



The Hon Darren Chester MP

Minister for Veterans' Affairs

Minister for Defence Personnel

Minister Assisting the Prime Minister for the Centenary of ANZAC

MC18-002540

- 3 DEC 2018

Mr James Brown
President
RSL NSW
ANZAC House
245 Castlereagh Street
SYDNEY NSW 2000

Dear Mr *James* Brown

Thank you for your correspondence of 2 August 2018 concerning motions resolved by delegates, at the NSW State Congress of the Returned and Services League of Australia (RSL).

I note the motions on a range of matters from the State Congress that you have forwarded. I have asked the Department of Veterans' Affairs and the Department of Defence to fully consider these proposals and respond as appropriate. I have enclosed these responses for your information.

Thank you for taking the time to write.

Yours sincerely

DARREN CHESTER

Encl

Response by the Department of Veterans' Affairs / Department of Defence

Motion:

That the RSL NSW make representations to the Australian Government regarding the continuing issue of Defence pensions falling behind in their rate of increase compared to age and other pension increases.

Response:

In 2014, the Australian Government introduced fair indexation for Defence Forces Retirement Benefits (DFRB) and Defence Force Retirement and Death Benefits (DFRDB) superannuation pensions in its first budget. From 1 July 2014, DFRB and DFRDB superannuants aged 55 and over have had their pensions indexed in the same way as age pensions. This change is estimated to provide over \$4 billion in additional pension benefits to military superannuants and their families over the life of the schemes.

Fair indexation for superannuants aged 55 and over was recommended by the 2007 Review into Military Superannuation Arrangements (the Podger Review), which had regard to the unique nature of military service and the importance of superannuation, invalidity and death benefits provided by the military superannuation schemes. The Podger Review found no case to increase the generosity of benefits payable to superannuants prior to age 55.

The Podger Review noted the interdependencies that exist between existing Commonwealth superannuation schemes, and proposed that any change to the DFRB and DFRDB schemes be made in conjunction with any such changes to the other Commonwealth defined benefit schemes, including the Military Superannuation Benefits Scheme.

The 2008 Review of Pension Indexation Arrangements in Australian Government Civilian and Military Schemes (Matthews Review) considered the fairness and equity of indexation methodologies applied to pensions paid from Commonwealth schemes, recommending no change to the current arrangements. Mr Matthews concluded that the purpose of pension indexation for the Commonwealth schemes should be to continue to protect indexed scheme pensions from the effects of inflation and not to provide pensioners with a share of productivity benefits that would come from linking indexation to wages. The Government of the day accepted Mr Matthews' recommendation, and his review findings remain relevant today.

The Government respects the service of Australian Defence Force (ADF) personnel and is committed to ensuring fair superannuation arrangements for our retired military personnel.