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Committee Secretary
Senate Standing Committee on Finance and Public Administration
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[Sent via email to fpa.sen@aph.gov.au]

SUBMISSION IN RESPECT TO: SENATE INQUIRY INTO GOVERNANCE OF AUSTRALIAN GOVERNMENT SUPERANNUATION SCHEMES BILL 2010, THE COMSUPER BILL 2010 AND THE SUPERANNUATION LEGISLATION (CONSEQUENTIAL AMENDMENTS AND TRANSITIONAL PROVISIONS) BILL 2010

References (copies attached):

- a. Defence Force Welfare Association Senate Submission-ComSuper Boards Merger
- b. RSL Submission to Government Proposed Superannuation Boards Merger
- c. RSL Submission Indexation of Military Superannuation Payments

At references a. and b. the submissions made by the Defence Force Welfare Association and the Returned Services League put forward strong arguments for not merging the Australian Defence Force Retirement and Death Benefits Scheme and Military Superannuation and Benefits Board with other Government Superannuation Schemes and I will not waste Committee Members time with again repeating them here. Other than to summarise by saying the only common factor the Military Retirement Schemes have with other Australian Government Superannuation Schemes is that they all purport to provide their retired members with a reasonable standard of retirement income.

There is no other common ground with respect to how the Schemes were established, for example: the percentage rate (5 ½ % for Defence members but only 5 % for others) or limitations on how contributions were levelled; the restrictions imposed on members (that is: Defence Retirees were required to retire in the great majority of cases when they reached the 20 year point of service (for other ranks) or at age 50 or 55 (for officers) for a considerably reduced benefit unlike civilian schemes where members were able to continue until 60 to 65 years with much greater benefits on retirement; that Defence members had no say in how their contributions or benefits would accrue (having to accept what the Government of the day directed), unlike all other civilian schemes who had a say in their contributions and benefits through their professional associations and unions; and, most importantly unlike any other Government schemes, the Australian Parliament (through the Government of the day) created schemes for Australian Defence Force members which would guarantee a similar standard of income comparable at their date of accessing benefits, whether it be through compulsory or elected retirement, or through suffering disabilities or injuries either through

being wounded or diseased during or as a result of their Defence service, for the remainder of their life.

The actions by successive Governments (whether they be Labor or Liberal) has been to see the erosion of benefits guaranteed or expected by Australian Defence Force retirees since the mid-1970's. For example: their superannuation pensions continue to be taxed (despite tax having been paid on their contributions during Service), and even with the 10% tax credit and tax credits for Senior Australians most still pay some taxation and the full Medicare tax charge on the whole of their retirement income unlike any other Australian retirees; and their standard of living has deteriorated when compared with other Australian Government funded superannuation recipients such as politicians and aged pensioners (indeed, most Defence retirees now depend on the aged pension).

The Defence Force Retirement and Death Benefits Scheme and the Military Superannuation and Benefits Board, should by their very uniqueness, be managed by a separate Board which should be under the portfolio of the Minister for Defence and comprising, I believe, members taken from:

Chairman – appointed by the Minister for Defence
Committee Member – appointed by the Chief of Defence Force
Committee Member – appointed by the Secretary, Department of Defence
Committee Member – appointed by the Defence Force Welfare Association
Committee Member – appointed by the Returned Services League of Australia

This will ensure the Parliament, Australian Defence Force and Australian Defence Force retirees would have appropriate and professional representation in the management of their schemes.

Yours sincerely,

A J Skene
Commander, RAN [Retired]

Enclosures:

1. Defence Force Welfare Association Senate Submission-ComSuper Boards Merger
2. RSL Submission to Government Proposed Superannuation Boards Merger
3. RSL Submission Indexation of Military Superannuation Payments