

# THE DFWA MONTHLY UPDATE



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*UPDATE* is a monthly newssheet (except for January) produced by the Defence Force Welfare Association (DFWA) containing items of interest to the Service and ex-Service community. It is distributed to politicians, media outlets, senior Service officers and DFWA Branches.

## **ADF HEALTHCARE TRIAL – THE HIDDEN TAX SLUG !**

The Association welcomes the ADF Healthcare trial, which will be aimed at evaluating a model of healthcare for ADF families. Stage 1 of the trial will commence May 2009 providing benefits to approximately 3,000 dependants and will be extended to include approximately 13,000 dependants.

The medical component of the trial is based on a payment being made to general practitioners who participate in a program to bulk bill eligible dependants for eligible services. Basic dental services, capped at \$300 per dependant per year, may be accessed by eligible dependants at any dental practice in Australia.

However as with many ADF “benefits” there is a sting in the tail that Government conveniently neglects to mention: in this case, the benefits associated with the trial will be considered a fringe benefit under the Fringe Benefits Tax Assessment Act 1986. Consequently, the benefits will be subject to FBT and the FBT will be paid by Defence. However depending on individual circumstances the “grossed-up” value of the benefits provided during the FBT year may be recorded on a member's annual payment summary.

We therefore recommend participating members seek financial advice relevant to their individual circumstances before registering for the trial. Participation in the trial is voluntary and members may elect to participate only in the medical or the dental, or both, and may decide to only register certain members of their family. Participants may also opt out of the trial at any stage, or change registration as required. For example, a child with a Health Card may only require the Dental component of the trial, with the remaining dependants requiring both Medical or Dental.

## **MSBS MBLs**

The Association has received a response from the Minister for Defence Science and Personnel regarding the current Maximum Benefit Limit (MBL) arrangements for the Military Superannuation Benefits Scheme (MSBS) and Defence’s decision to raise the compulsory retirement age of ADF personnel to 60 years, in response to the arbitrary raising of the national retirement age under *Better Super*. That increase in years of service meant that an increasing number of long serving ADF personnel exceed their personal MBLs and lose part of the benefits of their increased service. DFWA requested that the problem be corrected expeditiously.

Mr Snowden advises that the Government intends to consider the MBL issue within the totality of the package of measures recommended by the Review into Military Superannuation Arrangements (RMSA). He also advises that “..... the proposals put forward by the RMSA are complex and will have full regard to those complexities before deciding on its recommendations”.

The Association keenly awaits the release of the RMSA and the Government’s response to this and other matters the RMSA will have examined. Meanwhile, longer serving ADF personnel are suffering what is, in effect, a pay cut as no superannuation contributions are being made to them.

## **FAIR INDEXATION FOR ADF MILITARY RETIREMENT PAYMENTS**

DFWA is a member of the Australian Council of Public Sector Retiree Organisations (ACPSRO, the peak council for eleven organisations representing retired civilian and military public sector workers from the Commonwealth, State and Territory governments.

ACPSRO represents about 700,000 former employees. When their dependants are taken into account the numbers of people these organisations collectively speak for number about 2 million Australians or 10% of the nation's population. The members of these organisations have their superannuation pensions indexed by the CPI, an indexation method abandoned as inadequate more than a decade ago by the Government for most Commonwealth funded income support payments such as the Service and Age Pensions.

In July 2008 the Government appointed a prominent actuary, Mr Trevor Matthews to review the issue. This seemed unnecessary as three separate Senate Committees had already recommended in favour of a fairer means of pension indexation. Senator Nick Sherry, now Minister for Superannuation and Corporate Law, was the Deputy Chairman of two of those committees, 2001 and 2002.

Mr Matthew's report was provided to the Government early in January 2009. It now seems possible that its findings will only be considered in the context of the Government's wider review of taxation and retirement incomes; another eighteen months delay. This is unacceptable.

DFWA is campaigning for DFRB/DFRDB & MSBS retirement payments to be indexed on the same basis as other Commonwealth payments (i.e. twice yearly by the most recent percentage increase in the Service/Age Pension), without further delay. This is an issue of fairness and equity, principles that Mr Rudd promised he would adhere to. Mr Rudd is well known for his strong belief in evidence-based policy and fairness. The evidence is abundant and we are anxiously awaiting the fairness Mr Rudd and many other Labor MPs promised to them.

We are tired of being treated as second class Australians. We want no more than to have our retirement pay indexed by the same percentage movements as applies to the Service/Age Pension and an end to repeated delays and the continued erosion of our standard of living.

## **GULF WAR SYNDROME**

DFWA welcomed the 14 January announcement by the repatriation Medical Authority (RMA) that it will review its 2003 decision that the Gulf War Syndrome is not a disease. Unfortunately the RMA has advised that it is unlikely to complete its review until 2010 because it has 88 other reviews underway. DFWA will be pressing for this review to be expedited.

## **BRITISH NUCLEAR TESTS IN AUSTRALIA**

DFWA is watching developments in the UK High Court, where a group of UK veterans are suing for compensation. The issue is one which the Australian Minister for Veterans' Affairs, Mr Griffin, has identified for possible further review as one of the unacted-upon recommendations of the 2003 Clarke Review of Veterans' Entitlements. Would all members who gave evidence at the 2006 Senate Committee Inquiry please dust off their submissions !

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