



BLa BLa BLa

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Australian or Global SHARES

One of the first decisions that investment managers must make is whether they are going to adopt a *strategic asset allocation* approach or a *tactical asset allocation* approach.

A strategic asset manager takes a long-term view of asset classes, and maintains a fairly *neutral* position with regard to short-term shifts in asset profitability. Alternatively, a tactical asset manager moves the portfolio in pursuit of short-term opportunities as they arise.

At BL&A we have opted to follow investment managers who maintain a long-term strategic approach to asset allocation. We believe that investment managers, like the rest of us, will only know in hindsight whether they have picked the top or bottom of a share market movement, and that shifting a portfolio in and out of the market may in fact disadvantage a fund and its members.

So a strategic asset allocation approach would see a fund manager hold both Australian and international shares

in their portfolio. While the manager may vary their weighting of the two share groups over time, they would never have only Australian shares or only international shares.

If investment managers had abandoned international shares for Australian shares over recent years, they would have improved returns for their investors. During this time the Australian share market has generally outperformed world share markets, based on a strong resource drive from growing Asian economies. However, over the past couple of years we have seen the US share market increase to a level where the Dow Jones index now seems comfortable above 12 000 points.

The following graph shows the history of the Dow Jones index, with the significant rise in the late nineties, the dotcom collapse in March 2000 and the gradual resurgence of the market from its lows in August 2002 clearly evident.

Dow Jones Industries Index (\$US)





The rise in the US market from the low point in 2002 has been quite significant. The S&P 500 rose from 7500 at that point to more than 12 000 at the time of writing. Yet many Australian investors are waiting to see this performance translate into additional returns in their portfolios.

The next graph looks at a smaller snapshot of the US market (since the early 1990s) and shows returns in \$A, rather than in \$US as in the previous graph.

Standard & Poors 500 Index (\$A)



Australian dollar against the US over the past five years



The right-hand side of the graph looks very different from the previous graph. Whereas the US share market has risen considerably in \$US, in terms of \$A, Australian investors have seen very flat returns since 2002. This raises the obvious question of why this has happened.

The answer lies in the appreciation of the \$A over this period.

The bottom left graph shows that the \$A has appreciated considerably against the \$US over the past five years. Australian travellers to the US were getting as little as 52 US cents to the \$A five years ago, but are now getting around 80 cents. Although this is great news for those wanting to travel to the US, it means that investments held in \$US by Australian investors are worth less.

This rise in the \$A is the specific reason for the difference between the first two graphs. While the US share market has increased in value, the \$A has risen at an unprecedented level against the \$US. Even if a fund was hedging its currency exposures, no-one could have predicted this level of appreciation, so returns from holding foreign assets have declined. It is fortunate that the US share market did actually rise so much during this period, because if it had stayed the same and the \$A had appreciated, returns from US investments would have actually fallen.

What this does mean, however, is that if the \$A falls against the \$US, the opposite will occur. All things being equal (that is, if the US market does not fall at the same or a greater rate than a fall in the \$A), any fall in the \$A against the \$US will actually magnify the returns from international shares. But how likely is this in the foreseeable future?

As with all economic issues, there are two separate but related forces that have a bearing on this question – factors specifically affecting the \$A and those affecting the \$US.

Although the \$US has certainly been under attack during this period, primarily from vastly expanding fiscal deficits, it would appear that the fluctuation between the \$US and the \$A is largely attributable to factors affecting the \$A. Over this period, the \$A has shown similar levels of appreciation in the trade weighted index, which is an index based on the weighted currencies of Australia's trading partners. This shows that the \$A has in fact been appreciating against pretty much all currencies, not just the \$US, reflecting a genuine demand for the \$A.

Although there are likely to be many factors behind this appreciation, two major ones probably explain the change.

Firstly, for a substantial part of this five-year period there was a significant differential between Australian interest rates and those overseas, particularly in the US and Japan. In March 2003 the US Federal Funds rate was at 1%, compared with an Australian cash rate of 4.75%. This compares to a current differential of 5.25% in the US and 6.25% in Australia. For the period when the differential was large, there was no shortage of US investors looking to invest in higher Australian interest rates, creating upward pressure on the \$A.

The second factor is the resilience of the current resources boom in Australia. It is well documented that Australia is very well placed to provide natural resources to China and other developing countries, again placing considerable pressure on the \$A.

Clearly, the pressure on the \$A resulting from the interest rate differential is now less, as the US Federal Reserve has increased the US Federal Funds rate to within 1% of the Australian cash rate. It would therefore appear that the demand-driven resources boom is the major factor keeping the \$A high.

Going back to our original question, how does this relate to a strategic decision to hold international shares in a portfolio, rather than holding only Australian shares?

Most investment managers believe that the \$A will fall against most major currencies at some stage. Since late 2003 it has been at historically high levels, well above its long-term average. Rather than see this as the start of a long-term trend, most believe it is attributable to specific demand-driven factors that are more likely to be short to medium term rather than long term. Just as we have seen the differential in Australian and US interest rates dissipate over this period, it is likely that the current resources boom will not provide a long-term change in the level of the \$A against the trade weighted index. At some stage, the \$A will revert to a more suitable range.

International shares have two chances of 'winning' in the foreseeable future. The first would occur if the \$A stays where it is, but international markets move forward. The second would occur if international markets do nothing, and the \$A falls against the major currencies. In the latter scenario, investors would see a positive return as the value of their overseas shares would increase because of a less valuable \$A.

It is for these reasons that funds using a strategic asset allocation are unlikely to abandon international shares as part of their long-term portfolio. It is this same logic that sees BL&A investors urged to maintain a weighting of Australian and international shares in the growth area of their portfolio.



Protecting assets

INSIDE SUPER

BL&A investors will be aware that we use superannuation tax structures when investing, wherever possible, as the superannuation environment offers tax and Centrelink advantages not found in other tax structures. The superannuation tax law changes on 1 July will further enhance these advantages. However, an area that is often overlooked by investors is the added security that superannuation assets enjoy.

Through its policy incentives and the mandatory superannuation guarantee charge, the government has clearly shown that the superannuation system is its preferred retirement savings vehicle. Given that the superannuation guarantee charge requires a percentage of employees' earnings to be distributed to superannuation, it is imperative that the system is robust and secure. Further, while the superannuation system remains the cornerstone of the government's retirement incomes policy, the government cannot afford a loss of public confidence in the system. The government's main legislative tool in this area is the *Superannuation Industry (Supervision) Act 1993* (the SIS Act).

Supervision of the superannuation industry largely mirrors that of the banking industry. Contrary to public

opinion, the government does not guarantee that banks will not fail. However, it has established a set of prudential rules for the banks to follow, which make it unlikely that they will fail.

The SIS Act works along the same lines. It prescribes how trustees must operate in regard to issues such as investing, accounting, reporting and borrowing. The Act places restrictions on who can be a trustee in the first instance, as well as on their ongoing activities. An important area of the SIS Act is Part 23, which provides for financial assistance for certain superannuation entities that suffer loss as a result of fraudulent conduct or theft.

At this point it is important to differentiate between *fraudulent conduct or theft* and other forms of losses that a fund could incur. If a trustee makes a bad investment decision on an asset class, this is clearly not fraudulent conduct or theft, and therefore not protected by this part of the legislation. The government's intention in this area is clear – if a trustee acts outside the SIS prudential standards and commits fraudulent conduct or theft, the government may choose to step in to secure the safety of the investors and public confidence in the overall superannuation system.

ComSuper pensioners

10% TAX OFFSET

OVER 60 YEARS

If you are aged 60 years or over (or you are receiving a reversionary pension where your spouse died aged 60 years or over), you will be eligible for new tax concessions from 1 July 2007. The new arrangements will affect both untaxed (unfunded) pensions such as CSS and DFRDB indexed pensions, and taxed (funded) pensions such as PSS and MSBS pensions.

If you receive an untaxed pension (that is, an indexed

pension financed by your employer that comes from an untaxed source and is paid from consolidated revenue), it will continue to be included in your assessable income and taxed at your marginal tax rate. However, from 1 July 2007 ComSuper will automatically calculate the 10% tax offset on the total amount of your untaxed pension. This offset will be directly applied to your fortnightly pension from payday 5 July 2007, unless you advise ComSuper in writing that you want to claim the entire amount in your annual tax return.

Opportunities

UNDER THE NEW SUPER LAWS

The new superannuation laws offer considerable opportunities for individuals to reduce their tax liability by adopting prudent superannuation strategies. Although not all individuals will get the same level of tax advantages from the system, it is worthwhile looking at the possibilities.

EXAMPLE

Brian is a 60-year-old former public servant who receives a CSS pension of \$40 000 a year. He is currently working and receiving a salary of \$50 000, but is not salary sacrificing any of this amount. He has \$300 000 in a super fund, which earns 8% annual interest.

Under present arrangements, Brian is paying \$25 200 tax on his personal income of \$90 000 (CSS pension plus salary). The 8% earnings from his super fund provide a return of \$24 000, which is taxed at 15% (\$3600) within the fund. He therefore pays tax of around \$28 800.

On 1 July 2007 Brian salary sacrifices 100% of his salary of \$50 000 into superannuation, where the tax rate is only 15% (\$7500). The tax on his \$40 000 CSS pension falls to \$3950, once the new 10% tax rebate is taken into account. Brian switches his \$300 000 into an allocated

pension, which not only provides him with an income but means that the earnings inside his superannuation fund are no longer subject to the 15% tax on fund earnings.

Brian's tax bill has now fallen from \$28 800 to \$11 450. In addition, as he now has assessable income of less than \$58 000, he is eligible to pick up approximately \$900 under the revised superannuation co-contribution rules.

If you receive a taxed (funded) pension (that is, a non-indexed CSS pension, or MSBS or PSS indexed pension that was purchased with your member and/or funded productivity benefits and comes from a taxed source), it will be tax-free and not included in your assessable income.

UNDER 60 YEARS

If you are under 60, your untaxed pension will continue to be included in your assessable income and taxed at your marginal tax rate. Once you reach 60, you will be

eligible for the 10% tax offset automatically calculated by ComSuper on the total amount of your untaxed pension each fortnight.

If you receive a taxed (funded) pension, it will also continue to be included in your assessable income and taxed at your marginal tax rate. Once you reach 60, this amount will be tax-free and no longer included in your taxable income.



Taxation OF SUPER BENEFITS FROM 1 JULY 2007

From 1 July 2007 there will be major changes to the taxation of superannuation benefits in terms of lump sum withdrawals and pension incomes, as outlined below.

REASONABLE BENEFIT LIMITS ABOLISHED

The abolition of RBLs represents another major change to the taxation of lump sums and income streams and now means all benefits will be tax free from age 60. This announcement represents significant tax savings for those with benefits in excess of their current RBLs. The abolition of RBLs also brings into question the use of complying income streams (except for Centrelink purposes) for those with large super balances, as they will no longer need to qualify for the pension RBL.

LUMP SUM AND PENSION BENEFITS

Lump sum and pension benefits paid from a *taxed* superannuation fund to a person *aged 60 or over will be tax-free*. These payments will be classified as non-assessable, non-exempt income and will not have to be included in a recipient's tax return.

The current superannuation tax components will be replaced with two new components – the tax-free component and the taxable component.

The tax-free component is the total value of:

- the crystallised segment, as at 1 July 2007, comprising undeducted contributions, the crystallised pre-July 1983, concessional, post-June 1994 invalidity and capital gains tax exempt components, and
- the contributions segment, which applies after 1 July 2007 and broadly comprises undeducted contributions that are not assessable income of the fund

The taxable component is the balance of the interest less the tax-free component. Depending on the source of the benefits, the taxable component may comprise an untaxed element (for example, where insurance proceeds are paid

on death or where the benefit is paid from a public sector scheme such as the CSS, PSS, DFRDB or MSBS).

The following table summarises the tax treatment of benefits paid from a *taxed* superannuation fund to a person *under age 60*.

Component	Tax treatment of lump sum withdrawals	Tax treatment of pension/ income stream investments
Tax-free	Tax-free	Tax-free
Taxable	<ul style="list-style-type: none"> • If under age 55, taxed at 21.5%* • If aged 55–59, the low rate cap (currently \$140 000) is tax-free and the balance is taxed at 16.5%* 	Marginal tax rate, less 15% pension offset (if aged 55–59)

* Includes a Medicare levy of 1.5%.

The following table summarises the tax treatment of the taxable component of lump sum payments and pensions paid from an *untaxed* source (such as the CSS, PSS, DFRDB or MSBS).

Component	Under age 55
Paid as lump sum	<ul style="list-style-type: none"> • Up to the untaxed plan cap (currently \$1 million)* taxed at 31.5%** • Balance taxed at 46.5%**
Paid as pension	Marginal tax rate

* These thresholds are indexed to average weekly ordinary time earnings and will increase periodically in increments of \$5000.

** Includes a Medicare levy of 1.5%.

Where a benefit is transferred to a taxed superannuation fund, the transferring fund will be required to withhold tax at 46.5% for amounts above the untaxed plan cap (currently \$1 million). Where an untaxed benefit is rolled over to a taxed superannuation fund, the untaxed plan cap is subject to 16.5% tax, which is deducted by the receiving super fund.

The untaxed plan cap is a per plan per person limit (that is, individuals receive a separate untaxed plan cap of \$1 million if they receive superannuation lump sums from two different superannuation plans). The first \$1 million transferred will be treated as a taxable contribution by the receiving fund. The excess above \$1 million will be taxed by the transferring fund at 46.5% and will form part of the tax-free component in the receiving fund.

TAXATION OF SUPER DEATH BENEFITS

For death benefit payments there will be no change to the definition of *dependant* for tax purposes. That is, to receive concessional tax treatment the beneficiary must be a spouse, a former spouse, a child under 18, an interdependant or a financial dependant of the deceased.

Aged 55–59	Aged 60 and over
<ul style="list-style-type: none"> Up to the low rate cap (currently \$140 000)* taxed at 16.5%** Between the low rate cap* and the untaxed plan cap (currently \$1 million)* taxed at 31.5%** Balance taxed at 46.5%** 	<ul style="list-style-type: none"> Up to the untaxed plan cap (currently \$1 million)* taxed at 16.5%** Balance taxed at 46.5%**
Marginal tax rate	Marginal tax rate, less 10% offset

Death benefits paid as a lump sum

The following table shows how death benefits paid as a lump sum from either a superannuation account or the commutation of a pension within the prescribed period will be taxed.

Beneficiary type	Tax component	Tax treatment
Dependant	Tax-free	Tax-free
	Taxable – taxed and untaxed	Tax-free
Non-dependant	Tax-free	Tax-free
	Taxable – taxed element	16.5%*
	Taxable – untaxed element	31.5%*

* Includes a Medicare levy of 1.5%.

Death benefits paid as a pension

From 1 July 2007 *only dependants* for tax purposes will be able to commence or continue a pension on death. However, non-dependants (for example, financially independent adult children) will be able to continue a death benefit pension provided the pension commenced before 1 July 2007. In these circumstances, the non-dependant beneficiary will receive the same tax treatment as dependants, as shown in the following table.

Age of deceased/ dependant	Tax component	Tax treatment
If either aged 60 or over	Tax-free	Tax-free
	Taxable – taxed element	Tax-free
	Taxable – untaxed element	Marginal tax rate, less 10% offset
If both under age 60	Tax-free	Tax-free
	Taxable – taxed element	Marginal tax rate, less 15% offset [#]
	Taxable – untaxed element	Marginal tax rate ^{##}

[#]The income will be tax-free once the recipient reaches age 60.

^{##}The income will be eligible for a 10% tax offset once the recipient reaches age 60.



Taxation OF SUPER BENEFITS FROM 1 JULY 2007

If a beneficiary is a dependant child at the date of death, the pension must cease at age 25, unless the child is permanently disabled. Any remaining balance must be paid to the child as a tax-free lump sum.

TAXATION OF EMPLOYMENT TERMINATION PAYMENTS

From 1 July 2007 employment termination payments (currently known as employer eligible termination payments) will comprise two types of payments:

1. life benefit termination payments, which are employment termination payments made to a living person, and
2. death benefit termination payments, which are employment termination payments made because of a person's death.

From 1 July 2007 employment termination payments could potentially contain:

- a tax-free component, which will comprise a pre-July 1983 segment (currently the pre-July 1983 component) and an invalidity segment (currently the post-June 1994 invalidity component). The formula used to calculate these segments will not change, and
- a taxable component, which is the balance of the payment after subtracting any tax-free component. The tax treatment of this component will depend on whether the payment is a life benefit (subject to transitional rules outlined below) or a death benefit.

Life benefit termination payments

Non-transitional rules

If we ignore the transitional rules applying until 1 July 2012, it will be possible to take a life benefit termination payment only as a cash lump sum.

The taxable component will be subject to an *employment terminations payment cap* of \$140 000 in 2007–08. This cap will be indexed to average weekly ordinary time earnings each year, but will increase only in \$5000 increments. The

employment terminations payment cap is a yearly limit, not a lifetime limit. It applies to all life benefit termination payments received in a financial year, including those received from different employment arrangements. It also applies to all payments received from the same termination in previous or future financial years. Amounts received under this cap are not counted towards the low rate cap on superannuation member benefits.

The following table summarises the tax treatment of the taxable component, with age being determined at the end of the year in which the termination payment is received. For example, if a person turns 55 in March 2008 and receives a termination payment in September 2007, they will be eligible for the lower tax rate (16.5%*) on amounts within the cap.

Age	Amount	Tax rate*
Less than 55 at 30 June	Within cap (currently \$140 000)	31.5%
	Above \$140 000 cap	46.5%
55 or over at 30 June	Within cap (currently \$140 000)	16.5%
	Above \$140 000 cap	46.5%

* Includes a Medicare levy of 1.5%.

Note: Employment termination payments received more than 12 months after the date of termination are treated as assessable income, unless the Tax Commissioner exercises his discretion to treat it as an employment termination payment.

Transitional rules

Under the government's proposed transitional arrangements, it will be possible to roll over a life benefit termination payment to a superannuation fund or receive a cash lump sum between 1 July 2007 and 30 June 2012. To qualify for the transitional arrangements, the amount of the payment (or method for calculating the payment) must have been specified in a written contract, law, legal instrument or workplace agreement as at 9 May 2006.

A lump sum payment under the transitional rules is called a *transitional termination payment* and the following caps will apply to the taxable component:

- a lower cap of \$140 000, which will be indexed to average weekly ordinary time earnings each year, but will increase in only \$5000 increments. This cap applies to all transitional termination payments received during the transitional period, and
- an upper cap of \$1 million, which is not indexed.

Where a person receives more than one transitional termination payment during the transition period, or rolls over such a payment into super, the upper and lower caps are reduced accordingly. The following table summarises the tax treatment of the taxable component of transitional termination payments.

Age	Amount	Tax rate*
Less than 55 at 30 June	Within upper cap (\$1 million)	31.5%
	Above \$1 million	46.5%
55 or over at 30 June	Within lower cap (currently \$140 000)	16.5%
	Between lower and upper cap (currently \$140 000 to \$1 million)	31.5%
	Above upper cap (\$1 million)	46.5%

* Includes a Medicare levy of 1.5%.

Note: Where a client receives both a termination payment that the transitional provisions apply to and one the rules do not apply to, separate caps will apply.

Rollovers (directed termination payments)

If an individual decides to roll over their employment termination payment under the transitional rules, this will be called a *directed termination payment*. Individuals have 30 days from the date they receive a pre-payment statement from their employer to elect to roll over the transitional payment. However, the taxable component of the amount rolled over will be taxed in the superannuation fund at 15%. The amount of a directed termination payment above \$1 million will count towards a person's concessional contributions cap of \$50 000 per person a year, or a transitional concessional cap of \$100 000 per person a year if the individual is aged 50 or more at any time in the financial year until 30 June 2012. Note that the \$1 million threshold is *reduced* by all other transitional employment termination payments the person receives (including those taken in cash).

Death benefit termination payments

The taxable component of death benefit termination payments will also be subject to the employment terminations payment cap of \$140 000 in 2007–08. This cap is indexed to average weekly ordinary time earnings each year, but will increase only in \$5000 increments.

The following table summarises the tax treatment of the taxable component. This treatment applies regardless of whether the deceased would have qualified for the transitional arrangements between 1 July 2007 and 30 June 2012.

Recipient	Amount	Tax rate
Dependant	Within cap (currently \$140 000)	Tax-free
	Above \$140 000 cap	46.5%*
Non-dependant	Within cap (currently \$140 000)	31.5%*
	Above \$140 000 cap	46.5%*

* Includes a Medicare levy of 1.5%.



Taxation OF SUPER BENEFITS FROM 1 JULY 2007

CENTRELINK CHANGES

Deeming rates increased

Deeming rates for social security payments will increase from 20 March 2007. This is the first adjustment to the deeming rates since March 2004. The factors the government took into account in setting the new deeming rates include the returns available from a range of financial investments, as well as changes to the Reserve Bank's cash rate.

The deeming rates are used to assess income from financial investments such as bank accounts, term deposits, shares and securities, for social security pension and allowance purposes.

The lower deeming rates apply to the first \$38 400 of a single person's financial investments (\$63 800 for

pensioner couples and \$31 900 for each member of an allowee couple). A higher deeming rate applies to any part of a financial investment over the relevant threshold. The following table details the changes to the deeming rates for financial investments.

Importantly, all financial investments are assessed only at the deeming rates. If a pensioner earns more than the deeming rates, the additional income is not assessed.

Example

A single pensioner has \$100 000 invested at 6% and receives an annual income of \$6000. Under the deeming rules, only \$4232 would be assessed as income before 20 March 2007. From 20 March 2007, \$4732 will be assessed as income from their pension.

Value of financial investments	Type of recipient	Current deeming rate	Deeming rate from 20 March 2007
First \$38 400	Single pensioner		
First \$63 800	Pensioner couple (combined)		
First \$31 900	Allowee couple (each)	3.0%	3.5%
Remainder	All recipients	5.0%	5.5%

ASSETS TEST TAPER RATE HALVED

The pension assets test taper rate will be halved from 20 September 2007 so that pension recipients lose only \$1.50 of their pension a fortnight (rather than \$3) for every \$1000 of assets above the allowable asset limits. This will apply only to assessments for the:

- age pension
- disability support pension
- carer payment

- wife pension
- widow B pension
- bereavement allowance
- service pension, and
- income support supplement.

Based on the current age pension asset limits, a single retiree home owner could have an additional \$177 000 of assets before losing the age pension, while a home owner couple could have around \$294 000 of additional assets, as shown in the table on the following page.

Family situation	For full pension	For part pension	Estimated new limit for part pension	Difference
Single home owner	Up to \$161 500	Less than \$338 500	Less than \$515 500	\$177 000
Partnered home owner (combined)	Up to \$229 000	Less than \$523 500	Less than \$817 500	\$294 000

As a result of the changes, from 20 September 2007 more retirees will become eligible for a part pension, depending on the amount of assets they own.

Example

Bob and Anne receive a part age pension and also a ComSuper indexed pension of \$16 276 a year. They have \$400 000 of financial assets and \$20 000 of personal (non-financial) assets. To qualify for a Centrelink age pension, a couple must pass both the *income* and *assets* tests. The Centrelink age pension is paid on the test providing the lower rate.¹

Given that their financial assets are \$420 000, under the current test limits (pension entitlement reduces by \$3 a fortnight per \$1000 of assets in excess of \$229 000) their age pension entitlement would be \$309.80 combined a fortnight (or \$154.90 each a fortnight). However, under the income test and using the new deeming rates, their pension would be based on the following deemed income on their \$400 000 of financial assets:

First \$63 800 @ 3.5%	\$2 233
Remaining \$336 200 @ 5.5%	<u>\$18 491</u>
Total deemed income	\$20 724

Based on the above deemed income plus ComSuper pension of \$16 276, Bob and Anne's age pension entitlement would be \$404.77 combined a fortnight (or \$202.38 each a fortnight).

Using the new asset test limits effective from 20 September 2007 (pension entitlement reduces by \$1.50 a fortnight per \$1000 of assets in excess of \$229 000), Bob and Anne's age pension entitlement would be \$596.30 combined a fortnight (or \$298.15 each a fortnight). So their age pension entitlement would increase by approximately \$4980 a year or \$191.53 combined a fortnight (or \$95.77 each a fortnight).

Importantly, under the current arrangements (pre 20 September 2007) Bob and Anne would not have qualified for a part age pension entitlement if their assets exceeded \$523 500. However, after 20 September 2007, if their assets are less than \$817 500 they would qualify for a part age pension, depending on the overall value of their assets above \$523 500.

TRANSITIONAL RULES FOR CLAIMING PENSIONS AFTER 20 SEPTEMBER 2007

Centrelink has outlined a set of transitional rules to allow backdating of pension claims made in the three months after the assets test changes are implemented on 20 September 2007. This will reduce the concentration of claims made on or soon after this date and the associated risk of delays in processing claims.

¹ Centrelink information is based on current benefits and thresholds.



Around THE OFFICE

COBRAS VS QUEANBEYAN

Previous editions of *Bla Bla Bla* have elaborated on the success of the BL&A Cobras in the ACT Squash final series, but will have left readers on the edge of their seats awaiting the result of the grand final.

Queanbeyan were the deserved favourites. They finished the home and away season as undefeated minor premiers, with a total of 153 points. The BL&A Cobras finished third (after a slow start) on 122. Queanbeyan had a comfortable 12–2 major semi-final win to move straight into the grand final, while the Cobras moved through the hard way, winning 12–4 in the minor semi and 12–2 in the preliminary final. The preliminary final win was the eighth straight win for the Cobras, who were finishing the season with momentum and a wet sail.

The night started well, with Skip Stephen Barnett winning the toss and electing for the two #1s to do battle first. In the previous week, the Cobras' #1 (Steve Ancient Cobra Walker) had upset the known squash world with an amazing 3–1 win against the division's highest ranked player. The Skip hoped that Steve could recreate these heroics and get the Cobras off to a 1–0 advantage.

Unfortunately, Steve's opponent benefited enormously from the week off, taking the first two games in quick time.

Steve fought back doggedly to take the third game 9–1, to give the Cobras a sniff of victory. But Queanbeyan's #1 took the fourth to see the Cobras down 1–0.

The Queanbeyan Skip decided that the #3s would play next. The Cobras' #3 (Scott Pelican Cobra Lilley) had been unstoppable in recent weeks, having won seven of his previous eight matches, so this was seen as the opportunity to claw back to 1–1 and let the Skips decide the match.

After three games Scott was leading convincingly at 2–1, looking for that elusive last game to keep the tie alive. Unfortunately, the fourth game went to Queanbeyan and, in spite of Scott being 5–0 up in the deciding fifth game, Queanbeyan took the match 3–2.

With the final decided, the two Skips played the remaining dead rubber. Stephen King Cobra Barnett had beaten his Queanbeyan opponent in a tough five-setter when they last met and, like Pelican Cobra, was coming into the grand final with a good recent record (nine wins from the previous ten matches). After losing the first two games, Stephen fought back to beat his Queanbeyan rival 3–2.

It was a case of so close, but yet so far. The Cobras are taking a break from the current competition, but are seriously thinking about regrouping for the 2007 spring competition.

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