



Defence Force Welfare Association 1959 – 2009

MILITARY SUPERANNUATION INDEXATION CALL TO ACTION – NOW!

Members should by now be aware of our campaign to improve the indexation of military superannuation pensions. The Association has done much on your behalf but we now need YOU to take action.

BACKGROUND

The Government in August endorsed all four recommendations of the Matthews Review of indexation of military and other Commonwealth superannuation pensions. This means that military superannuation pensioners will remain disadvantaged. Their super pensions remain indexed to the Consumer Price Index (CPI) - whereas Age and other welfare pensions are indexed at a higher rate (the greatest of CPI or the new Pensioner & Beneficiary Living Cost Index (PBLCI) or Male Total Average Weekly Earnings (MTAWE)). Meanwhile, pre-2004 MP and certain judicial superannuation pensions are very generously indexed to the salaries of serving MPs. That's clearly unfair and discriminatory.

**In the period 1989 to 2008 military superannuation pensions rose by 68%,
Age pensions rose by 110%, and those of retired MPs rose by 131% !**

The purpose of pension indexation is to maintain YOUR pension's purchasing power. Historically, CPI was considered the relevant index but in 1997 the Australian Bureau of Statistics (ABS) concluded that "*the tight nexus between movements in the CPI and wage and salary adjustments no longer exists.*" ABS added in 2001 that "*...CPI is not a measure of the cost of living.*"

In 1997 the Government acted to maintain the purchasing power of Age and other welfare pensions by changing their indexation to CPI or MTAWE, whichever was the greater. In September 2009 it implemented a third indexation factor, the new outlays based PBLCI.

But nothing has been done for military superannuants, even though six parliamentary inquiries have recommended a form of wage based indexation. **The Chair of the 2008 multi-party 'Senate Inquiry on the Effect of Cost of Living Increases on older Australians'** 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.*"

WHAT DO WE WANT?

Put simply, we want a fair, equitable and reasonable indexation method that includes the CPI together with an outlays based living cost index (PBLCI) and with reference to a wages based index such as MTAWE. (We do NOT seek linkage with today's military salaries.)

WHY DO WE WANT IT?

To maintain the purchasing power of your military superannuation pension so you can maintain your standard of living. Is that unreasonable? After all, welfare pension recipients and politicians are protected, the latter very generously. Why should you be discriminated against? (And if purchasing power protection is affordable for 3.3m welfare pensioners and MPs, it is also affordable for you and the other 63,000 military superannuation pensioners.)

HOW WOULD AUSTRALIA BENEFIT? Apart from your standard of living being maintained, other benefits of fair indexation include:

- **The Economy:** from the multiplier effect of increased military superannuation pensions recirculated into the financial system by expenditure and returned as taxes – which will help stimulate the Australian economy.
- **The Government:** from the goodwill generated within the Defence Force Family by a demonstrable and tangible reaffirmation of the PM's own words that "we have a particular responsibility towards those who have worn the nation's uniform".
- **The Defence Family:** from the correction of a clear injustice and the correction of the declining standard of living of military superannuants. And fair indexation should have a positive impact on ADF morale and retention.
- **The Community:** from recognition of the Government's support to the Defence Family leading to positive impacts on ADF recruiting and national security.

IF YOU WANT FURTHER INFORMATION go to www.dfwa.org.au and start at the 'What's New' page. Alternatively, contact the National Office on (02) 6265 9530 (email national@dfwa.org.au) and ask for information to be sent to you.

WHAT WE ARE ASKING YOU TO DO

We ask **all** military superannuation pensioners, the Defence Family and supporters to **write to your local Federal MP in your own words**, outlining your indexation concerns.

WHY? Our strong advice from sympathetic parliamentarians is that indexation MUST be seen as a national issue affecting all electorates. Therefore all MPs need to be contacted by their constituents (the more the better) so that they in turn raise the indexation issue within their party and in the Parliament.

Only *individuals*, writing to their local MPs, can make this happen.

When writing, please use the information above. Also ask your MP these three questions:

1. Are you aware of the Matthews Report and its recommendations?
2. What is your personal position on the Matthews recommendations, which will see the further erosion of the purchasing power of military superannuation pensions? Do you agree, disagree or have no opinion on them?
3. Will you raise the indexation of military superannuation pensions in your party room **and** on the floor of the House of Representatives or the Senate?

In writing we suggest you:

1. Be courteous. Avoid anger or personal attacks. They hurt our case.
2. Make it clear how your standard of living has deteriorated, whilst other welfare and superannuation pensioners have been much better treated.
3. Give the Government an 'out'. (DFWA believes the Government was poorly advised.)
4. Ask for a written response. Do not accept a phone response.
5. Write again if you have not received a written response within, say, six weeks.

Please forward a copy of any responses received to DFWA, PO Box 4166, KINGSTON ACT 2604 or e-mail national@dfwa.org.au (so we can plan further lobbying by tracking the responses of each parliamentarian).

Your MP's electoral office address is available at: www.aph.gov.au/House/members/memlist.pdf

Questions? Call DFWA on (02) 6265 9530.

Write to your MP today!