

Michael G. Chapman

01 March 2010

Committee Secretary

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

**SUBMISSION BY MICHAEL G. CHAPMAN ON THE PROPOSED GOVERNANCE OF
AUSTRALIAN GOVERNMENT SUPERANNUATION SCHEMES BILL 2010**

Dear Committee Secretary,

Background

I enlisted into the Australian Regular Army in 1995 and therefore joined the Military Superannuation and Benefits Scheme (MSBS) at that time. I was given no choice in this matter, as MSBS is a compulsory scheme for all members who joined after 01 October 1991. Although MSBS has significant drawbacks such as not being able to continue contributing after separation from full-time ADF service while also not being able to roll it over into another superannuation scheme; on the whole, most MSBS members are happy with the way it has been run.

Concerns

I have no objections to the merger of the three military superannuation schemes (DFDB, DFRDB and MSBS) under a single governing authority, as I can see how management and administration efficiencies could be made and how subject matter experts could be pooled for the mutual benefit of all members. I do however have grave reservations regarding the merger of these three schemes with other Commonwealth superannuation schemes. A single board managing the interests of over 650000 members, from six significantly different schemes, is doomed to fail.

I am also concerned by the proposed composition of the CSC board. The appointment of only two ADF Directors, compared to three Trade Union appointed Directors, is unbalanced and certainly appears to place the ADF Directors in the minority. Additionally, considering the traditional background of the Australian Labour Party, one could safely assume that the remaining five members of the board (to be appointed by the Finance Minister) will have close ties to the Government and Trade Unions. This is most definitely not “representative” for current and ex Defence Members, Veterans and their dependants.

Conclusion

I wish to lodge my strong objection to the proposals in the Governance of Australian Government Superannuation Schemes Bill 2010, specifically the merger of the military superannuation schemes with other Commonwealth schemes and the proposed composition of the CSC Board of Directors. Conditions of Service is an extremely emotive topic in Defence as it is something that serving members have very little say in, but obviously it has significant and lasting effects on not only ourselves but our families and dependents.

Yours sincerely,

Michael G. Chapman
Major
Australian Regular Army