



DEFENCE FORCE WELFARE ASSOCIATION

A member of the Alliance of Defence Service Organisations

SPECIAL ELECTION UPDATE #280 – August 2013

‘This UPDATE is intended to inform the Service and ex-Service communities of the key issues that may be of concern to them in the lead up the forthcoming election. Distribution is to a wide audience that includes Members of Parliament, media outlets, Senior Service and Public Service Officers, and the members of DFWA, their families and supporters.

INTRODUCTION

Election Date – Long Awaited But Now Within Short Reach

Australia's longest-running election campaign is finally nearing its zenith. What has filled the airways for so long? Many have argued that ‘smoke, mirrors and political spin’ have dominated. Promises too, those largely to be delivered somewhere in the never- never.

In Defence circles too, the never-never has been the order of the day. The confrontational Defence White paper of 2009 is barely a shadow of itself today. Its ambitious aim was three per cent growth per year in Defence spending. But now ask virtually any soldier, sailor or airman about their work environment - they are likely to tell you that they are seeing first hand the results of what happens when Defence spending plummets so low that it has now reached pre-World War II levels.

Correspondingly, ask anyone who once wore a military uniform with pride in dedicated service to their country about how they have been treated in retirement. What would the answer be? Many will forthrightly and sometimes despairingly tell you that it has been both ‘shabby’ and ‘unfair’ in the extreme; indeed, for far too many years.

Having been so treated, this UPDATE is dedicated to reporting on what each of the major Parties and some minor ones too, including the Independents, have proposed to remedy what remains even today an unfairness that should have been fixed many years ago. This is to allow the Defence community as a whole, including their families, friends and their many supporters, to make an informed voting judgement on who not only has the better proposition on the table but who is more likely to deliver on their promises.

‘FAIR GO’ CAMPAIGN – ELECTION COUNTDOWN

Re-iterating the Issue

Perhaps just to refresh the issue upon which such judgements should be made. Simply put, successive Governments over many years have failed miserably in their responsibilities to deliver to those military retirees a clear **Condition of Service** obligation that all would receive a superannuation pension that is properly indexed in such a way as to make sure that the purchasing power of that pension is maintained over time. By persisting to couple any pension increases only to movements in CPI, long upheld not to have any ability to keep up with movements in the cost of living, this obligation remained unfulfilled. Shamefully, it remains to be the case even today.

As a result, retired, invalid and widowed military members have been witness to the value of their military superannuation pensions declining significantly to almost the point of poverty over time. This has been the root cause of so many who once served their country in military uniform to suffer severe standard of living difficulties.

It should not be forgotten that age pensioners also suffered in exactly the same way until the mid 1990s. That suffering was corrected when all Parties realized that a swift move to a fairer indexation methodology was necessary. In the event, the age pension is now indexed to the higher of CPI or the Pensioners and Beneficiaries Living Cost Index (PBLCI), but guaranteed not to fall below 27.7% of Male Total Average Weekly Earnings (MTAWE). That has had the positive effect of allowing those in receipt of age pensions to keep par with the cost of living.

Not to be Forgotten – The Unresolved Veterans’ Disability Pension

Not to be forgotten nor overlooked is that the Coalition Government in 2007 had established rightful parity between *DVA Disability Pensions* and the *Age and Invalidity Service Pension* (25% of MTAWE or CPI whichever was the greater). Regrettably, that parity was lost in 2009 when Labor accepted the Harmer review recommendations of the time that increased the *Age and Invalidity Service Pension* by adding the PBLCI to the CPI indexation mechanism, and increasing the wages component to 27.7% of MTAWE. By almost negligent default it then failed to correspondingly apply the same increases to those in receipt of *DVA Disability Pensions*. Was that fair – all say NOT.

Any incoming Government must immediately effect a structural adjustment to the *Veterans’ Disability Pensions* to recover that loss in parity. The denied parity means a loss of about \$3,200 per annum to the TPI/Special Rate pension and approximately \$1,200.00 per annum of the 100% of the General Rate pension. This is clearly a blight on those servicemen and women who are affected.

WHAT ARE THE PARTIES PROPOSING

It should be acknowledged that both the current Labor Government and the Coalition have each now promised at least a part remedy to the long-standing injustice and unfair treatment of military superannuation recipients. The best that can be said of those promises is that, not only are they long overdue, but that both sides of politics now officially accept that CPI indexation alone does not keep up with the cost of living over time.

As for the established minor parties and the Independents, all have at least in their own way indicated their support of the principle of what has been at issue. That includes Rob Oakeshott who is now not re-contesting his seat. He must nonetheless be given credit for his efforts, as must Bob Katter who introduced his own Private Member's Bill during the last Parliament, seconded by Andrew Wilkie, for '**Fair Indexation of Military Superannuation Entitlements 2012**'. Debate on it did not proceed.

But to the discredit of each of the two major Parties, both have thus far stayed silent on restoring to parity *Veterans’ Disability Pensions* relative to that of the Age and Service Pensions. Restoring parity must be a high priority of any incoming Government in its first term.

Furthermore, neither major Party includes DFRDB invalid and reversionary pensioners who find themselves below the nominated age cut-offs (55+ for the Coalition and 65+ for Labor). Neither also includes Military Superannuation Benefits Scheme (MSBS) recipients (those in the ADF now).

In the context of reporting on what has been offered, the Greens, the Katter Australia Party and the Palmer United Party are all on record as having put forward policies supporting fair indexation as well. The continued on-going support from each of them in the next Parliament when legislation for fair indexation is likely to be tabled will be most welcome.

Now to compare in the following paragraphs what has been proposed by each of the Parties in turn.

The Australian Labor Party

While the Labor Government recently announced a change in its military indexation policy, it should not be forgotten that a then aspiring Prime Minister Rudd in 2007 made a pre-election promise to fix it in his first term. Nor should it be forgotten that various Ministers even recently proffered that they thought military superannuation pension payments were ‘fair’ and ‘generous’.

Notwithstanding and to its credit, albeit belatedly, on Tuesday 30 July 2013 the Government, through Minister Mike Kelly, announced changes to the way in which military superannuation retirement pay would be indexed for DFRB and DFRDB recipients **aged 65+** only, and it would be indexed to the higher of CPI or the PBLCI. That would take effect from 1 July 2014.

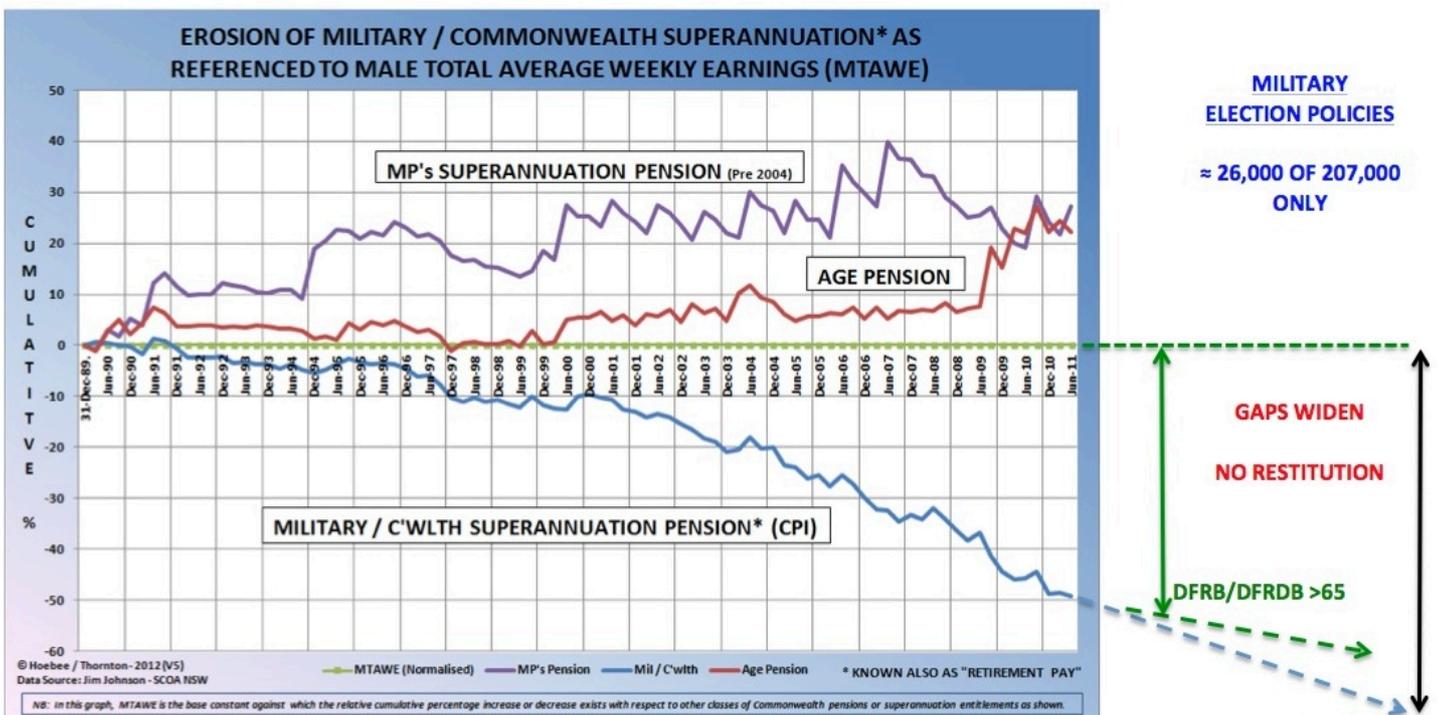
Note that only 26,000 retirees of an estimated 207,00 would benefit from this initiative. MSBS recipients were excluded from consideration, as were DVA Disability Pensioners. The Government estimated that the cost of the scheme would be \$34 million over four years.

The Government assured us that the initiative was only a ‘first step’ to potentially consider what additional legislation was needed to further improve military retiree outcomes.

Notwithstanding, it is evident that the higher of CPI and PBLCI has never been significant at any time. Being prices based, no matter what the higher of the amount, neither is representative of increases in the cost of living. Furthermore, by leaving out a wages component to the index proposed, namely by not benchmarking the percentage increase to MTAW, this ‘first step’ will simply see military pensions continue to erode into the future. This can be evidenced in the graph below.

In other words, the huge chasm between the age pension (red line) and that which military retirees receive (blue line) will continue to not only exist in its current unfair form but also continue to widen in the process. Could that be ‘fair’? Restitution of any amounts lost by so long denying fair indexation is not part of the Labor package.

Australian Labor Party Policy



Date of effect: 1 July 14

Liberal/National Party Coalition

But what of any policy proposals by the Coalition? To its credit, the Coalition have had on the table since 2010 a pledge to fairly index military superannuation pensions *'in line with increases in the age and service pension'*. Since that time it twice attempted to force its Fair Indexation Bill through the Senate, failing each time when Labor, the Greens and the Independents voted against it.

Additionally, when the Coalition proposed a Fair Indexation amendment to the 'Veterans' Affairs Legislation Amendment Bill 2012 in the House to deliver fair indexation to DFRB/DFRDB recipients for the over 55s, the Government disallowed debate. The amendment, with Senate approval, would have allowed fair indexation to start from 1 July 2013. Nothing eventuated.

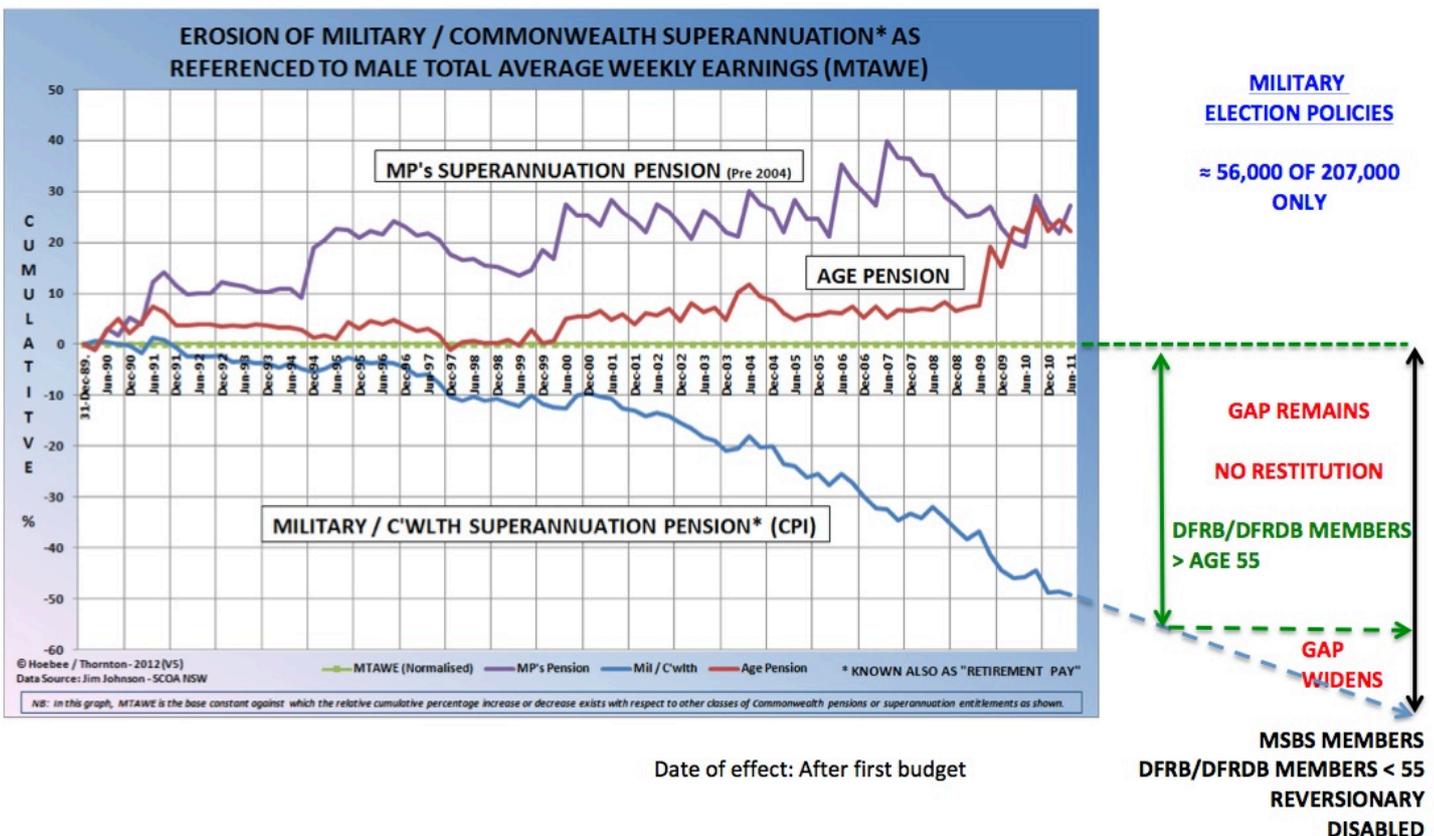
Today, subject to it winning Government at the forthcoming election, the Coalition's pledge is to.....*'ensure fair indexation is applied to the Defence Forces Retirement Benefits (DFRB) and the Defence Force Retirement and Death Benefits (DFRDB) military superannuation pensions. They state that 'All DFRB and DFRDB superannuants aged 55 and over will have their pensions indexed in the same way as age and service pensions.'*

Note that 56,000 retirees out of an estimated 207,00 would benefit from the Coalitions initiative.

Unfortunately, as with the Labor Government's proposal, both MSBS recipients and DVA Disability and Reversionary Pensioners are excluded from the policy as well. The Coalition estimates that the cost of its scheme to be about \$100 million over four years. They too have assured us that their initiative is only a 'first step'. They pledge that, should they be elected to Government, they will be actively reviewing how to best remedy every shortfalls in its current policy.

The graph below illustrates the Coalitions position. Evident from it is that the unfair and ever widening erosion trend thus far plaguing military superannuation pension payments has finally been stopped. But the gap that represents denied pension entitlements still remains.

LNP Coalition Policy



The Greens

The Greens acknowledge that three separate Senate Inquiries in the last twelve years have each concluded that both military superannuation and Commonwealth pensions are not indexed fairly, leaving many retired ADF personnel and public servants financially struggling. They now accept that CPI is not an appropriate indexation method for those pensions and have pledged to support fair indexation in the next Parliament. To this end, the Greens recently released a policy that seeks to provide \$2 million to the Australian Bureau of Statistics (ABS) so it ‘develop an indexation measurement for increases to the cost of living for Commonwealth superannuation pensions’.

While the Greens support for fair indexation is most welcome, the need for yet another indexing methodology is highly questionable. This is because an appropriate, proven and acceptable indexing tool is already available; it effectively preserves what is desired, namely the protection of the purchasing power of military pensions. Any attempt to have the ABS create something ‘new’ could take years of endless committee deliberation and study to come with nothing better. Veterans have been waiting years for fairness. They should not be asked to wait into the never-never when a solution is already at hand.

Katter’s Australia Party

The founder of Katter’s Australia Party is arguably one of the best-known, enigmatic, politicians in Australia. Disillusioned and ‘out of sympathy’ with his previous Liberal and National Party allegiances, he became an Independent in 2001. In that capacity he has held the seat Kennedy in Queensland with a significant majority ever since. In June 2011, Bob formed the Party that now carries his name.

As to his views on the issue of ‘Fair Indexation’, to his high credit Bob Katter is on record as not being merely a latter day converted supporter. As far back as May 2010, in all likelihood well before, he spoke in strong support of the principle when seconding a motion by Rob Oakeshott in the House at the time. His words were poignant: “.....*the call to support Australia’s servicemen and women in their retirement years should be supported by both sides of politics. People who have risked their lives to defend their country are in a different category to the rest of us.....let us at least, by this small measure, show that we care about our soldiers.*”

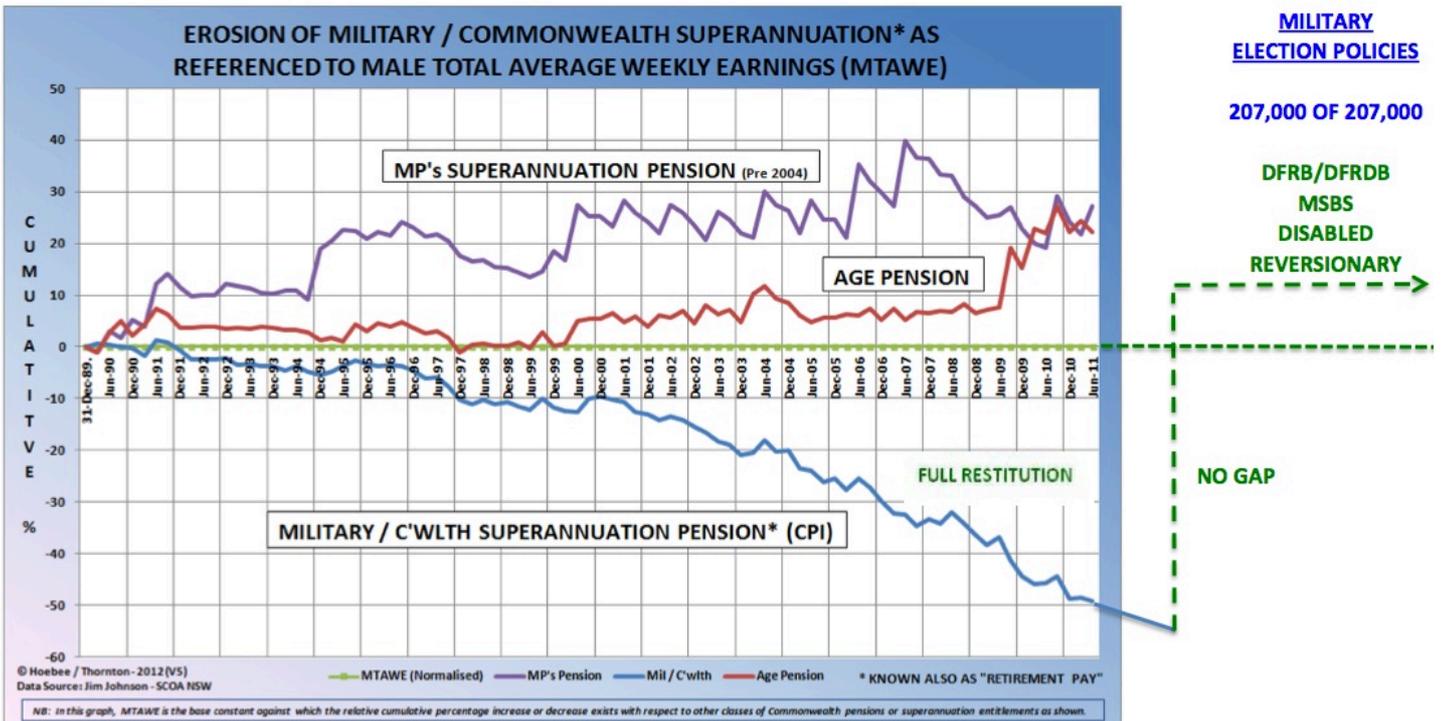
Today, Bob Katter’s Private Member’s Bill for ‘**Fair Indexation of Military Superannuation Entitlements 2012**’ remains dormant in the House awaiting debate. As for his Party, it is known to continue in its support of full indexation of all military pensions, DFRB, DFRDB and MSBS included. The Party does not support an age restriction in the way the two major Parties do. Before the advent of the Palmer United Party, his was the only Party promoting the full inclusion of all military retirees in any scheme to introduce fair indexation.

Katter’s Australia Party also supports restoring to parity *Veterans’ Disability Pensions* relative to that of the Age and Service Pensions. Bob himself considers the issue a high priority for any incoming Government in its first term.

The Palmer United Party

Many commentators have described the entry of the Palmer United Party into Australia’s political landscape earlier this year as nothing short of audacious and bold. Perhaps nothing less could have been expected from its creator, Clive Palmer, the businessman miner. Arguably, many of the Party’s policies could be said to be ‘audacious and bold’ as well. That includes its policy on ‘Veterans Affairs’, part of which commits \$2.5 billion to implementing fair indexation to all 207,000 military retirees forthwith. Less the specific dollar commitment, the policy appears very similar to that of the Katter Australia Party.

Palmer United Party Policy



The graph above illustrates the Palmer United Party's policy position, the standout element of which is full retrospective restitution of what military retirees have lost due to the lack of action by previous Governments to fairly index their pensions. Certainly by any measure, this is a welcome policy initiative. Notwithstanding, a valid question nonetheless comes to mind. Could it possibly be deliverable? After all, the Party is yet to have a single one of its candidates elected to Parliament. And it simply has no track record to deliver any policy, let alone one that with which all Parties have struggled.

CONCLUSIONS

In a little less than ten days every single registered voter in Australia, known to number over 14 million, will have his or her own key issues upon which their vote will be swayed one way or other. Included in that number will be over 200,000 serving and former sailors, soldiers, airmen and airwomen, including their families.

What key issues are they likely to deem important leading up to the upcoming election? Certainly, many will have ones not dissimilar to those that pervade mainstream Australian. But most, if not all, will have an added issue uppermost in their minds, namely that they once served and put the needs of their Nation and its people before their own. They will be mindful that some of their colleagues even paid the ultimate sacrifice in doing so.

And how did successive Governments reward them in return? By refusing to deal with and face up to delivering to veterans their moral and legislated Conditions of Service entitlements. No other employer anywhere would dare withhold the rightful and earned dues of their employees, in the callous and unjust manner in which Governments have continued to practice. No other employees, or union, would put up with such on-going continued failure to comply with the statutory provisions relating to their Conditions of Service. Our military personnel should not have to do so either.

To the belated credit of each of the Parties, the major, the minor ones plus the Independents included, all now accepted at the principle that fair indexation of military superannuation is long overdue.

They have accepted that no fairness will ever be derived from using CPI alone to allow military retirees to maintain their cost of living standards.

As to what each of the Parties has offered, DFWA, together with its ADSO partners, is by stated intent apolitical. We shall remain so and leave it to our members, families and the many supporting friends in the wider community to wisely judge who they should support in the upcoming election.

Our only plea is that, while major gains in our campaign for fairness have been achieved, all should note with cautious care that no Party or Independent has delivered anything to date.

Your vote of confidence should thus be based on the trust you have in which Party and/or candidate has the highest potential to deliver what they promise. Change is long overdue – make this election count.

Special Request: Please also view the video of this link where Peter Criss articulates most of what has been said in this UPDATE: <http://www.youtube.com/watch?v=aavCkc6TK4I&feature=youtu.be>

Peter talks about the impact of Government policy on the military community, including past and present members of the ADF. Share it at will.

*The Defence Force Welfare Association (DFWA) is part of an Alliance (ADSO) that includes the Naval Association of Australia (NAA); the Royal Australian Regiment Corporation (RARC); the Australian Special Air Services Association (ASASA); and the RAAF Association (RAAFA) with the Australian Peacekeepers and Peacemakers Veterans Association (APPVA) and the Vietnam Veterans Association of Australia (VVAA) as partners.

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DFWA – Voice of the Defence Community