



DEFENCE FORCE WELFARE ASSOCIATION

## **MONTHLY UPDATE #258 – 15 March 2011**

**UPDATE is a monthly news sheet produced by the Defence Force Welfare Association containing current items of interest to the Service and ex-Service community. It is widely distributed to Members of Parliament, media outlets, senior Service and Public Service Officers and DFWA members.**

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### **GOVERNMENT'S POSITION CONTINUES TO CONFUSE**

The Association muses over the Minister for Veterans' Affairs announcement in his press release dated 11 March 2011 that more than 330,000 veterans, partners and war widows/widowers will receive increased pensions and income support payments from 20 March 2011.

Mr Snowden's press release proudly announced that "This Government is committed to the support for our veterans and their families, and I welcome this increase and the assistance it will provide to those who need it most".

"Pensions are indexed twice a year in March and September to the highest of three measures: the Consumer Price Index (CPI), Male Total Average Weekly Earnings (MTAWE) and the Pensioner and Beneficiary Living Cost Index (PBLCI). The March pension indexation increase is driven by wages growth in the six months to November 2010. The indexation reforms introduced by this Government have delivered a fairer pension system".

Whilst the Association welcomes the increase and more importantly, the fairer indexation system that recipients of service pensions, war widow pensions and veteran disability pensions enjoy, it remains perplexed why military superannuants (including those on disability provisions) who contributed during their working life to their superannuation, do not also deserve a "fairer pension" system.

In response the Government routinely states that the cost to provide fairer indexation arrangements for 64,000 military superannuants will be excessive, providing 45 year inflated cost estimates that measure the cumulative cost in the billions. The Association again suggests that such an analysis is emotive and clouds the issue, as 45 year cost estimates of any area of Government expenditure would of course be measured in the billions, if not trillions! It offers no substantive argument against the fundamental case that military superannuants deserve no more than what hundreds of thousands of other Australians enjoy – fair indexation to their hard earned superannuation pensions in order to maintain purchasing power (and therefore, their standard of living).

### **INCREASED FUNDING TO THE AUSTRALIAN WAR MEMORIAL WELCOMED**

The Association welcomes the Government's response to the strong representations by the Alliance of Defence Service Organisations (ADSO)<sup>1</sup> and concerned veterans by increasing the Australian War Memorial's operational budget by \$8 million per year and providing a one off payment of \$1.7 million to begin the redevelopment of the Memorial's First World War galleries.

DFWA shares the position that the AWM is an iconic institution which has important functions as the 'custodian' of our military history, in the education of our young people about the achievements of our defence force men and women, the dangers of conflict and the human cost of war. Its research capability is world class and we must not compromise the ongoing viability of any of its functions.

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<sup>1</sup> DFWA, The Naval Association of Australia, the RAAF Association, the RAR Corporation and the Australian SAS Association.

## THE FAIR INDEXATION BILL

The Senate is now expected to debate on the Bill proposed by the Shadow Minister for Veterans' Affairs, Senator the Hon. Michael Ronaldson, to index military pensions in line with the Coalition's pre election commitment later this month. If passed, the *Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010* will enable DFRDB (and DFRB) superannuants aged 55 and over from 1 July 2011 to have their pensions indexed at the higher rate of the Consumer Price Index (CPI), Male Total Average Weekly Earnings (MTAWE) or the Pensioner and Beneficiary Living Cost Index (PBLCI)

The Association was gratified to hear the continuing support to the concept of fair indexation offered by the Leader of the Opposition Mr Tony Abbott during a recent meeting with the Executive Director of DFWA and in the presence of the media. At the meeting, which was also attended by the Senator Ronaldson, the Shadow Minister for Veterans' Affairs and Senator Gary Humphries, Senator for the ACT, the Association's Executive Director Les Bienkiewicz thanked Mr Abbott for his support and noted that the Bill is a most welcome start to fixing the wrong that is being imposed on current and retired members of the ADF, defence widows and their families.

The Association again calls upon all elected Senators and Members of Parliament to show their support for the military and veteran community by supporting the objective of the legislation, and following up with further action to ensure all military superannuants receive fair indexation. In particular, we call on all independent members who have previously voiced their support for the provisions contained within the legislation, to show they care for our serving and former ADF members by taking positive action in the Parliament to ensure fair indexation is legislated for.

## DFWA LOOKS FORWARD TO MEETING WITH FINANCE OFFICIALS

On a related matter, the Association welcomes the offer to sit down with officials from the Department of Finance and Deregulation (DoFD) to discuss the basis of DoFD's financial analysis of superannuation indexation. The Association is currently analyzing the latest set of financial data provided by DoFD and its time the issues are thrashed out "face to face" instead of just by correspondence.

The Association thanks the Minister for Veterans' Affairs and Defence Personnel for his support in arranging this meeting.

Notwithstanding this welcome development, we continue to look forward to receiving responses to our letters of 21 February 2010 (to the previous Minister for Finance) and our letter of 6 October 2010 (to the current Minister) that outline the basis of our positions regarding what we consider to be flawed financial advice being offered by the Department.

## DEFENCE COMMUNITY FORUM

The Association is pleased to support the Defence Community Forum that is being held on 11 – 12 April 2011 at the Gold Coast Marriott. The Forum aims to source actual experiences from the Defence Community about their current and emerging needs at key transition points in their life; broker consensus between stakeholders on the priority issues; workshop possible responses which may require working together differently going forward; and document the agreed paths forward to meet the short, mid and long term needs identified by the Defence Community.

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