

Dear Mr Albanese,

In 1973, when morale in the Australian Defence Force, post-Vietnam, was at a low ebb and Defence had difficulty retaining experienced personnel, members were told that they would be transferred to a new Superannuation scheme under which they would be entitled to retirement pay calculated at a percentage of their final salary based on their total years of service, if they served for a minimum of 20 years.

They were also told that to help them re-establish themselves in civilian life; they could receive a lump sum prepayment of a portion of their retirement pay entitlement. And if they elected to do that, their ongoing retirement pay would be reduced by an amount calculated by dividing their advanced lump sum by their life expectancy in years.

It was a simple formula that most members understood to mean that their retirement pay would be reduced for the period equal to their life expectancy. However, the wording of the governing legislation stipulates the reduction to be for the remainder of their lives.

Members were also told that, on their death, their spouse would receive a pension calculated as a percentage of the retirement pay they would have received if they were still alive.

However, subsequent amendments to the governing legislation:

1. Linked the automatic adjustment of retirement pay, from 1976 to 2014, to the Consumer Price Index (CPI), after a Joint Parliamentary Committee deemed that *“the index does not fairly represent changes in general community standards”*; and
2. Applied, the CPI increases to between just 90% and as little as 60% of retirement pay, depending on the member’s age and gender.

Since it is based on a percentage of the member’s retirement pay, the effect of the adjustment method applies equally to the spouse’s pension.

What do you think the effect of the legislation is?

You are correct if you answer that it has substantially reduced the value of; the retirement pay of many men and women who committed a substantial part of their lives to the service of their country and the pensions of the spouses of many already deceased.

Do you think that is fair and reasonable?

The serving and retired Defence Force community want to know how they will be treated. If elected, will you and Labor continue to reduce the retirement pay of these members and the pensions of their spouses? Or, will you do something about it?

We will circulate your reply, or lack thereof, at the commencement of Postal Voting.

Yours sincerely,

Jim Hislop OAM

President, [Australian Defence Force Retirees Association Inc.](#)