The government's unprecedented attack on veterans' disability pensions

Pensions are static whilst the cost of living and the average wage continually rise. Twice a year there is a 'catch-up' rise in pensions. This is known as 'indexation'.

The question is, 'what are the pensions catching up to'?'

Presently, the six monthly indexation rises are to allow the pensions to 'catch-up' with the increase in the cost of living or the increase in the average wage, whichever is the greater.

Usually increases in the average wage are significantly greater than increases in the cost of living. Sometimes is it the other way round, but not often.

The government intends to link indexation 'catch-ups' only to the increases in the cost of living, excluding the usually greater increases in the average wage.

In this way, over time, pensions will fall further and further behind community income standards.

Mark Riley on 7 News reported on 11 April 2014 that by 2020 the Service Pension would be round $100 a fortnight less than had no downgrading of indexation taken place. The Combined Pensioners and Superannuants Association (CPSA) estimate is much higher than that.

Similar calculations can be made for losses to the TPI and other disability pensions.

And whilst the fall will not initially be noticeable, (something governments count on) the loss gets progressively greater as time passes.

This is not a trivial matter as the government would have us believe; it is a change that would, in time, make a vast difference to the financial welfare of Service pensioners, veteran disability pensioners and war widows.

And it's not just the indexation of these pensions the government intends to downgrade. It has also introduced legislation to pause for three years the indexation catach-ups of means-test-free areas and the levels of income and assets at which pensions cut out. This will be another financial hit for many pensioners.

In addition, deeming rates will be made less favourable, adversely effecting Part Service pensioners.

We can only hope that the Senate blocks this unprecedented attack and that the situation does not allow the Coalition another try after the next election.

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The silly thing is, the Coalition government when in opposition before the last election, labelled indexation reflecting only cost of living increases as **unfair.** It castigated the Labor government for retaining this **unfair** indexation on military superannuation pensions. So **unfair** did the Coalition see this indexation that it promised, if elected, to upgrade the indexation of certain military superannuation pensions to become **fair** by including increases to the average wage in the calculation.

After the election the new Coalition government honoured this promise and added increases in the average wage to the indexation calculation for DFRB/DFRDB military superannuants over the age of 55, a change that benefited 56,000.

But in an astoundingly cynical about-turn the Coalition government then legislated to strip that same **'fair'** indexation from the Service, veterans disability and war widows pensions, and replace it with the indexation it identified as **unfair** before the election.

The difference is this: Whilst the upgrading of the indexation of military superannuation pensions will benefit 56,000, the downgrading for Service, veterans disability and war widows pensions will financially damage 280,000 pensioners receiving 320,000 pensions.

What do you think of that for a swap?

The question is this:

Did the government dangle **fair** indexation for the relatively few military superannuants to bring the veteran community onside before the 2013 election, knowing it would land the sucker punch soon after?