

A SUBMISSION BY MR H.P.M HOEBEE
TO
THE SENATE FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
INQUIRY INTO
THE DEFENCE FORCE RETIREMENT AND DEATH BENEFITS
AMENDMENT (FAIR INDEXATION) BILL 2010

22 APRIL 2011

Preamble

Senator Ronaldson is to be applauded for presenting this Bill in an attempt to finally provide fair indexation for DFRDB and DFRB superannuation pensions.

I commend to the Committee the comprehensive submissions made by the Alliance of Defence Service Organisations [7], the Returned Services League of Australia [5]. I will not repeat all the matters raised in them, which I strongly support. However, I will state what I feel are some key factors.

Indexation of service superannuation pensions has become a very emotive issue, not least because various parliamentary committees and enquiries have already urged action to correct what is clearly a serious inequity. It is no wonder, therefore, that many in the service and ex-service community, and the wider community, are angry about inaction on the matter. I make no apologies for this anger, and trust that members of Parliament will forgive those who at time have reacted to this continuing inaction with intemperate language.

Submission

My submission is that:

Fair indexation of service superannuation pensions is the fundamental issue.

Equity in our treatment by our Government is the reasonable expectation of all Australians.

Fair indexation is as relevant to DFRDB and DFRB as it is to the Military Superannuation Benefits Scheme (MSBS).

Equity demands that any amendment to the earlier schemes to provide for maintenance of purchasing power should also be applied to the latter scheme (under which the majority of the present Defence Force, and some superannuants, and now covered).

It is a travesty that MSBS is not included in the Bill. It runs the risk of perpetuating the notion of second class Australians by which defence superannuants are currently treated, even if for a smaller (but growing) group of Australians. I urge the Committee to address this serious oversight, which can do little but dishearten present members of the Defence force so heavily committed to operations, as well as continuing the inequity for existing MSBS superannuants.

It was the will of the **Parliament** (not the executive, or government of the day), that the purchasing power of service superannuation pensions be maintained.

Regular indexing of superannuation pensions by the CPI was the mechanism by which purchasing power was to be maintained. The CPI is no longer a valid index for adjusting superannuation pensions to maintain their purchasing power.

The Government has recognized this in the case of the Age Pension, which is indexed based on both MTAW and CPI. It is incomprehensible, and inequitable, that it did not do so for all defence superannuation pensions at the same time.

The question of affordability is a red herring. Costs are clearly relevant, but these costs are an **obligation** entered into when the schemes - and the indexation to maintain purchasing power inherent in their operation - were established by Parliament.

The obligation is akin to the obligation to fund the running of parliament itself, the conduct of elections, or the operation of the Nation's taxation system. It should be one of the first calls on the Nation's wealth and resources.

Conclusion

I commend the Bill to the Committee.

I urge the Committee to seek to amend the Bill in order to include MSBS superannuation pensions in its scope.

I ask the Committee to recommend the immediate indexation of all Defence superannuation pensions in the same manner as now applies to the Age Pension.

I ask the Committee to recognise that legislative provisions made by Parliament, impose an obligation that cannot be ignored, breached, or written off at the whim of a minister, the executive, or an appointed external consultant: in this case, indexation of superannuation pensions to maintain purchasing power. Only Parliament can change its own legislation.

It is time for the Parliament to “**Do the Right Thing**” by its Australian service men and women.