



The Coalition's Policy for Fair Indexation of Military Superannuation

July 2013

Key Points

The Coalition will deliver fair indexation to military superannuants.

Recipients of the Defence Forces Retirement Benefits (DFRB) and the Defence Force Retirement and Death Benefits (DFRDB) military superannuation pensions will see their payments indexed in the same way as age and service pensions.

All DFRB and DFRDB superannuants aged 55 and over will benefit.

Under the Coalition, 57,000 military superannuants and their families will be better off.

The Coalition is committed to ensuring fairness for our retired military personnel and to ease their cost of living.

Not only will DFRB and DFRDB superannuants see their benefits fairly indexed – they will also see their cost of living made easier by the repeal of the carbon tax.

The government does not increase Centrelink pensions by just the consumer price index, so it is not fair to apply only that index to the pensions of those who have risked their lives for our country.

Loyalty goes both ways.

The very least we can do is pay ex-servicemen and women a retirement benefit that increases in line with the increases received by regular pensioners.

The Rudd-Gillard Government promised a fair deal for military pensioners but failed to honour its 2007 pre-election commitment. It has also recruited its parliamentary allies to vote down Coalition proposals that would hold them to their promise.

It is now abundantly clear that the only way to give a fair go to veterans is to change the government.



Introduction

Just as our serving soldiers must be respected and supported, those who have previously served our country deserve to be looked after by a grateful nation.

It is scandalous that military retirees do not enjoy the same indexation arrangements as other people who have retired.

The Returned and Services League has argued:

“...that the nexus between military superannuation schemes and other Commonwealth superannuation schemes for indexation of payments is a policy aberration, is inconsistent with the legislative base of the schemes, is unjust and recommends it be abandoned... The fundamental issue is one of equity for those who have served our nation in our Defence Forces.”¹

The Alliance of Defence Service Organisations has noted:

“The Government has recognised that indexation with the consumer price index alone does not maintain the purchasing power of the age and service pensions but contends that it does for military superannuation pensions. To any objective observer, this is an indefensible proposition.”²

A paper published by a group of 15 Ex-Service Organisations states:

“The present military superannuation payment represents an unacceptable minimal level. Governments must maintain the real value of these payments by adopting an appropriate method of indexation.”³

Labor committed to a fair deal for ex-servicemen and women going into the 2007 election.

The Rudd-Gillard Government subsequently broke this promise.

The Coalition will deliver fair indexation to military superannuants and we will do so within the first year of a Coalition government.

¹ Returned and Services League, 'Priority Proposals for the 2013-2014 Budget', p. 1, Available at: <http://www.rsl.org.au/Portals/13/About%20Us/National%20Conference/2012/20132014%20Veterans%20Affairs%20Budget%20Submission.pdf>

² The Alliance of Defence Service Organisations, Supplementary Submission to the Senate Finance and Public Administration Committee Inquiry into the Defence Force Retirement and Death Benefits amendment (Fair Indexation) Bill 2010, p. 3, Available at: <http://www.raafa.org.au/download/INDEXATION%20BILL%20SUPPLEMENTARY-ADSO.pdf>

³ Ex-Service Organisations, Issues Paper, p. 2, Available at: <http://www.vvaaqueensland.asn.au/pdfs/ESO-Issues-Paper-09-DRAFT-6-TG.pdf>



The Plan

1. Fair Indexation of Military Superannuation

The Coalition will ensure fair indexation is applied to the Defence Forces Retirement Benefits (DFRB) and the Defence Force Retirement and Death Benefits (DFRDB) military superannuation pensions.

All DFRB and DFRDB superannuants aged 55 and over will have their pensions indexed in the same way as age and service pensions.

The DFRB and DFRDB superannuation pensions are currently indexed according to the consumer price index. By contrast, age and service pensions are indexed according to a more generous formula based around growth in the consumer price index, male total average weekly earnings and the pensioner and beneficiary living cost index.

If it's inadequate to increase Centrelink pensions by just the consumer price index, it's even less fair to apply only that index to those who have risked their lives for our country.

Loyalty goes both ways.

The very least we can do is pay ex-servicemen and women a retirement benefit that increases in line with the increases received by regular pensioners.

Not only has the Rudd-Gillard Government failed to honour its 2007 pre-election commitment for a fair deal for military pensioners, it has recruited its parliamentary allies to vote down Coalition proposals that would hold them to their promise.

Our fair indexation policy will bring military superannuation in line with the age and service pensions.

Under the Coalition, 57,000 military superannuants and their families will be better off.

Fair indexation for DFRB and DFRDB superannuation pensions will be delivered and funded in a Coalition government's first budget and the new measures to begin 1 July 2014.

It is now abundantly clear that the only way to give a fair go to veterans is to change the government.



The Choice

Labor committed to a fair deal for ex-servicemen and women going into the 2007 election.

The Rudd-Gillard Government subsequently broke this promise.

Four members of the Labor Party wrote to then Finance Minister, the Hon Lindsay Tanner, in September 2009, stating:

“Significantly, many people genuinely believed that prior to the 2007 election, the ALP had committed to determining a ‘fairer’ method of indexation, and ‘a review’ would provide the direction, so the immediate acceptance of the recommendation of no change in the Government response is being seen as a reversal of the pre-election position espoused by the ALP in campaign material.”⁴

The Coalition made a commitment prior to the 2010 election to deliver fair indexation of DFRB and DFRDB superannuation pensions.

Despite narrowly losing the election, the Coalition persisted with our commitment and introduced legislation into the Senate in November 2010 to deliver fair indexation. The decision by Labor and the Greens to oppose our legislation means that 57,000 DFRB and DFRDB recipients continue to battle rising living costs with a military pension that fails to keep pace with the increases received by regular pensioners.

Since the 2010 election, the Coalition has consistently recommitted to the fair indexation of DFRB and DFRDB military superannuation pensions.

We will honour our commitment.

A re-elected Labor Government cannot be trusted to deliver fair indexation after spending the last six years opposing a fair go for veterans.

By contrast, the Coalition will ease the cost of living for the veteran and ex-service community, including fair indexation of military superannuation.

⁴ Letter by Mike Kelly, Bob McMullan, Kate Lundy and Annette Ellis to the Hon Lindsay Tanner, dated 14 September 2009.



Hope.
Reward.
Opportunity.



THE NATIONALS *for Regional Australia*

For further details of the Coalition's Plan go to
www.realsolutions.org.au