

1 March 2010

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

**SUBMISSION ON THE PROPOSED GOVERNANCE OF AUSTRALIAN GOVERNMENT  
SUPERANNUATION SCHEMES BILL 2010**

**By  
G.D.WEEKES, AM**

Dear Committee Secretary,

In January 1968 I joined the Royal Australian Air Force and served our Nation for 37 years, retiring in January 2005 with the rank of Group Captain. During my Service career I contributed to the DFRB and DFRDB Schemes and now live on my DFRDB superannuation. Since my retirement I have become increasingly concerned with the way my ex-ADF colleagues and I are being treated as second class citizens.

My concerns have been increased recently by the latest proposal to merge the Board of our supposedly protected Military superannuation schemes (DFRDB and MSBS) with the Board of the Australian Reward Investment Alliance (ARIA) and with the governance of the proposed new organisation.

As President of No 2 Squadron Association Inc, I speak for many of our members who have voiced their concerns that no proper consultation has been held with organisations such as the RSL and DFWA that represent the welfare of ex-military members of the community

I do not believe there is any need for me to regurgitate the various reports and media releases involved in the proposed Bill, rather I will focus this submission on my concerns that are relevant to the issue.

**Concern No 1**

**The Uniqueness of Military Service.** The Parliament has legislated on three occasions for military superannuation schemes to remain separate from civilian schemes and much of the reasoning for these decisions was based on the uniqueness of military service. It appears that this latest proposal has totally overlooked the principle of separateness which was the foundation of the legislation for the establishment of our military superannuation schemes.

## Concern No 2

**Lack of Public Consultation.** Military superannuants have a right to be kept informed of any initiatives that will affect the governance and management of their superannuation schemes. The fact that Government announced its intention to proceed with the merger before the Department of Finance Review was undertaken and the added fact that the findings and recommendations of the Review were not publicised to all those upon whom this will have a primary impact, is of grave concern. One has to ponder whether expected democratic procedures have been followed?

## Concern No 3

**Future Governance Proposal.** The proposed Bill states that the Commonwealth Superannuation Corporation (CSC) will consist of ten directors:

- Five chosen by the Minister for Finance,
- Three nominated by the President of the ACTU, and
- Two nominated by the Chief of the Defence Force (CDF).

I have to question the reason behind the proposed involvement of the ACTU with the oversight of Military superannuation and why the ADF does not have equal representation on the CSC. What specialisation does the ACTU possess that necessitates its involvement? Will Military superannuants ultimately suffer by unknowingly contributing towards the remuneration of CSC directors? Will CSC directors' remuneration also be subjected to the same discriminate indexation that applies to military superannuation? What is the basis for the level of ADF representation?

## Summary

I wish to lodge my strong objection to the merger of all military superannuation schemes with other Commonwealth superannuation schemes. I have no objections to the merger of the three military superannuation schemes (DFDB, DFRDB and MSBS) under a single authority or board.

I object to the proposed composition of the CSC, in particular the inclusion of ACTU representation and the inequitable level of ADF representation.

I am appalled at the apparent whitewash approach that has been applied by the Government in its initiation of what appears to be a foregone conclusion – one in which affected military superannuants and our welfare organisations have been given little say.

Despite all guarantees and undertakings, history is full of examples where Governments have changed arrangements for financial reasons but always to the detriment of the recipient (in this case, military superannuants). Like our discriminatory superannuation indexation and taxation, I see this proposal is yet another instance of the Governments' treatment of ex-ADF personnel as second class citizens.

Yours sincerely,

Gregory D. Weekes, AM