

2010

The Parliament of the
Commonwealth of Australia

THE SENATE

Presented and read a first time

**Defence Force Retirement and Death
Benefits Amendment (Fair Indexation)
Bill 2010**

No. , 2010

(Senator Ronaldson)

**A Bill for an Act to amend the *Defence Force
Retirement and Death Benefits Act 1973* to provide
for fairer indexation, and for related purposes**

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Commencement information

Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1. Sections 1 to 4 and anything in this Act not elsewhere covered by this table	The day this Act receives the Royal Assent.	
2. Schedule 1	1 July 2011	1 July 2011

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Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

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(2) Any information in Column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

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3 Object

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The object of this Act is to introduce new indexation arrangements for Defence Force Retirement and Death Benefits Scheme members to recognise the unique nature of military service and the need for a fair, equitable and fiscally-responsible military superannuation system.

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4 Schedule(s)

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Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

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1 **Schedule 1—Amendment of the Defence**
2 **Force Retirement and Death Benefits**
3 **Act 1973**
4

5 **1 Section 98A**

6 Insert:

7 *LCI* means Pensioner and Beneficiary Living Cost Index.

8 **2 Section 98A**

9 Insert:

10 *LCI number*, in relation to a quarter, means the All Groups
11 Pensioner and Beneficiary Living Cost Index number that is the
12 weighted average of the 8 capital cities and is published by the
13 Statistician in respect of that quarter.

14 **3 Section 98A**

15 Insert:

16 *VEA* means *Veterans' Entitlements Act 1986*.

17 **4 Subsection 98B(1)**

18 After “in this section”, insert “and section 98BA”.

19 **5 Subsection 98B(2)**

20 Omit “The”, substitute “Subject to section 98BA, the”.

21 **6 After section 98B**

22 Insert:

23 **98BA Additional increase in certain pensions**

24 (1) The section applies in relation to a pensioner who is 55 or older.

25 (2) In relation to a pensioner to whom this section applies, the
26 prescribed percentage for a prescribed half-year, ascertained in

- 1 accordance with subsection 98B(3), is taken to be increased in
2 accordance with this section.
- 3 (3) If the prescribed percentage for a prescribed half-year is less than
4 the percentage for the prescribed half-year worked out using the
5 pension MBR method in section 98BB, the prescribed percentage
6 is taken to be the percentage worked out using the pension MBR
7 method.
- 8 (4) If, after applying subsection (3), the prescribed percentage for the
9 prescribed half-year is less than the percentage for the prescribed
10 half-year worked out using the LCI method in section 98BC, the
11 prescribed percentage is taken to be the percentage worked out
12 using the LCI method.

13 98BB Percentage increase using the pension MBR method

- 14 (1) The percentage worked out in relation to a prescribed half-year
15 using the *pension MBR method* is the percentage that represents
16 $A - B$ expressed as a percentage of B ,
17 where:
18 A is the single pension rate MBR amount (see item 1A of the table
19 in section 59A of the VEA) applicable on the adjustment day prior
20 to the first day of the prescribed half year; and
21 B is the single pension rate MBR amount (see item 1A of the table
22 in section 59A of the VEA) applicable on the day before that
23 adjustment day
24 worked out to 3 decimal places.
25 Note: Changes in the single pension rate MBR amount reflect changes in
26 Male Total Average Weekly Earnings (MTAWE).
- 27 *Rounding*
- 28 (2) If a percentage worked out under subsection (1) would, if it were
29 worked out to 4 decimal places, end in a number that is greater
30 than 4, that percentage is to be increased by 0.001.

1 for a living cost index number previously published by the
2 Australian Statistician for that quarter, the publication of the later
3 living cost index number is to be disregarded for the purposes of
4 this section.

5 *Change to reference base*

6 (4) If at any time (whether before or after the commencement of this
7 section) the Australian Statistician changes the reference base for
8 the Pensioner and Beneficiary Living Cost Index, regard is to be
9 had, for the purposes of applying this section after the change takes
10 place, only to living cost index numbers published in terms of the
11 new reference base.

12 *Interpretation*

13 (5) In this section:

14 ***most recent half-year*** means the half-year immediately preceding
15 the prescribed half-year.