



DEFENCE FORCE WELFARE ASSOCIATION

## MONTHLY UPDATE #248 – 17 March 2010

**UPDATE is a monthly newssheet produced by the Defence Force Welfare Association containing current items of interest to the Service and ex-Service community. It is widely distributed to politicians, media outlets, senior Service and Public Service officers and DFWA members.**

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### **AWAITING A RESPONSE FROM THE PRIME MINISTER**

Last month the Association wrote to the Prime Minister expressing our concern about the longstanding issue relating to the indexation of ADF Superannuation pensions and your Government's response to the *Review of Pension Indexation Arrangements in Australian Government Civilian and Military Superannuation Schemes* commissioned on behalf of the Government on 26 June 2008.

Our letter in part, highlighted that information suggesting an association between Senator Sherry and the principals of the Review, Mr Trevor Matthews and Mr David Harris had been brought to our attention.

The Association believes that ADF Superannuation members have a right to an informed view as to the degree of independence and objectivity brought to bear on this most important issue. We therefore sought the assistance of the Prime Minister to both clarify the scope of this association and to publically release all documentation relating to the selection and appointment of Mr Matthews and Mr Harris.

We look forward to his response to this important matter.

### **AND WE AWAIT A RESPONSE FROM MINISTER TANNER**

Last month the Association also wrote to the Minister for Finance, The Hon Lindsay Tanner MP, regarding comments he made on the ABC's 'Q&A' program on 15 February 2010. The Association had difficulty identifying the Minister's specific objections to fair indexation because of the way he chose to answer a question placed to him during the program.

The Association has interpreted Minister Tanner's response as suggesting that his principal objections are threefold:

*First*, that an 'expert review' (Matthews) said that current indexation arrangements, i.e. CPI indexation, should not change 'because it was a term and condition of employment'.

*Second*, that a change would be 'unfair to people who elected to receive a lump sum'.

*Third*, that 'more importantly than that, the cost...would be, over the long haul, billions and billions of dollars' and 'we've got a budgetary situation...'.

In our letter to the Minister we replied in detail to each of these assertions and stated that we would like to be wrong about the Government's anti-ADF position. We also stated that if we have interpreted his response incorrectly then we invite he respond with his and the Government's true position.

We also look forward to a response to this important matter.

## **RAN PERSONNEL VINDICATED AND THEIR ACTIONS PRAISED**

The Association is gratified, but not at all surprised, that the men and women of the ADF who rescued Afghan asylum seekers after the SIEV 36 explosion at Ashmore Reef in April 2009 have been vindicated by the Northern Territory Coroner. Coroner Greg Cavanagh found that:

*Whilst there was a priority to save ADF members in the water first and whilst that in fact occurred, I conclude that no criticism can be made in the circumstances of this case. It was not known whether ADF members in the water were injured or not, Corporal Jager would have drowned but for the efforts to rescue her.*

*The fact that the ADF members were recovered and then assisted in the timely rescue and treated of passengers probably saved many lives.*

*I have concluded that action taken by navy personnel was appropriate and more passengers might have died but for the action they took. Indeed, later in these findings I refer specifically to the bravery of three members of the ADF.*

*In my view the individual efforts of ADF members Jager, Keogh and Faunt are worthy of specific mention.*

The Association again thanks the men and women who protect our borders, often a thankless job that can be made more difficult when media and others cast dispersions on their integrity and professionalism. The Coroner's report is a welcome assertion of this.

## **SENATE COMMITTEE HEARS FROM DFWA ABOUT PROPOSED AMALGAMATION OF MILITARY AND CIVILIAN SUPERANNUATION BOARDS**

The National President of the Association recently spoke to the Senate Committee on Finance and Public Administration regarding the proposed merger. He outlined the Association's concerns, being:

- That the service / employment environment differences between the members of the ADF and the APS is different and this has flowed into the design of the funds. We are concerned that over time and with the inevitable budgetary pressures, the understanding of the nature of the military schemes at Board level will diminish, to the detriment of ADF members.
- We are yet to be convinced that the new arrangements will indeed reduce costs both for members of the schemes.
- The proposed structure of the Board, having only two military members out of 11.
- That the case for consolidation of the governance arrangements based on the potential for a larger pool of investment funds earning better returns, is questionable as there are examples of schemes with high membership bases and large funds achieving large losses as well as some that do well. A similar situation exists for smaller funds. It would appear that investment decisions rather than size is the governing factor.
- In the case of the military schemes the issue of spread of age would not seem to be a significant issue limiting investment decisions (specifically MSBS as DFRDB does not have funds to invest). There is a steady throughput of ADF recruits and the members fund is increasing.
- There is no evidence that the proposed arrangements will result in any additional benefits to members that would not be available if governance for the military schemes were to be consolidated but remain separate from the other Commonwealth superannuation schemes.

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