

Subject: FW: SENATE DEBATE 24 MARCH 2011 - THE DFRB MILITARY SUPERANNUATION FAIR GO BILL 2010/11- DELIBERATIONS BY FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
Date: Wednesday, 13 April 2011 3:18:25 PM

From:
Sent: Friday, 8 April 2011 11:54 AM
To:
Cc:
Subject: RE: SENATE DEBATE 24 MARCH 2011 - THE DFRB MILITARY SUPERANNUATION FAIR GO BILL 2010/11

Dear Senator Ronaldson,

Thanks for your response. In addition to the information I provided to you below, about clawback from decreased part service(aged) pensions and additional taxation on all indexed super payments (approximately 60% of any super payment increase), there is another factor which I omitted to raise with you at that time.

When we talk about the cost of any potential increase in costs from your Fair Go Military Super Bill, we need to take into account the actual net cost to Government. So apart from the 60% reduction, we need to take away the future cost of any CPI increase from either a higher PBCLI or MTAWWE cost figure that is applied. As an example. If we initially exclude clawback percentage, and the future CPI increase will cost \$10 per fortnight for each superannuant and the future cost of the PBLCI will cost \$15 and, the MTAWWE adjustment will cost \$30, then the nominal net increase would be \$30-\$10 = \$20. Then using the 60% clawback to both the \$30(MTAWWE) and \$10 (CPI) figures we get \$18 -\$4= \$14 final additional net cost per person per fortnight based, on the increase example chosen

I believe it is reasonable to argue the case of "net or actual cost of any increase in military super indexation payments", over those already being paid. The use of gross figures distorts any additional costs to the Australian Government. It also give greater credence to the accuracy of Defence Force Welfare Association estimates provided to you and other elected members.

I hope that this additional information is useful to you.

Kind regards

John Griffiths

Sent: Thursday, 31 March 2011 9:24 PM

24 MARCH 2011 - THE DFRB MILITARY SUPERANNUATION FAIR GO BILL 2010/11

Dear Ladies and Gentlemen,

Recipients of Military superannuation payments have been waiting patiently for the past 20 years, to receive a "fair go" with the indexation of their military superannuation payments. The Defence Force Welfare Association and other ESO's have kept you informed of the need for military super to be indexed fairly and justly. You would also be aware of how far we have fallen behind against aged pensioners and pre 2004 politicians' pensions since 1997.

We keep hearing how generous our superannuation is and how we have access to military compensation and disability pensions, not available to the general population. If it was that good you would think that we would have no problems retaining trained and experienced soldiers and, recruiting new ones. Until all politicians understand the unique nature of military service and all that entails, then we will never see serving or retired soldiers needs fulfilled nor, will their service be justly and appropriately rewarded financially. The point is, apart from the extreme risk of death and injury facing them on active service (and to some extent during training):

- Soldiers (soldiers in this context means anyone from the three services – Army, Navy and Air Force), are accepted

as having a 5 year lesser working life span than the rest of the population. That is why we qualify for service pensions earlier. When we join the services, we sign away our human rights including the right to refuse being put into harms way. Our families suffer the stress of frequent removals within Australia and overseas, long periods of separation and upheaval and separation from families and friends. They are unable to buy and establish a home and friends, as those from the civilian population can. They cannot specifically choose where they will work, live or, what work they will do, throughout their service careers.

- We operate in harsh environments, not normally encountered by the general population.
- We incur more additional injuries and more severe illnesses than the general population. And that is the reason we have such comprehensive and specific compensation and disability processes available to us. Despite that fact, successive Governments have made it progressively harder to access injured, ill or deceased soldiers rights in this regard. Any normal person would prefer to live their life without any permanent disabilities or illnesses, and would gladly forgo a disability pension or compensation payment, for complete health and a sound and fit mind and body. I have witnessed this negative change in DVA disability acceptance, working as a volunteer pension officer over 8 years in RSL's in both Queensland and Melbourne.
- Many recipients of DFRB and DFRDB super payments are Vietnam veterans. As a retired military officer and DFRB recipient I am well aware of how we were treated on our return from Vietnam, both by the Government and the general population. It is interesting to note that approximately 40% of Vietnam Veterans suffered from PTSD and ended up on TPI pensions, unable to work. Many did not report their symptoms and stayed in the Service. The stress, anxiety and depression amongst Vietnam Veterans led to many marriage breakdowns and divorces, with the accompanying emotional and financial problems resulting from the separation. A large number of my Army colleagues have died of various kinds of cancer.
- The services are a young persons occupation, and until recently, officers and soldiers were encouraged to resign or leave the service when they had completed 20 years plus service and became eligible for the payment of military superannuation. Soldiers retiring with DFRB and DFRDB scheme entitlements were only allowed to commute four or five years of their super entitlement into a lump sum, resulting in a reduced super payment. When the Government of the day eliminated income tax on super payments and lump sums for superannuants from privately funded super schemes, military super recipients continued to pay tax (as their fund was "unfunded" despite their paying 5.5% of their gross income into their super fund). In addition the Government of the day chose to put money held aside for this purpose, into consolidated revenue, making the military super schemes unfunded. Military contributors had no say in this at all. However, as a result of the Government's decision, they are now disadvantaged against people in funded schemes, which pay no tax on their super payments. To make matters worse, as most military super recipients are now on part aged (service) pensions, every dollar increase in our super payment results in a \$0.50 reduction in our service pension. The previous Coalition Government initiated and funded a growing Futures Fund, to provide for this superannuation payment increases in the future. Despite the billions of dollars available in the Futures Fund, the current Government continues to ignore this find as a solution to the just indexation of military super. We continually hear that the indexation proposed in the Bill is not affordable and that our priority is not high enough with other Labour Government priorities or wish lists. Given that Australia has gone from a \$20(bill) surplus to a \$170(bill) deficit since 2007, it shows how poorly this Government considers the worth of our service to this country. And no one has to go too far to pick out some questionable examples, including failed major expenditure programs.
- At this time, soldiers being deployed to Middle East combat zones are averaging two to three rotations, with some soldiers up to their sixth rotations. It has been reported that domestic violence in military families is increasing, as an indicator of the stress facing both the soldiers and their families. There seems to be no doubt, that a high percentage of our current soldiers will suffer some degree of PTSD. The number of rotations being undertaken is a clear indicator that the services are undermanned for current operational commitments
- If this Bill is passed, it will never make up for losses to military superannuation, since 1997. At best, it will stop our super payments falling further behind.

As a 21 year career Army officer and Vietnam veteran, who retired from the Army in 1985, my wife and I desperately need to see a stop to the constant fall in our standard of living. I estimate that I have fallen behind approximately \$8,000 per annum in my gross superannuation (had my superannuation been indexed the same as aged pensioners), since 1997. Military superannuants are not seeking a catch-up of current losses resulting from an irrelevant indexation method, which has seen our standard of living continue to fall. But it is reasonable to ask, that the indexation proposed in the Fair Go Bill before be implemented to take effect from 1 July 2011. The Defence Forces Welfare Association has continued to question the financial forecasts being released through Government sources, yet no answers has been provided to them by the Government or its Departments. Nor do Government costing forecasts seem to take any account of a minimum 60% claw back, after tax and service pension deductions are taken into account.

Having gone through Hansard of the 24 March 2011 Senate Debate on the Bill, I have real concerns that some senators are using military superannuants for no more than grand-standing and making irrelevant remarks to the debate. Had the "real" and auditable costs of the proposed bill, been provided for perusal by all key stakeholders, prior to this debate, then the matter could have been voted for on the day. It is important that the Senate has access to reliable financial data, in order for it to eliminate funding as a source of rejection of this Bill. Regardless of the financial implications, I consider that parties and individual members of this parliament have an obligation to state their own position on this Bill. Either they value the sacrifices and service provided by military personnel or, they see us as no more than a number on a balance sheet. Please do not insult the intelligence of those who serve/ed the nation in our military forces, both past and present. And please, do not use the excuse of no money. Given what has been spent by the Australian Government since 2007 on other projects, including overseas aid projects, that is just not good enough anymore. We have been patient for many years. Now is the time for a just and appropriate resolution to the current discriminatory military indexation formula.

Military superannuants and the ex-service community in general, are following the Progress of this Bill very closely. The reputation of all parties and individual politicians will rise or fall in the Military community, based on the outcome of this Bill.

Yours faithfully

Maj J.H.Griffiths (Ret'd)