



DEFENCE FORCE WELFARE ASSOCIATION

MONTHLY UPDATE #244 – 1 October 2009

UPDATE is a monthly newsheet produced by the Defence Force Welfare Association containing current items of interest to the Service and ex-Service community. It is widely distributed to politicians, media outlets, senior Service and Public Service officers and DFWA Branches.

THE ASSOCIATION'S RESPONSE TO THE MATTHEWS REPORT

The Association has released its detailed response to the Matthews Report, dealing with indexation of Military Superannuation pensions. The full response is available on our website.

DFWA welcomes Mr Matthews' acceptance, and the government's unqualified endorsement, of the longstanding fundamental premise that.... "...the purpose of indexation should be to maintain the purchasing power of pensions...".

But DFWA is extremely disappointed by the lack of depth and superficial analyses in, and the conclusions of, the report. The report does not support the accepted fundamental premise. Mr Matthews draws conclusions that a reasonable person is highly unlikely to draw from the fundamental premise and from the evidence relied upon.

DFWA is therefore disappointed by the government's endorsement of a demonstrably flawed report.

Mr Matthews, an actuary, bases his case on the assertions of two other actuaries, a Professor Pollard and a Mr Melville, in 1973 and 1974. But Mr Matthews does not seem to accept that the CPI in 2008 is different from the Pollard/Melville CPI of 1973-74. Nor does Mr Matthews take into account the six parliamentary inquiries held before and after Pollard/Melville, all of which recommended a form of wage based indexation.

DFWA notes that the Chair of one recent Senate inquiry said that *"It is hard to explain to Commonwealth superannuants why their pensions, to which they contributed during their working life, should fall behind the pension increases of those who have generally not made provision for their retirement."*

DFWA applauds the age and other welfare pension rises of recent years and merely questions, as did the inquiry Chair and his multi-party colleagues, why military and other Commonwealth superannuation pensioners are not treated at least equally with welfare pensioners.

Mr Matthews' report addresses but does not attempt to resolve this dichotomy in terms of purchasing power, fairness, equity, hardship or any other aspect except cost and unfunded liabilities.

The Association believes that the statements of unfunded liabilities in the report are questionable in regards to both their veracity and their presentation. Their presentation is designed to shock the reader, not to inform. The Government could have accepted the findings of any or all of the six previous parliamentary inquiries and dispensed with the time and expense of yet another review. Its commissioning of a single actuary – as opposed to a review team or committee with multidisciplinary professional expertise – flagged to all interested parties that the review would be far more concerned with "the...cost to the Commonwealth" than "the occupational nature of those [superannuation] schemes". And so it has proved.

The Government and Mr Matthews again overlook the very significant fact that governments across the decades have chosen to have unfunded superannuation schemes for their military and civilian dependants. And yet governments expect their dependants, not themselves, to bear the many financial burdens that result from the governments' own choice. That's wrong by any measure.

The Association will continue its campaign on this matter.

ADF MEMBERS DEATH ON OPERATIONAL SERVICE: CONDITIONS OF SERVICE ENTITLEMENTS

Recently there has been a vigorous public debate about ADF compensation entitlements, but which in fact encompass a broader issue – that of what Condition of Service entitlements flow to the family of a deceased member. It has been evident from the public debate that many do not understand even the most basic components of applicable entitlements. The primary entitlements, in addition of course to funerals, removals and interim housing arrangements, are Superannuation and Compensation (where applicable). It should be understood that not every in-service death may attract a compensation entitlement - it will depend upon the individual personal circumstance.

- Administering Authorities and Sources of Information: COMSUPER administers the Military Superannuation Benefits Scheme (MSBS) which for the overwhelming number of ADF members is their applicable superannuation scheme. A reducing number of longer-serving ADF members still belong to the Defence Force Death & Retirement Benefit Scheme (DFRDB) which is also administered by COMSUPER. Their entitlements will be similar, but not exactly the same.
- Military Rehabilitation & Compensation: The Department of Veterans' Affairs administers the Military Rehabilitation and Compensation Scheme and its prior variants.

Definitions Spouse & Dependents. In this age of varied family structures it is important to understand the appropriate legal definitions of “spouse” and “dependants” as provided for in the appropriate legislations. In general they provide for de-facto arrangements and blended families *but there is a requirement that there be evidence of co-habitation with and a substantial financial dependency upon the deceased.* To fully understand entitlements the relevant definitions need to be related to the individual's personal circumstance.

So in summary: Each death is a tragedy and each family has its own particular set of circumstances. When considering how the ADF responds to a death it behoves us all to have at least a reasonable understanding of the major entitlements and related conditions that will flow. Each member of the ADF (and their families) should understand their conditions of service and the likely entitlements that may be due to them.

Most importantly, they should ensure their individual circumstances are so structured as to be compliant with the ‘rules’. Anyone having an interest in the welfare of ADF members and their families are encouraged to acquire the necessary knowledge and to encourage members to “comply” with the necessary rules to the maximum extent possible.

THE UNIQUE NATURE OF MILITARY SERVICE

As part of the Association's 50th anniversary the Association will hold a Forum on 22 October 2009 at the Royal Military College – Duntroon. The theme of the Forum is **The Role of the Australian Defence Force within the Australian Community and the Unique Nature of Military Service.** A number of prominent speakers will deliver papers to the Forum.

There are still seats available and further advice can be found on the Association's website or by contacting the National Secretary.

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