

2<sup>nd</sup> March 2010

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

Copy to        Mrs. Louise Markus MP, Shadow Minister for Veterans' Affairs  
                  The Hon. Bob Baldwin MP, Shadow Minister for Defence Science and Personnel &  
                  Assisting Shadow Minister for Defence.  
                  The Hon Alex Somlyay MP, Member for Fairfax

## **SENATE INQUIRY INTO SUPERANNUATION REFORM SUBMISSION**

Having served in the ADF for a number of years and now as the recipient of the DFRDB pension, I consider that something needs to be done as a matter of some urgency to rectify the injustices that are presently being imposed on myself and fellow ex-servicemen by the terms of the DFRDB Act(1973).

To this end one can only hope that this Senate Enquiry into the issue will indeed produce a just and lasting solution to this problem

### **INDEXATION**

Responding to concerns about the deterioration in military superannuant's reducing standard of living due to unfair indexation arrangements compared to age pensioners (and particularly pre 2004 Federal Parliamentarians) Mr Tanner referred to the flawed Matthews Report as an "expert review". Matthews said military superannuation was a "condition of employment" so Mr Tanner got that right – but he neglected to say that the condition of military superannuation was that it would maintain living standards and purchasing power.

The CPI may have done that job 30 years ago – but it has changed and doesn't anymore. The present Government acknowledged that which is why they changed the index for aged pensioners; so why not for military superannuants???

Another issue Mr Tanner raised was that to change the indexation mechanism would be unfair on members who had earlier chosen to take a lump sum. What he ignored was DFRB and DFRDB members were never able to take their superannuation as a full lump sum. That right is a feature of the latest scheme started in the 1990s.

Previous "Senate Committees" have recommended that the DFRB/DFRDB pensions should be "Wage-Based" indexed, yet the Howard Government ignored the recommendations and now the Rudd Government is dismissive of the issue. Promises made pre-election have been cast aside and appeals from Ex-Service Organisations fall on sterile ground.

#### **REVERSION OF PENSIONS TO PRE-COMMUTATION LEVELS.**

When a Serviceman/woman decides to commute part of his his/her DFRDB pension on retirement, the reduced pension is calculated by a formula using Actuarial Tables for life expectancy. These Tables were set in 1963 and have not been updated for DFRDB recipients. We believe that once life expectancy has been reached, the pension should be fully re-instated to the pre commuted level.

#### **EQUITABLE PENSIONS FOR VETERAN'S SPOUSES.**

As I understand the situation, the spouse of a deceased politician receives 83% of the politician's pension, indexed against the AWOTE[PS]. The AWOTE[PS] is higher than the MTAWWE let alone the CPI.

The spouse of a deceased Defence pensioner receives a paltry 62.5% of the member's pension. That is indexed against the CPI, which is not a true indication of the increases in the cost of living

#### **MANAGEMENT BOARD**

With respect to Trade Union Officials being on a *Board* which arbitrates on Defence Force Pensions - I object!!!

I hope that you understand our feeling of betrayal and our concerns about the successive Governments apparent apathy towards members of the DFRDB Scheme and the lack of fairness, justice and consistency. We believe the Government should confirm its stated aim of looking after its Service personnel and Veterans by amending the Act and bring it into line with other Schemes.

(R.H. WOOLRYCH)

Vice President

Submarines Association Australia Qld Inc