

MEDIA RELEASE

VETERAN COMMUNITY NOT HAPPY WITH MILITARY SUPERANNUATION REVIEW RECOMMENDATIONS. WRITE TO YOUR LOCAL FEDERAL MEMBER

The purchasing power of military superannuation pensions has slowly but inexorably fallen over the last two decades. It continues to do so. Rather than accept all or even any of the recommendations of six previous parliamentary reviews, the Government in June 2008 appointed Mr. Trevor Matthews to conduct a seventh review. He submitted his report in December 2008. The Government released the report on 21 August 2009. Mr. Matthews made four recommendations. In essence, he supported the status quo for indexation. The Government supported the review's findings and recommendations.

The VVAA Qld Branch in conjunction with the Defence Forces Welfare Association (DFWA) and many other Ex Service groups strongly contends that the Government was poorly advised. We object to the Review's interpretation of its terms of reference, its methodology and superficial analysis, its selective use of facts, its misleading presentation of certain cost data, and the conclusions drawn.

Today's CPI is a measure of inflation, not purchasing power or cost of living, but the Review uses these terms interchangeably. Saying that today's CPI protects pension purchasing power is comprehensively wrong. So is the contention that military superannuation pensions are generous. The conclusions do not support the fundamental premise accepted by the Review, the Government and VVAA Qld that indexation's purpose is to maintain pension purchasing power. Nor do conclusions follow from evidence available to, but not necessarily analysed or even recognised by the Review. The Review's four recommendations are not, therefore, supported by all the facts or by analysis.

The Review fails to recognise that actions already taken by government to maintain the purchasing power of Age and other Welfare Pensions by fair indexation of those pensions can and should extend to maintaining the purchasing power of military superannuation pensioners. The Review highlights the (questionable) unfunded cost of fair military indexation but is silent on the unfunded cost of fair indexation for extant welfare pensions and for certain other Commonwealth superannuation pensions not the subject of this Review. Meanwhile, it ignores the key fact that successive governments *chose* to operate unfunded superannuation schemes for their ADF members, which is not the fault of ADF people or of those they leave behind.

The Review expects serving and former ADF members and their dependants to bear cost burdens resulting from the choices of successive governments, an unconscionable and indefensible situation. Mr. Matthews condemns each military superannuant to further erosion of his or her superannuation pension's purchasing power,

The VVAA Qld Branch contends that a hybrid indexation method including the CPI together with outlays based living cost index such as the new PBLCI and with reference to a wages based index such as the MTAW (effectively tied to movements in the CPI or PBLCI or MTAW, whichever is the greatest) is fair, equitable and reasonable. This method would help protect the purchasing power of military superannuation pensions as it does for today's welfare pensions. VVAA Qld seeks no more and no less than this for military superannuants.

The VVAA Qld Branch agrees with the DFWA contention unequivocally that the Government has the strongest of grounds to review its endorsement of the Matthews Report, to request the Australian Government Actuary to generate long term liability and related figures upon which all parties can reasonably rely, and concurrently to introduce a fair indexation method that maintains the purchasing power of all military superannuation pensions without further delay.

The VVAA Qld Branch strongly urges all veterans and families to write to their local federal members and senators and complain about this review and the recommendations made by Mr. Matthews and accepted by the Minister and the Government.

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