

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

SENATE INQUIRY INTO SUPERANNUATION REFORM

The Governance of Australian Government Superannuation Bill of 2010 seeks to give effect to the Government's announcement of Oct 2008 to merge the Australian Reward Investment Alliance (ARIA), the Military Superannuation and Benefits Board (MSB Board) and the Defence Force Retirement and Death Benefits Authority (DFRDB Authority) to form a single trustee body from 1 July 2010.

Should the merger of ARIA, the MSB Board and the DFRDB Authority eventuate as proposed, a single trustee will be responsible for managing the main Commonwealth civilian and military superannuation schemes. The schemes are

- the Commonwealth Superannuation Scheme;
- the Public Sector Superannuation Scheme;
- the Public sector Superannuation Accumulation Plan;
- the Military Superannuation and benefits Scheme;
- the Defence Force Retirement and Death Benefits Scheme;
- and Defence Force Retirement Benefits Scheme.

As a recipient of retired pay from the DFRDB Authority, I have several objections to the proposed Bill.

Objection 1. Unique Nature of Military Service is Ignored.

The merger proposal has ignored the unique nature of military service. A serviceman is not regarded or referred to as a Government Employee or a Civil Servant whilst wearing the uniform of one of the Armed Services of his country. He foregoes certain rights and privileges enjoyed by all other civilians and is subject to Military Law as well as normal Civilian Law. Yet this Bill proposes to position all military and civilian public servant retirees in the care of the same trustee without due appreciation of past military service.

In his report dated December 1972, to the Minister for Defence on his enquiry into "Financial

Terms and Conditions of Service for Male and Female Members of the Regular Armed Forces”, Mr Justice A E Woodward OBE stated that -

“Members of the Armed Services are a direct consequence and reflection of the nature of the role and functions of the Armed Forces in the community, the obligations accepted by Servicemen and the variety of tasks they have to perform together with the range of conditions under which they work. The interaction of all these factors produces an environmental tapestry which no civilian area of employment approaches in complexity.”

On 8 September 2008 the Prime Minister Kevin Rudd stated -

“ ... the first responsibility of government is the security of the nation. And it follows therefore that government has a particular responsibility towards those who have worn the uniform, because there there is no higher calling than to wear the uniform of Australia.”

As a serviceman, I had willingly accepted the surrender of my basic rights, those rights as provided to all individuals under Article 3 of the UN Universal Declaration of Human Rights. Subsequently, as an Infantry veteran of Malaya, Borneo and South Vietnam, I had accepted extreme risks to my life, personal safety, welfare and the privations associated with war service. These were accepted in my belief and expectation that in retirement I would be afforded a reasonable standard of living through my retired pay. The proposed Bill will not protect or fulfil my expectation.

Objection 2. Inadequate Representation

The proposed manner in which the governing board would be constituted, what with five members chosen by the Finance Minister, three trade unionists and two Defence representatives, gives me no confidence in the boards ability to adequately and truthfully represent serving service persons, let alone retired persons from each of the various funds or schemes.

That one board could be considered appropriate to manage all six civilian and military superannuation funds in the best interest of all contributors, both currently serving or employed by government plus those who have retired, beggars belief. If this Bill is to provide an improvement for those that it intends to serve, then there must be two boards. One for the civilian funds and a second for the military funds.

Neither the current system nor the new proposal gives any representation to retired persons. I would expect that to improve on the current system, any board managing the military funds must have a representative nominated by the military superannuants' community.

Objection 3. Lack of Consultation.

The proposed amalgamation was initiated without prior consultation and without regard for the views of key ex-service organisations. I have been advised by one such organisation that their subsequent correspondence to and from the Minister and the DFRDB Authority has not allayed their concerns. A concern that the amalgamation proposal would achieve its own momentum, despite being contrary to the interests of past, present and future servicemen and women, has come to pass.

Objection 4. Yes Minister _ again.

The decision to announce this Bill was made before all Four reviews affecting military superannuation had been reported. By introducing such an unexpected change to the governance arrangements for disparate schemes serving different classes of member was, at best premature and at worst provocative. There would appear to be the same dark force, Federal Treasury, lurking in the shadows, wanting to subjugate defence superannuation as was achieved following the 1972 Jess Report and the subsequent years.

Thank you for the opportunity to make this submission,

(Graham Hoffman)