



Hon. Mike Rann MP  
Premier of South Australia

The Hon Julia Gillard MP  
Prime Minister  
Parliament House  
CANBERRA ACT 2600

Dear Prime-Minister

In December 2008 the South Australian Government created a Veterans' Advisory Council (VAC). The VAC has 13 members and an independent Chairman, Sir Eric Neal AC, CVO, a former Governor of South Australia.

The VAC provides a direct link to the State Cabinet on issues of concern to the veterans' community. It meets bi-monthly and makes recommendations to the Hon Jack Snelling MP, Minister for Veterans' Affairs (SA).

One responsibility my Government accepted when the Veterans' Affairs portfolio was created was to make representations at a Commonwealth level should a Commonwealth matter be raised by the VAC.

One such matter was raised in 2009. It relates to the *Review of Pension Indexation Arrangements in Australian Government Civilian and Military Superannuation Schemes* by Mr Trevor Matthews.

At the request of the VAC the former State Minister for Veterans' Affairs in South Australia, the Hon Michael Atkinson MP, wrote to the Hon Alan Griffin MP, Minister for Veterans' Affairs, the Hon Lindsay Tanner MP, Minister for Finance and Deregulation, and the Hon Greg Combet MP, Minister for Defence Materiel and Science, about the Matthew Review.

Members of the VAC also met with the Hon Lindsay Tanner MP during a Community Cabinet held in South Australia in January 2010.

The issues raised by the VAC in their correspondence continue to cause concern to them. The veterans' community claim that whichever way it is presented, they are not satisfied with the outcome of the Matthew's Review.

In support of their objectives, the VAC quotes an example of a veteran who served for 21 years, all the while contributing 5.5% of his pre-tax wage to a compulsory superannuation scheme, and argue that he would retire with a pension marginally more than the age pension.

The VAC further argues that many veterans saw "active service" as part of their 21 years and this makes the inequity sharper. It submits that the impact on a veteran's widow can be even greater.

Veterans suggest that such arrangements provide small recompense for their significant contribution to our nation and that the arrangement is completely inconsistent with similar superannuation schemes.

Veterans believe that the genesis of the problem is the method of indexation of pensions. They believe that indexation by way of CPI adjustments between 1989 and 2008 has led military superannuants to fall as much as 42% behind those on the age pension, whose pensions are indexed to Male Total Average Weekly Earnings.

The VAC felt strongly that while the purpose of pension indexation is to maintain the pension's purchasing power, in the case of military superannuation, this is not occurring.

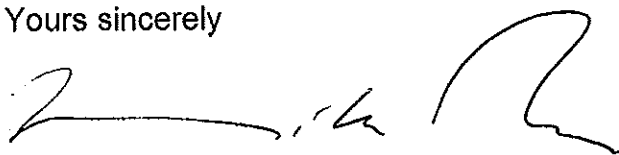
It is the view of the VAC that the Commonwealth Government should kindly reconsider this matter.

There is widespread and profound disquiet in the South Australian veterans' community about the indexation arrangements in Australian Military Superannuation Schemes.

I would be pleased to receive your views on this matter and, if the issue can be investigated further, when such an investigation might take place.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike Rann', with a stylized flourish at the end.

**MIKE RANN**  
**Premier**

( 107/2010

cc The Hon Jack Snelling MP  
Minister for Veterans' Affairs (SA)  
The Hon Alan Griffin MP  
Minister for Veterans' Affairs (C'w)