



**VIETNAM VETERANS ASSOCIATION OF AUSTRALIA
(QUEENSLAND BRANCH) INC
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'Honour the Dead but Fight like Hell for the Living'

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All Queensland Federal Politicians
All Queensland Senators

Dear Sir/Madam

I am writing this letter to you on behalf of the Vietnam Veterans Association of Australia Queensland Branch Inc (VVAA Qld) and the Vietnam Veterans who reside in your respective electorates to express our disappointment with the Government's very quick and eager acceptance of the recommendations made by Mr. Matthews in his review of the Military Superannuation submitted to government in December 2008 but not released until 21st August 2009, some eight months later. We believe this was in fact the seventh review carried out on this matter. We were particularly disappointed with his recommendation to have the indexation of Military superannuation remain as just CPI.

We would like to submit a series of questions to you and would appreciate a written response.

1. Are you aware of Mr Matthews Report dated December 2008 and his recommendations?
2. Do you have a personal position on this matter, and if so could I be so bold as to ask you what that position is?
3. Do you agree, disagree or have no opinion on them?
4. If you have a position on this matter and it is that you are not in favour would you raise the matter of indexation of military superannuation in your party room and on the floor of the House of Representatives and/or also the Senate?

The Veteran Community believes that our superannuation payments are deteriorating whilst other welfare and superannuation pensioners have been better treated. For example over the period 1989 to 2008 Military Superannuation has increased by 68 %. You might be tempted to say that this is a hefty increase and you could be right BUT when you consider that the aged pension has increased by 110% and retired MP has increased by a massive 131% over the same period, it is quite obvious that the military superannuation is falling way behind. All that we are asking is that the indexation of military superannuation be the same as for other groups such as aged and other welfare pensions which are indexed at a higher rate (the greatest of CPI or the new Pensioner & Beneficiary Living Cost Index (PBLCI) or Male Total Average Weekly Earnings (MTAWE) and not just CPI as it is now.

The purpose of pension indexation is to maintain YOUR pension's purchasing power. Historically, CPI was considered the relevant index but in 1997 the Australian Bureau of Statistics (ABS) concluded that "*the tight nexus between movements in the CPI and wage and salary adjustments no longer exists.*" ABS added in 2001 that "...CPI is not a measure of the cost of living." In 1997 the Government acted to maintain the purchasing power of Age and other welfare pensions by changing their indexation to CPI or MTAWE, whichever was the greater. In September 2009 it implemented a third indexation factor, the new outlays based PBLCI. But nothing has been done for military superannuants, even though six parliamentary inquiries have recommended a form of wage based indexation.

The Chair of the 2008 multi-party 'Senate Inquiry on the Effect of Cost of Living Increases on older Australians' said that "*It is hard to explain to Commonwealth superannuants why their*

pensions, to which they contributed during their working life, should fall behind the pension increases of those who have generally not made provision for their retirement.”

Put simply, we want a fair, equitable and reasonable indexation method that includes the CPI together with outlays based living cost index (PBLCI) and with reference to a wages based index such as MTAW. (We do NOT seek linkage with today's military salaries.) So as To maintain the purchasing power of our military superannuation pension so we can maintain our standard of living. Is that unreasonable? After all, welfare pension recipients and politicians are protected, the latter very generously. Why should we be discriminated against? If purchasing power protection is affordable for 3.3m welfare pensioners and MPs, it is also affordable for the 63,000 military superannuation pensioners.

Apart from our standard of living being maintained, other benefits of fair indexation include:

- a. **The Economy:** from the multiplier effect of increased military superannuation pensions recirculated into the financial system by expenditure and returned as taxes – which will help stimulate the Australian economy.
- b. **The Government:** from the goodwill generated within the Veteran Family by a demonstrable and tangible reaffirmation of the PM's own words that “we have a particular responsibility towards those who have worn the nation's uniform”.
- c. **The Veteran Family:** from the correction of a clear injustice and the correction of the declining standard of living of military superannuants. And fair indexation should have a positive impact on veteran's morale and support.
- d. **The Community:** from recognition of the Government's support to the Veteran Family leading to positive impacts on ADF recruiting and national security.

In conclusion we consider that the government has been poorly advised in this case and this matter and it is up to the government to take a giant step forward in mending the gap between itself and the veteran community as a whole. As was stated earlier we do request a written response as we have to advise our members on your position with this matter.

I eagerly await your written response and would like to take this opportunity of thanking you for your assistance in this matter

Yours Sincerely

John P Smith, OAM, JP (Qual)
President/Secretary
Vietnam Veterans Association of Australia
Queensland Branch Inc

9th November 2009