

Paul Thomas

Submission to the Inquiry into the Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010

I am a recipient of a DFRDB pension as are both my Mother and Mother-In-Law. Under the current indexation arrangements the real value of these pensions has been decreasing gradually since they commenced. In fact the value of the pension received by my Mother and Mother-In-Law is such that they also rely on a welfare supplement from the Commonwealth. I wish to make several points in support of Fair Indexation;

1. It is wrong to treat DFRDB pensions the same as a superannuation payment since unlike superannuation the member was/is unable to have any input into the contribution equation and therefore have an influence on the end benefit.
2. If the member chose to commute any of their pension and take a lump sum, the reduced benefit is for life rather until the commuted amount has been "paid back".
3. Real wages in Defence have increased considerably over the last few years to keep pace with the cost of living and now bear no resemblance or relationship to the value of the pension.
4. The pension system enjoyed by Federal Politicians is, by community standards, very generous indeed and justified due to the transient nature of the position and the fact that they are serving their country. At the other end of the spectrum is the DFRDB pension system that is paid to another group of people who also serve their country.

I believe it is logical to have the DFRDB pension treated in the same way as all other government pensions for the purposes of indexation, as this pension is paid to people who have made a considerable sacrifice for their country and deserve the same rights as all other Government welfare recipients.