

MONTHLY UPDATE #257 – 15 February 2011

UPDATE is a monthly news sheet produced by the Defence Force Welfare Association containing current items of interest to the Service and ex-Service community. It is widely distributed to Members of Parliament, media outlets, senior Service and Public Service Officers and DFWA members.

## THE FAIR INDEXATION BILL

On 10 February 2011 the Senate scheduled debate on the Bill proposed by the Shadow Minister for Veterans' Affairs, Senator the Hon. Michael Ronaldson, to index military pensions in line with the Coalition's pre election commitment. If passed, the Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010 will enable DFRDB (and DFRB) superannuants aged 55 and over from 1 July 2011 to have their pensions indexed at the higher rate of the Consumer Price Index (CPI), Male Total Average Weekly Earnings (MTAWE) or the Pensioner and Beneficiary Living Cost Index (PBLCI). The debate was delayed and has been rescheduled for debate on 3 March 2011. Unsettlingly, the Government has suggested that this Bill (along with a number of others) is “unconstitutional”, as it involves introducing 'money bills' in the Senate. The disagreement about this rages on between the Houses (s53 of the Constitution refers) and we shall see what transpires. A hung Parliament can toss up many conundrums. During debate in the Senate on 10 February, the Greens indicated that they will not support any Bill that puts a burden on the budget without there being a mechanism for funding. Indeed if there is a reluctance to place any further “burden on the budget” then an analysis of the excess earnings of the Future Fund provides a strong argument for affordability at no conceivable extant cost to the “on-book” budget. The Association, in concert with the Superannuated Commonwealth Officers Association has made representations along these lines, providing an analysis of how the Future Fund could be utilised finally, the Association was disappointed in the advice provided to Senators and MPs by the Parliamentary Library on the Bill in its Bill Digest #55, finding it flawed in many aspects. The Association has issued its own commentary on the Bill and this has been distributed to all Senators and MPs.

We again call upon all elected Senators and Members of Parliament to show their support for the military and veteran community by supporting the legislation, and following up with further legislation to ensure all military superannuants are included. In particular, we call on those independent members who have previously voiced their support for the provisions contained within the legislation, to show their support by voting accordingly.

## LIVING-COST RISES OUTPACE INFLATION

The Association welcomes the confirmation in today's The Age that living-cost indices released by the Bureau of Statistics show the increases facing families, age pension households and welfare beneficiaries have all outpaced the CPI. Working households faced extra costs of 4.5 per cent in the year to December, age pensioners 3.1 per cent and welfare recipients 4.5 per cent. The CPI grew 2.7 per cent. The bureau says there are different reasons for each group. Age pensioners spend a relatively high proportion of their income on utility bills and fruit and vegetables, both of which shot up in price in the year to December. Does this mean the consumer price index is a poor guide to living costs? The bureau says it does. It is meant to be a measure of inflation rather than living costs, a very different concept, which is why the bureau produces separate living-cost indices. The good news for pensioners is they get a choice. Their payments are adjusted twice a year in line with either the CPI, the

Pensioner and Beneficiary Living-Cost Index or Male Total Average Earnings, whichever has increased the fastest. For Military superannuants of course there is only bad news!

#### SENATE QUESTIONS ON NOTICE

On a closely related matter, the Department of Finance and Deregulation continues to drag its heels by its delays in responding to the Questions placed by Senator Humphries on 16 November 2010 on matters relating to the flawed Matthews report and other matters relating to indexation. To date, replies to just one question out of nine have been received, and that over two months after it was due.

#### REVIEW OF DVA FUNDED ADVOCACY AND WELFARE SERVICES REPORT

The Association will closely examine the Review of Department of Veterans' Affairs (DVA)-Funded Ex-Service Organisation (ESO) Advocacy and Welfare Services Report which was released yesterday. Whilst the aims of the review are laudable – ie, to provide a prescribed framework to ensure veterans, war widow/ers and their families have access to quality advocacy, welfare and support services – there may be unexpected consequences that will need close examination. The Review covered the Building Excellence in Support and Training Program (BEST), Training Information Program (TIP), and the Veteran and Community Grants (V&C) program.

#### MINISTER'S RESPONSE - RELEASE OF SERVICE RECRDS

The Association was pleased to receive a detailed response from the Minister for Defence Science and Personnel to our concerns about the release of Service Records by the National Archives. The Minister acknowledged that the fairness of a particular decision to release information is not an issue that can be easily resolved. Of specific interest was the Minister's advice that both the Administrative Appeals Tribunal and the Federal Court have determined that information relating to a person's professional affairs, including their employment performance, is not considered to be their personal affairs. The Association acknowledges this however suggests that ADF records are, by their nature, more detailed and contain more sensitive and personal information than any civilian employment record would contain! The Minister also advises that the National Archives policy for the release of deceased members' medical information is that it will release information unless it contains information about medical conditions that are hereditary and that such release may constitute an unreasonable disclosure of a third party's personal affairs. However, the Association wonders whether National Archives officers are medically qualified to make such a decision?