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## **Re: Government Superannuation Schemes Bill**

As a serving military member since early 1973, I hereby lodge my objections to the Governance of Australian Government Superannuation Schemes Bill 2010 on the grounds of its total disregard of the distinctly different membership of the military schemes from those in the civilian schemes. Having spent time in the civilian sector midway through my career, I am well qualified to make this distinction.

There are no guarantees (or even examples of claims) for the lead paragraph on page 4 of the Explanatory Memorandum: *The consolidation of trustee arrangements is aimed at strengthening governance and providing opportunities for increased efficiencies in trustee operations, consistent with trends in the broader superannuation industry. The ability for the trustee to consolidate funds under management will, in particular, provide opportunities for increased scale of operation and more effective and streamlined investment operations. Increased scale should also assist to attract and retain quality board members and staff and provide access to higher service levels and better investment opportunities.* Thus, the paragraph lays no foundation for amalgamating the six schemes; nor does it define how superannuation benefits for members of the six schemes would be improved.

The proposed Board composition is of major concern:

- An independent director (the Chair) – appointed by whom and from what sector?
- Three (3) directors nominated by the President of the ACTU.
- Five (5) employer directors chosen by the Finance Minister – Saying that ‘it is intended that the Finance Minister would consult with Ministers in the Defence portfolio’ again suggests no guarantees for a balanced civilian-military board membership.
- Two (2) directors nominated by Chief of Defence Force.

Best-case scenario would suggest that the Board would include up to four (4) directors from the military sector, while worst-case scenario would be for the Board of 11 to include only two (2) directors from the military sector. This inequitable imbalance in Board membership would deny true representation for the military sector in superannuation matters and is, alone, grounds for the dismissal of this proposed Bill, or at the very least, a reassessment of representative arrangements.

The Financial Impact Statement on page 6 of the Explanatory Memorandum states that: ‘Each superannuation scheme for which CSC is responsible will remain the same – member entitlements and benefits will not change.’ If this statement is correct, there is no requirement to waste ‘\$1.1 million’ of ARIA, MSB Board and DFRDB Authority funds to amalgamate the six schemes. If, on the other hand, improved entitlements and benefits were a guaranteed outcome for all members of the six schemes, the expenditure would be warranted.

This proposed amalgamation requires deeper scrutiny. As an example, the Queensland Government-enforced Queensland local authority amalgamations have resulted in a more expensive, less productive set of larger organisations that have almost doubled constituents' rates and charges for fewer services and reduced hope of future infrastructure improvements. With regard to the proposed superannuation amalgamation, unless the Australian Government at least guarantees preservation of existing benefits and entitlements, plus future improvements in line with improvements to politicians' benefits and entitlements, the amalgamation of the six schemes has no merit.

The difficulties of living on a pension in an economic climate of constantly escalating prices is well documented in Government reports and in the media. For many Defence personnel, this situation is often forced upon us earlier than on our civilian co-workers because of the stringent physical demands and standards we are required to meet throughout our careers; and which sometimes become unattainable after injury and illness, and into later ages. We are then forced out of military occupations – before compulsory retirement age – and with little-to-no hope of gaining civilian employment due to our health and/or age. Thus, military pensions and benefits are the only incomes accessible to us after a working life-time of constantly moving around serving the country and the world.

Above all Government considerations for ease of control and assumed financial savings, military superannuation and benefits must be maintained and improved (not just 'consolidated' and 'streamlined') in order to compensate military members for the lifestyle impacts and detriments that serving one's country entails.

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