

# THE RETURNED & SERVICES LEAGUE OF AUSTRALIA (SA BRANCH) INC

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JHS/JC/D1.2

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Dear Member / Senator

## **DEFENCE FORCE RETIREMENT AND DEATH BENEFITS AMENDMENT (FAIR INDEXATION) BILL 2011**

I write in my capacity as President of the RSL-SA and NT, in order that I might be able to pass on the collective outrage of my membership and colleagues, of the recent Senate decision on the 16<sup>th</sup> June 2011 to reject the subject legislation.

There are many among the members of RSL who are dependent upon their DFRDB pension to make ends meet. More ominously, there is a very large number of ex-service personnel who have been thus far unaffiliated with ex-services organisations who will now be galvanised by the Senate decision.

I am not sure if you are familiar with the way the DFRDB system worked.

- In essence, service personnel made contributions to the fund during the course of their service. It was designed with a retention and retirement benefit objective in mind. It encouraged service men and women to serve for 20 years, a tenure of service which generally extracted a good dividend and capitalised on the accumulated experience of the individual concerned for the training investment made in them.
- However, in the event they left the service prior to the 20 year mark, they received nothing in return other than their contributions. In other words they furnished the Commonwealth with a compounding interest free loan for the tenure of their service less than 20 years!
- Having served for 20 years, or to the notional retiring age for their rank (generally 42 years of age) they were supposed to be able to rely on the future indexation of their pension so that it at least retained its purchasing power. If they served 20 years but left prior to reaching their notional retiring age, they were penalised 3% for each year short! So a Sailor, Soldier or Airman who enlisted at 18 and left after 20 years got docked 3% before he even started receiving his/her pension.
- To add insult to injury – they thought the idea of CPI was to maintain the purchasing power of their pension!



That of course has proven not to be the case. Many having retired some time ago have seen the purchasing power of their pension diminish by 30% in real terms. By voting down the amendment Bill, the Senate has effectively and morally slapped tens of thousands of service men and women in their collective faces.

This situation lacks any notion of fairness or justice and will be exacerbated by increases in energy costs, water, vehicle registration, increasing food, petrol insurance and medical costs, and of course the much heralded carbon tax and anything else governments of various persuasions choose to concoct in the future.

This is compounded for surviving spouses who only receive 5/8 of the DFRB/DFRDB superannuants' pension. This meagre sum also continues to be indexed against the CPI. It seems inequitable and immoral to the RSL-SA that the surviving spouse of a politician in receipt of a pension has his/her pension indexed against the increases to the salary of a back bencher. Does this mean that a politician's spouse makes such a huge contribution to our Nation that it is valued over the spouse of a Sailor, Soldier, or Airman who serves this Country at the whim of the Government? Where is the justice in this?

The decision in effect endorses the notion that the CPI remains the most appropriate method of indexation for military superannuants. If this is a legitimate argument, then please explain to the Veteran Community why *Parliamentary* pensions are not indexed against the CPI when you retire?

The Matthews Review suggested the use of an Analytical Living Cost Index and the Government introduced the Pensioners and Beneficiaries Cost of Living Index (PBCLI) the day after the Matthews Review was released. Why was the PBCLI not accepted as a fair indexation for military superannuants?

This is immoral and it lacks any notion of the principle of "a fair go" so readily espoused by all politicians. The sanctimonious posing of political leaders at the regular 'ramp ceremonies' for service personnel killed in action, belies the hypocritical and disgraceful manner in which service personnel are treated as a result of this decision. How do you explain this to Veterans who have gone where their country sent them, did what their duty demanded, all the while harbouring a belief that they were serving the best interests of this country and it was looking after theirs?

We have by and large taken life's exigencies as they come, thanks to a 'service above self' ethos which is an intrinsic part of the ADF culture. We have seen friends and colleagues fall in the course of their service, its aftermath, and in the natural course of things. In Queensland earlier this year, ADF personnel left their families to face cyclone Yarsi in Townsville while they were deployed on flood relief operations further south. That's what we do.

All that's required in return is respect.

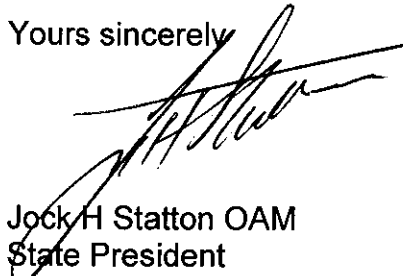
It seems we have been mostly abandoned by those who profess to represent us. Perhaps that is because we have by the nature of our service been apolitical. What

we do have though is a well developed sense of 'mutual support' towards our colleagues, and as such we will not let this lie.

I hope you are able to offer my members some solace in this because right now they don't see much. I have sent this letter to my membership and asked them to approach their local politicians with the same questions.

I thank you for considering this request and look forward to your response.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jock H Statton', written over the typed name below.

Jock H Statton OAM  
State President  
RSL (SA/NT & Broken Hill)