



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PRIVATE MEMBERS' BUSINESS**

**Indexation of Military Pensions**

**SPEECH**

**Monday, 23 May 2011**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Monday, 23 May 2011  
**Page** 4259  
**Questioner**  
**Speaker** Mr ROBERT

**Source** House  
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**Responder**  
**Question No.**

(Fadden) (NaN.NaN pm)

Mr ROBERT (Fadden) (20:21): It is with great pleasure that I bring this motion before the House this evening. By way of history, the Labor government, at the 2007 election, promised to fix military superannuation. They said that they would address the inequity of the indexation arrangements. So many things were promised in 2007; so many things have simply not been delivered. The Rudd Labor government at the time led the veterans to believe that they would address this glaring inequity, which is the difference in indexation arrangements between those of an age pensioner and those of a military superannuant.

The Gillard Labor government, in the 2010 election, was conspicuous by the absence of any military superannuation policy at all. Unlike Labor, the coalition has now consulted widely. We have listened carefully to the views put forward by veterans, by those who are ex-service, by ex-service organisations and by current serving ADF personnel.

Labor has failed its veterans; the coalition provides them with hope. We actually believe in the unique nature of military service. We believe that our service personnel, past and present, after giving so much for their nation, deserve to live out their lives in the knowledge that they have financial security to the maximum degree possible. Indeed the submission made by the Alliance of Defence Service Organisations to the inquiry of the Senate Legislation Committee on Finance and Public Administration into the coalition's DFRDB bill notes:

In no other calling, occupation or profession has the State the power to accept or demand the surrender of these rights—

the universal human rights—

The Unique Nature of Military Service deserves unique solutions and also places a great burden on the Government as the "employer" to ensure that ADF members are looked after both during and after Service.

The Vietnam Veterans Federation of Australia also noted:

Members of the Australian Defence Force have suffered conditions of service far less favourable than civilians including:

liability for compulsory high risk combat operations ...

a restriction of liberty in a regimented way of life;

compulsory long and irregular working hours;

compulsory statutory retiring ages well below the community norms;

compulsory high standards of physical fitness;

frequent compulsory relocation ...

If that is not unique I am not too sure what is. The submission by the RSL further states:

An examination of legislation for the Australian Defence Force shows that in almost all respects, the Parliament has been consistent since Federation in regarding the nation's armed forces as a separate and quite distinctly different part of Australian society.

The coalition is committed to the concept of the unique nature of military service. We believe it; we have seen it in action; we have experienced it; we are committed to it; and we are also committed to the process of military superannuation reform.

That is why the coalition made a commitment on 27 June 2010 to provide fair indexation for the Defence Force Retirement and Death Benefits Scheme and the Defence Force Retirement Benefits Scheme, the DFRDB and DFRB, superannuation pensioners. The Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010 was subsequently introduced into the Senate by my colleague Senator Ronaldson on 18 November 2010 and backs up and reaffirms and stands as a beacon of the coalition's commitment to its word, as opposed to the shallow, hollow promise of the Rudd Labor government in 2007. The private member's bill that we submitted to the Senate affirms the coalition's commitment to introducing a fair, equitable and fiscally responsible military superannuation system. The bill also reaffirms the coalition's recognition of the unique nature of military service. These changes have long been sought by veterans' organisations as part of

a wider, fairer indexation system. The changes would bring indexation arrangements for these superannuants into line with the age pension. It is the right thing to do considering the unique nature and the risks of military service.

Widows of superannuants of this scheme will also benefit from the announced changes. The coalition are simply calling on all senators and members who have been vocal supporters of such measures for the indexation regime to support the motion and, indeed, support the coalition's bill. We ask no more than that. We know the Labor Party were not true to their word; they broke it in 2007. We know they treat veterans with great disdain. But those who have stood in this place and said publicly that they will support fairer indexation, we simply call on them to honour their word.

From 1 July 2011 the coalition's bill will ensure that DFRDB and DFRB superannuants aged 55 and over will have their superannuation pensions indexed in the same way as Australian government income support pensions. Twice yearly, pensions will be indexed to the higher of the CPI, the Male Total Average Weekly Earnings or the Pensioner and Beneficiary Living Cost Index. Currently, DFRDB and DFRB members have their superannuation indexed only in line with the CPI. This bill will provide over 56,000 retired Australian Defence Force personnel who are members of these now closed DFRDB and DFRB schemes with an indexed superannuation pension that better reflects changes in the cost of living.

The Senate Standing Committee on Finance and Public Administration's report was the ninth such report into the indexation arrangements. Of the 17 submissions recently received by the Senate committee, only two did not support the bill. The two that did not—surprise, surprise!—were Labor's Department of Finance and Deregulation and, of course, the Department of Defence. Every other veteran and ex-service organisation unanimously supported the coalition's bill. It seems like the whole nation is on board except the Australian Labor Party. All ESO submissions contended that military service is sufficiently unique that those serving should be entitled to special financial and non-financial benefits and that a fairer indexation regime would satisfy this objective. I agree. The coalition passionately agrees.

The two submissions that did not support the coalition's bill reached different conclusions on our bill. Each reached a different conclusion regarding the scope of the bill. In their respective submissions each of the departments differently and selectively quoted advice from the Australian Government Actuary with regard to how provisions in the bill will apply to DFRDB

and DFRB members. For instance, the Department of Defence, in submission No. 15, said:

On 13 January 2011 the Australian Government Actuary (the Actuary) provided Defence with an analysis of the increased costs involved in changing from current indexation by the Consumer Price Index to the methodology proposed in the Bill. The analysis indicated that the Bill, as drafted and amended, does not deliver indexation for the best of the Consumer Price Index, Male Total Average Weekly Earnings and the Pensioner and Beneficiary Living Cost Index. Instead it falls short of that objective.

Yet the Department of Finance and Deregulation said:

However, as reflected in the AGA's advice to the Department of Defence it appears that the Bill would provide for better indexation arrangements than those currently applying to Age and Service Pensions.

Defence says it would not help; Finance and Deregulation says it would help. I suggest their responses were rushed. Clearly they did not look at the content of the private member's bill and they came to vastly different conclusions.

The coalition believes, as we took to the election, that this would cost \$98 million over the forward estimates. Even if we were to believe the government that it would cost \$175 million over the forward estimates, this is easily funded by reducing the growth of Australian Public Service full-time equivalents in the Department of Defence, including DMO, by 33 per cent. If we simply reduce the growth by 33 per cent over the forward estimates it would save well over \$175 million and we would be able to fund the requirement. This will still see the number of staff in the department grow in size by a staggering 8.3 per cent by financial year 2013-14 compared to a budgeted 12.6 per cent. I still find 8.3 per cent a staggering growth for APS civilian bureaucracy but cutting it from 12.6 to 8.3 easily funds the coalition requirements. The coalition believes the government has not justified the expansive growth in the civilian defence bureaucracy. The project forecast to grow by 12.6 per cent over the forward estimates simply is indefensible. This growth is taking place at the same time the government's strategic reform program is designed to reduce expenditure by approximately \$2 million per annum over 10 years. Accordingly it is fitting that a savings measure to provide a more equitable indexation regime for retired defence personnel should be funded from the Department of Defence.

The private member's bill is quite simple. We stand for fairer indexation for those who have served our country

as recognition of their unique service. The question is what will Labor and the Independents do.