

THE DFWA MONTHLY UPDATE

	<p>PO Box 4166 KINGSTON ACT 2604 Telephone: 02 6265 9530 Facsimile: 02 6265 9776 W: www.dfwa.org.au E: national@dfwa.org.au <i>Patron-in-Chief: His Excellency Mr Michael Bryce AM AE</i></p>	<p>ISSUE 234 OCTOBER 2008</p>
<p><i>Update</i> is a monthly newsheet (except for January) produced by the Defence Force Welfare Association (DFWA) containing items of interest to the Service and ex-Service community. It is distributed to politicians, media outlets, senior Service officers and DFWA branches. Branches are encouraged to distribute <i>Update</i> to Association members and other interested people or organisations. <i>Update</i> is also posted on the DFWA website.</p>		

New Patron-in-Chief DFWA is very pleased that His Excellency Mr Michael Bryce AM AE has accepted our invitation to become our Patron-in-Chief.

A Win for Single ADF Personnel DFWA welcomed the news that single ADF members no longer have to move from their rented accommodation when they deploy overseas. In its submission to an inquiry into Defence Mental Health Care Services last month, DFWA pointed out that the policy increased the stress on returning personnel, who may also be suffering other mental health effects of their deployment. Our 29 October press statement can be read at www.dfwa.org

Pension Indexation grinds on. There have been more meetings with politicians, sometimes in conjunction with ACPSRO and SCOA. A point which needs to be made by *UPDATE* readers to counter interminable arguments about whether or not CPI reflects the price of an appropriate basket of goods, etc, is that when CPI was adopted for both the DFRDB and the MSBS military retirement pensions, national *wages* were also indexed by CPI, as part of the central wage fixing system. CPI indexation of military pensions was not initially adopted to allow military pensioners to keep buying the same basket of goods until they died of old age; it was adopted so that military pensions (actually, in law, not “pensions” but “Retired Pay”) would maintain their relativity to national wages and community standards of living. The rest of Australia moved off the central wage fixing system in the early 1990s. Since then the CPI has frequently been tweaked to attempt to measure economists’ definitions of “inflation” and lost its direct correlation to wages (and, thus, so did military pensions!).

Department of Finance and Deregulation (DoFD) staff attended the ACPSRO AGM on 23 October to answer questions about the assumptions underlying the DoFD submission to the Matthews inquiry into the indexation of Commonwealth retirement pensions. It transpired that most of the assumptions are embedded in the actuaries’ spreadsheets and the meeting was left little the wiser. What did become clear was that the DoFD submission purports to be just a “flat” statement of the through-life costs of increasing pension indexation. The DoFD staff said that it was not their job to determine the affordability of any increase – that is the job of politicians. Some attendees felt that such a submission without any reference to context, eg a comparison of the cost against the projected growth in Government revenues and expenditures over the next 40 years, as outlined in the Government’s own Intergenerational Report series, renders the DoFD submission valueless (in several meanings of the term).

Income and Assets Tests The 14 October announcement by the PM and the Treasurer about economic stimuli and lump sum payments to the Aged and (War) Service pensioners leads logically to recognition that the social welfare pension system is now officially a fundamental part of the retirement plans of all of us. As private and Commonwealth retirement pensions are increasingly overtaken by the Aged pension, the former because of the stock market crash, the latter because of inadequate indexation, we are all *expected* to be prepared to move eventually on to the means-tested social welfare system.

Mr Griffin amplified the Prime Minister’s announcement of one-off lump sum payments to Service pensioners by including a very welcome assurance that DVA will move quickly to reassess current Service pensioners’ assets in the light of the stock market crash, with a view to increasing their Service pension and other means-tested DVA benefits where appropriate.

That is possible for pensioners who are already drawing means-tested part-pensions and benefits, and whose details are therefore known to the Department. The word needs to be spread, however, among war veterans and military retirees whose assets (and possibly any other retirement income streams) had previously placed them so far above the cut-off that they have never bothered to apply for the Aged or Service pension. They should seek advice and reconsider whether they can now apply.

WA Quilt The Partners of Veterans Association is holding an exhibition of ‘Pe-ac-ed With Love’ quilts in Parliament House, Canberra, from 10 November to 5 December and the DFWA WA Widows Group’s quilt has been dispatched for display.

Claiming Tax Deductions for Pre-1983 Excess Contributions and Undeducted Purchase Price

Further to last month’s *UPDATE*, DFWA has now seen additional and more detailed advice from ComSuper about the Undeducted Purchase Price (UPP) issue.

If they are not already in possession of a Private Ruling from the ATO, DFRDB pensioners who, prior to 1 July 2007, had been claiming excess contributions deductions now need to obtain current documentation from the ATO by phoning 13 10 20 and asking for a letter stating the amount of their pre-1983 excess contributions.

That ATO letter then needs to be forwarded to DFRDB – PO Box 22, Belconnen ACT 2616 – asking DFRDB to re-calculate the 2007-08 pension to increase the value of the Tax Free Component.

DFRDB/ComSuper will then issue an “amendment letter” which can be submitted with the tax return and the original DFRDB Payment Summary. (Apparently DFRDB cannot issue an amended Payment Summary.)

If the tax return has already been submitted, ie without allowance for the correct tax free component, then the claimant will need to request an amended assessment from the ATO. The procedure for doing that may vary, depending on whether you use the Tax Pack or an accountant.

Submarine Workforce Sustainability Review Led by the President of DFWA’s WA Branch, a submission has been made to RADM Moffit’s review, pointing out that the submarine force is analogous to the SAS and drawing attention to problems like: the lack of a specialist manpower planning system for the submarines; the effects on morale of policies like outsourcing maintenance; the need for a dedicated Family Liaison Officer to provide a uniformed point of contact for families when submariners are otherwise uncontactable; certain other family/submarine specific problems; the need for proper crew rotations; and the distortion of the pay scales by the Navy Capability Allowance (ie retention bonus).

DFWA NSW Branch Raffle Details of the winners of the DFWA NSW Branch raffle that was drawn on 14 October are available on the DFWA website on the relevant Branch pages. Go to www.dfw.org.au => Contact Us => then NSW, Vic or ACT.

Graded Other Ranks Pay Structure (GORPS) – Defence Force Remuneration Tribunal (DFRT)

After a briefing by Defence, work is underway, in conjunction with the RSL, on a final joint submission to the DFRT.

Vietnam Veterans Family Health Study To provide large enough sample groups for the study, DVA needs a further 900 Vietnam veterans plus another 1,900 non-Vietnam National Servicemen (to complete the control group). *Please encourage everyone you know who fits either bill to register now at www.dva.gov.au/health/research/fsp/vv/reg_interest.htm*

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