

Committee Secretary
Senate Standing Committee on Finance and Public Administration
PO Box 6100, Parliament House
CANBERRA ACT 2600

1 March 2010

SUBMISSION ON THE PROPOSED GOVERNMENT SUPERANNUATION SCHEMES BILL 2010

Introduction / Background

1. The Commonwealth Government proposes to amalgamate the administration of all government superannuation schemes under the administrative umbrella of one body regulated by the *Government Superannuation Schemes Bill 2010*.
2. Before establishing a unified Superannuation Board for all Government superannuation schemes the government should firstly establish commonality of purpose of the schemes proposed to be unified, commonality of goals for benefactors of all schemes, and finally ensure that all benefactors have equal input into the proposed scheme's administration.
3. Failure to ensure these three factors are addressed will result in a Bill (and a Regulatory Body) which cannot achieve a satisfactory outcome. Unless the government is able to show that benefactors are uniquely similar in retirement goals then it will simply be running a plethora of systems with one Body, the executive of which will have narrow expertise peculiar to their own constituents and blind to the ambitions of other contributors. Worse still, the proposed scheme is likely to be subjected to conflict of interest as the various members of the governing body seek to serve the interests of the members that they represent.

Commitment of the Serviceperson

4. All servicepersons and veterans, whether deployed in harms way or not, committed their lives to their political masters who in turn placed their care in our military leaders. They should not have to ask for special consideration.
5. To offer one's life for a nation is the greatest gift that can be given. Veterans are simply asking that this sacrifice receive acknowledgement with the provision of a peace that alluded them as they awaited an assignment to combat duties. Unfortunately, some of these veterans may not have the ability to express themselves in a manner which may be convincing to this Committee. Yet their communicative ability was never a deterrent when their offer of personal sacrifice was accepted. No amount of compensation

can repay this gift they offered the nation, nor the anguish felt by their spouses and their children whilst they were in a combat role.

6. It is only natural that these same veterans may feel slightly uneasy when their current lifestyles are compared with those who did not make the offer of possible deployment to combat. Those who *did not* make such a high personal sacrifice have already reaped rewards through the generosity of the veteran. To now insist that veterans who helped provide these rewards should not receive additional benefits is causing considerable angst amongst the veteran community, most particularly amongst disabled veterans. Isn't it fair that these veterans should have their lifestyle compensated more favourably recognising the dividend they provided for the wider community with their sacrifices?

7. Please remember that these veterans, apart from their sacrifices, contributed to their retirement through compulsory superannuation contributions, and did so with taxed dollars. They now must also pay tax on their superannuation, erroneously referred to as a pension. Those who did not offer their lives as a sacrifice, did not contribute to their retirement, and in all probability, are not now paying taxes are receiving rewards which have been increased commensurately more favourably when compared to the veteran.

8. This proposal to unify the administration of Superannuation Schemes simply ignores the unique nature of military service. The problem is compounded when the majority of directors of the proposed administrative body, no matter how well-intentioned, are simply incapable of showing sufficient empathy to the service person. To misquote a saying about farming.. '*soldiering is not a job it is a lifestyle*'

Variety of Service

9. Military service has always been recognised as being unique. In no other profession do personnel commit themselves to a vocation where they are legitimate targets to be killed. There can be no commonality of goals with any other profession.

10. The effect on the morale of those who commit themselves to possible death must be adversely affected if those recruited are able to see that a commitment which falls short of such personal devotion is subjected to equal, if not greater rewards AND is co-administered as a unified scheme with military superannuants. Worse, the effect on the morale of these recruited knowing that their conditions of service were being ultimately determined by a Body, the vast majority of whom had never made such a commitment, would be deleterious in the extreme.

11. The success of military personnel as a fighting force is dependent upon creating and maintaining esprit-de-corps in a unique profession. Although there is often good natured banter directed at members of other

forces, and at different vocational categories within a Force, ultimately they will form one body facing ultimate danger. In all aspects they are unique.

12. Members of the Public Service do not depend on this esprit-de-corps. In fact, civilian members who serve with military units quickly learn to identify with that Unit. A proactive Commanding Officer quickly realises the value of a Unit as a bond and encourages the integration of the civilians into this closed group, thereby forming a 'vocational family' tie. Inevitably though, most civilian employees eventually leave the Unit and sever their ties with the service personnel. The military personnel remain, and are subject to constant training with other military personnel. Compulsory postings (now almost unique to the military) ensure that the military family is widened, yet remains homogenous as a fighting force. There is a distinct advantage in having conditions of service which are military specific as it helps enhance the feeling of esprit-de-corps.

13. By far the vast majority of civilians serve in Government Departments other than Defence. The nature of their employment is such that they seek promotion and opportunities outside their respective sections, and therefore do not have the opportunity to forge 'vocational family' ties. The disparate nature of their employment, and the success of the far looser vocational alliances that they ultimately form is less dependent upon a 'location / unit' esprit-de-corps.

Future Developments

14. This proposed legislation was never part of any pre-election political campaign. Military personnel would have legitimate concerns if they unflinchingly allowed this proposal to proceed, concerns which would centre upon which of their unique conditions of service would next be amalgamated with civilian agencies. These concerns can only harm morale and affect the homogeneity of the Defence Force.

15. Even the contemplation of the loss of a unique military condition of service would adversely affect morale, given that superannuation (never mooted as a unique condition of service to be severed) had lost its uniqueness to the military. The concept of a 'civilian in uniform', so often derided, would start to appear as a real possibility.

16. Any change in the nature of a condition of service has invariably resulted in a loss of benefit to the serviceperson. Defence personnel have become increasingly cynical towards changes of this nature. This cynicism has been fed by the review process conducted on current superannuation benefits where five contiguous reviews recommended indexation of retirement pay which would have proved more costly for the government to implement. None were implemented. A sixth review (the Matthews Report) which recommended no increase cost to the government was implemented without alteration.

Industrial Action of Civilian Trade Union Organisations

17. The proposed legislation provides for three representatives from the Trade Union movement on the Administrative Body of the amalgamated Superannuation Scheme. Trade unions have in the past been prepared to initiate industrial action to the detriment of military operations. Trade Unions also have a reputation for inflexible negotiation and ambit claims when engaging in industrial representation. This type of industrial activity is anathema to military operations.

18. Unless there were specific prohibitive regulations contained within the proposed Act, industrial representatives on the proposed Administrative Body could be in a position to call for industrial action if they were not in favour of any recommendations under the new scheme. The extrapolation of this industrial action to include picket lines would provide a barrier to military participation.

Conclusion

19. There is no commonality of service between military and civilian personnel.

20. Requirements to attract and retain civilian and military personnel are totally different given the undertaking by the military person to commit to death if required.

21. The unique nature of military service is dependent upon unique conditions of service. Unlike civilian organisations, morale and esprit-de-corps in military units are dependent upon 'military specific' conditions of service.

22. Subjecting military personnel to a Body on which there are representatives from Industrial Organisations subjects military personnel to the possibility of being exposed to industrial action. Military personnel face the possibility of being unable to perform their duties due to executive members of their Superannuation Scheme forcing industrial action.

Recommendation

23. Without hesitation I recommend that any proposal to combine the administration of a military superannuation scheme with the administration of a civilian scheme be opposed.

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