WW1 as technical personnel. In 1976 the PMG became Telecom Australia then in the nineties Telstra. Within six months of joining and having been made permanent employees of the Public Service it was mandatory to pay into the Commonwealth Superannuation Scheme. The scheme on joining was based on the number of units per salary. At that time nobody could foresee the number of changes that would take place over the intervening years.

Compulsory superannuation for Commonwealth Public Servants was way before its time for compulsory superannuation for the rest of the work force introduced in early nineties. Many of our members were struggling to lead a reasonable lifestyle in bringing up a family and paying their superannuation payments. Of course the pension when they retired was to be linked to the CPI which at the time of joining seemed generous. However that is another story!! As the funds for their superannuation came from an unfunded superannuation scheme operated by the Federal Government no problems arose, as normal taxation applied to their superannuation pension.

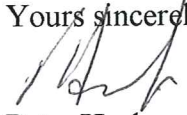
This all changed when the former Government introduce a Better Tax System during 2006 for superannuation. For those who received a superannuation pension from a funded scheme no tax would be payable on their pension after the age of 60 years. However those who received a pension from an unfunded superannuation scheme would be taxed with a 10% rebate to their tax on their pension only. Our members are therefore at a disadvantage having paid into a fund over the whole of their working life which they had no say into it the operation of the fund, being an unfunded fund. It should be also pointed out that our unfunded member's tax situation is for a single member of a husband / wife relationship. If they were aged pensioners they would be taxed separately as a couple for tax purposes. Thus their tax situation results in paying tax at a higher rate.

<b>SECRETARY'S OFFICE</b>
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To: Mr Hefereen - For Action

To add further insult to injury, if our members have any other income this is added to their taxable pension and then taxed. Those who receive a pension income from a funded scheme pay no tax and if they receive any additional income they may not pay any tax if the additional income is less than \$6000.00 as this is the tax free threshold for all tax payers.

We therefore request that in the fairness to our members, that they have the same rights as those who receive a pension income from a funded source.

Yours sincerely



Peter Hack

Secretary

28<sup>th</sup> October 2008