

Unrest in the ranks as retired troops slide into poverty

by Peter Criss, a retired RAAF air vice-marshal

“The willingness of future generations to serve in our military will be directly dependent upon how we have treated those who have served in the past.” — George Washington

So the politicians have seen fit to grant themselves another pay rise. No, sorry, the Federal Remuneration Tribunal has granted them a pay rise and they have accepted its ruling. Changing the legislation to say no is apparently not an option.

What many may not realise is that politician pay rises benefit not just current politicians, but *all* qualifying pre-2004 retired politicians. If those retired politicians are survived by their spouse, this pay rise also goes to them.

Such are the terms of the pre-2004 Parliamentary Contributory Superannuation Scheme (PCSS) — which must be irresistible if you're entitled to it.

Our troops certainly aren't. They can't even get the indexation they were guaranteed when enlisting.

You may not have noticed yet, but you will. The troops — current and retired — are angry. Retirees receiving military superannuation pensions are struggling to maintain their standard of living because of inadequate indexation.

Ninety per cent of the 63,000 military pensioners are receiving less than \$30,000 a year; the average being \$23,000. What's more, that money is taxed even if they are older than 60.

Those who volunteered to serve in the Australian Defence Force were promised an indexed military superannuation pension that would maintain its purchasing power as part of their employment “contract”. This “guarantee” has been given since 1977.

Before 1977, the Defence Force Retirement and Death Benefit Scheme (DFRDB) and the earlier schemes obtained increases retrospectively through ad hoc legislation introduced at the whim of the government. The automatic “safeguarding” of their pension through the Consumer Price Index (CPI) initiative which, from the seventies to the early nineties, correctly captured cost of living increases, meant military superannuation pensions automatically retained value — employer obligations were met.

When age pensioners saw their purchasing power diminish, new indexation arrangements were progressively adopted, beginning in 1997. But the troops were abandoned.

Over the past 10 years, age pensions have increased by 95%. Politicians' pensions have increased well over 100% (factoring in this latest pay rise). Retired military payments have increased by a paltry 33%. DFRDB recipients, plus about 4000 still serving under that scheme, are left wondering what they did wrong

The consequence of this employer neglect on veterans is profound. In real terms, our retired troops are sliding into poverty with many now having to rely on welfare safety nets to survive.

Take Major Ben McGuinness (name changed for privacy reasons) who retired in 1987 after 21 years in the Army on a salary of \$38,584. He received an initial pension of \$14,083 per annum indexed to CPI. In 2011, 24 years into retirement, he now receives \$27,331. If either he or his wife work that income is also taxed at the marginal rate even though both are over 60.

That's how a senior officer is impacted by unfair indexation; imagine what the troops are getting; a Sergeant retiring after 21 year in 1989 received \$10,442.

Farcically, the “Military Super Book” (current edition) states: “Pensions are subject to full CPI updating every six months (ensuring that \$1 in 2011 will be equivalent to \$1 in 2028).” I believe the government knows that is deliberately misleading. The veteran community certainly knows it (from bitter experience) and there is growing awareness of the lie among those still serving.

An even starker injustice is the discriminatory treatment of a spouse following the death of a retired military member. Their spouse receives 62.5% of their partner’s entitlements. The spouse of a politician receives 83.3%. Why the disparity?

How in this staunchly democratic society, with its abundant wealth, enshrinement of the concept of “a fair go” for all, and with the parliament’s unambiguous acknowledgement of the unique nature of military service, can governments maltreat those who served our nation in the national interest for 20 years or more.

George Washington undeniably comprehended the national importance of fairly treating those who have served in uniform — wisdom that has evaded Australia’s political elite for decades.