



Senator  
**Steve Fielding**  
Leader of Family First



7 December 2009

The Hon Greg Combet MP  
Minister for Defence Personnel, Material and Science  
Minister Assisting the Minister for Climate Change  
Parliament House  
Canberra ACT 2600

Dear Minister *GNEC*

I am writing in relation to the pension indexation arrangements for military superannuation schemes.

The current indexation arrangements for the Defence Force Retirement Benefit Scheme (DFRB), Defence Force Retirement and Death Benefit Scheme (DFRDB) and Military Superannuation Benefits Scheme (MSBS) are hopelessly inadequate and condemn our military pensioners to fall further behind rising community income standards.

The abovementioned military superannuation schemes are at present only indexed to the CPI, which is not an accurate measure of the increases in cost of living expenses. As a result, the true value of these military pensions is falling compared to the rising incomes of the general population.

This method of indexation is not only inappropriate but is also inconsistent with the indexation of other government pensions, such as the age pension, wife pension, disability support pension, widow's pension parenting payment, carer payment, services pension, partner service pension, income support pension and the war widow's pension

These pension payments are now all also linked to the average wage, ensuring that they do not slip below a certain percentage of any increase in the average wage.

A similar wage-based indexation arrangement should also be applied for military pensions.

I acknowledge the Government's actions in establishing the Matthews Review to look specifically into this issue. However, I do not support the report's recommendation to maintain the existing indexation arrangements because in arriving at its conclusions, I do not believe the report has properly taken into account the unique nature of military service. Clearly insufficient regard has been given to the fact that Australian soldiers regularly put themselves in harms way and put their lives at risk in defence of the Australian people and our values.

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Moreover, I find it hypocritical that the Government can justify maintaining the current indexation arrangements for military superannuation schemes while at the same time endorsing the more generous wage-based indexation mechanism under the Parliamentary Contribution Superannuation for those politicians elected prior to 2004.

In addition to the inequitable indexation arrangements for military superannuation schemes I am also concerned by reports that those veterans under the DFRDB scheme who want to commute their super to get a lump sum are having it calculated based on life tables from 1962. This results in a lower residual fortnightly payment than would be the case if up to date life tables were used and is essentially robbing our ex-service people of what they deserve.

Furthermore, I understand that DFRDB pension recipients who choose not to commute their lump sums have only that part of their pension that would have been paid if they had commuted, indexed. In effect, this equates to partial indexation and is blatantly unfair.

I recently addressed these issues in a speech I delivered in Parliament and have enclosed a copy of my speech for your perusal.

Moreover, I also raised these issues directly with Air Chief Marshal Houston during a private meeting which took place.

I would appreciate your response to the issues I have raised in this letter and in my speech in Parliament and ask that you keep me updated on what the Government is doing to address these issues.

I also look forward to the opportunity of discussing these issues with you in person and would be keen to arrange a meeting with you in relation to these matters.

Yours Sincerely

A handwritten signature in blue ink, appearing to be 'S. Fielding', written in a cursive style.

Senator Steve Fielding  
Leader of Family First