

Regular Defence Force Welfare Association Inc.

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RDFWA

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Budget 2007 – Many Good Points But Retired Servicemen and Women Brushed Aside Yet Again by the Government

The RDFWA welcomes the initiatives benefiting veterans on disability pensions, the payment to former Australian prisoners of war in Europe or to their surviving widows and the additional three months for war widows to claim a backdated pension following the death of their spouse. Other positive points relating to carers and improved transition arrangements for service people leaving the ADF that the Minister for Veterans Affairs has been able include in this budget are also warmly welcomed.

However an analysis of the budget reveals that yet again the issues of major concern to the some 60,000 former ADF members covered by DFRDB and MSBS superannuation have been ignored.

Whilst much is rightly being provided for serving members, we do not understand why this Government so readily sets aside the welfare of its retired career service men and women after they have served the nation with dedication and distinction.

Of particular concern are the following issues.

1. The Government's decision in 1997 to index Centrelink pensions to the higher of CPI and MTAWWE set a 'benchmark' for 'fair' indexing of government funded pensions. Military superannuation continues to be indexed at a rate lower than the benchmark and recipients continue to have the purchasing power of their superannuation eroded because of this. The June 2007 advice from ComSuper will tell superannuants that their pension will remain static. No-one can seriously say that the cost of living – despite what the CPI figures indicate – hasn't increased over the past six months!
2. Similarly, the "one off" increase to DVA Special and Intermediate rate disability pensions whilst a welcome measure, ignores the reason for this situation arising in the first place. Action needs to be taken to correct the underlying cause or we can expect a similar situation to develop again in future years.

3. Discrimination of widows who marry a retired ADF member over 60 years of age who subsequently dies after less than 5 years of marriage. In this circumstance the widow has no continuing entitlement to military superannuation and is left without that support. Other Commonwealth funded schemes allow a graduated scale of benefits with widows married for 3 or more years entitled to a full widow's benefit. We have asked repeatedly for this anomaly to be removed and were assured over a year ago by the Minister that it would be rectified, yet no action has been taken.
4. Discrimination in the taxation treatment of military superannuation payments from 1 July 2007 under the new "Simple Super" arrangements. Whilst the rest of the community over 60 benefits from the complete removal of taxation obligations from their superannuation, military superannuants (and other ex-Commonwealth employees) are saddled with the requirement (not faced by other groups in the Australian Community) for any additional income to be added to superannuation payments with this then being taxed at the individual's marginal rate.

Failure to act on these concerns works against the Government's attempts to stem the exodus of serving men and women from the ADF. The taxpayers' money being allocated to retention and recruitment initiatives will be wasted unless there is a tangible demonstration of support for those who have previously served the nation as career servicemen and women. The effect this group has on the attitudes of both those serving and those targeted for recruitment to the ADF should not be underestimated. Their alienation adds yet another disincentive to those who might otherwise extend their term in the ADF as well as those who might be inclined to enlist.

The retired ADF community has a keen understanding of the Federal Government's obligation to be a fair and just employer. We now await the outcome of the current review of military superannuation, hoping that the above serious anomalies, including indexation, will finally be resolved.

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