

Coalition Senators' Dissenting Report

INTRODUCTORY COMMENTS

These bills represent a significant change to the management of superannuation arrangements for the Australian military and veteran community.

In the short period allowed for this inquiry, many veterans' groups and individuals have made plain their opposition to the amalgamation of the military superannuation boards with civilian management boards.

This opposition has been based on several factors, including the failure of the Government's proposal to recognise the unique nature of military service, the lack of consultation, the fear that it will dilute the representation of defence members and the composition of the new board.

Coalition Senators oppose the recommendation of the Government majority of the Committee to support passage of these bills in their current form.

THE UNIQUE NATURE OF MILITARY SERVICE

One of the issues raised by many veteran groups was that this proposal undermined the longstanding commitment to and understanding of the unique nature of military service. As outlined by Colonel David Jamison (Retd), National President of Defence Force Welfare Association (DFWA):

... the provisions of this intended legislation are such that they will diminish and compromise this important philosophical foundation to the detriment of present and future members of the ADF and also that of those whom these members leave behind when they pass on¹

This understanding is particularly important to veterans and their beneficiaries and has underpinned the fact that there have been distinct boards and schemes for the military and veterans for many years. As submitted by the Returned and Services League:

The Parliament has thrice legislated for separate military superannuation schemes, and has thrice decided to include in this legislation the need for a separate military board of governance for the schemes. No reasons have been advanced as to why this will of Parliament should be overturned.²

LACK OF CONSULTATION

The above issue is compounded by the distinct lack of consultation undertaken by the Government regarding this proposal.

1 Colonel David Jamison (Retd), Committee Hansard , 11.3.10, p. 2

2 Returned and Services League, *Submission 1* (att), p. 6

This claim was substantiated by the Returned and Services League as well as the Defence Force Welfare Association.

The Defence Force Welfare Association submitted:

Noting that the Government chose not to consult with DFWA or other Ex-Service Organisations on this issue...³

Representing the DFWA at the hearing into the bills, Col David Jamieson (retired) stated:

I will go to our specific concerns. Firstly, there was no consultation with the memberships of the schemes.⁴

The RSL submitted that:

The Government did not consult the RSL about these proposed changes to the governance of military superannuation schemes affecting many RSL members.⁵

Representing the RSL at the hearing into the bills, Rear Admiral Doolan (retired) stated that:

We have been left completely in the dark on this particular issue. We were not consulted, our members were not consulted and they are the people who are actually drawing these benefits every fortnight.⁶

Such a lack of consultation with veteran groups is of significant concern to Coalition Senators. Given the unique nature of military service, Coalition Senators believe that such consultation should have been a priority for Government in developing this proposal.

Membership of the Defence Forces is not comparable to a normal employee-employer relationship, and the extremely high degree of concern that exists regarding this proposal within in the military and veteran community, as expressed by groups that represent significant numbers of them, provides a strong argument to not proceed with these bills in their current form.

The amalgamation of military and civilian Commonwealth superannuation and benefit boards represents a significant shift from Australia's historical approach. Such a shift must, at a minimum, involve substantial and meaningful consultation with military and veterans and their representative organisations.

3 Defence Force Welfare Association, *Submission 18*, p.3

4 Colonel David Jamison (Retd), Committee Hansard , 11.3.10, p. 2

5 Returned and Services League, *Submission 1* (att), p. 1

6 Rear Admiral Kenneth Doolan (Retd). Committee Hansard, 11.3.10. p. 12

LACK OF DEMONSTRATED BENEFIT

The lack of consultation is compounded by the concern of veteran groups that the purported benefits of these bills have not been demonstrated.

Just as amalgamation of military and civilian Commonwealth superannuation and benefit boards should involve substantial consultation, it must also demonstrate a benefit to affected members.

The RSL submitted that:

"...assertions about prospective improvements resulting from the proposed merger are not substantiated;"⁷

And:

"A review of the four sources of information about the proposed merger of the superannuation boards made available to the RSL has failed to find any factually based reason why the merger must take place"⁸

And:

"There were lots of reassuring words...but no hard facts backing up the need for change."⁹

In its submission, the Defence Force Welfare Association stated:

Noting that the Government chose not to consult with DFWA or other Ex-Service Organisations on this issue, DFWA can find no evidence of any benefit, tangible or intangible, to serving or former members of the ADF. Nor can DFWA identify any material or financial benefit to the wider Australian community.¹⁰

Coalition Senators are of the view that the Government has failed to clear two hurdles in this regard:

- It has specifically failed to demonstrate the value of the amalgamation proposal to military and veteran superannuants and beneficiaries; and,
- That it has generally failed to demonstrate the need for this amalgamation to the wider community, many of whom share the concerns raised by veterans' groups.

Assertions about the proposed benefits are not sufficient to meet Coalition Senators' concerns about this proposal and these bills.

7 Returned and Services League, *Submission 1* (att), p. 4

8 Returned and Services League, *Submission 1* (att), p. 5

9 Returned and Services League, *Submission 1* (att), p. 5

10 Defence Force Welfare Association, *Submission 18*, p.3

Coalition Senators share the concerns of affected groups and remain to be convinced of the benefit of amalgamating the management boards of military and other forms of Commonwealth superannuation.

COMPOSITION OF PROPOSED BOARD

Coalition Senators do not consider that the interests of serving and former ADF members are well served by the proposed board composition of the Commonwealth Superannuation Corporation.

The committee was presented with evidence that the composition of the proposed new entity would undermine the understanding and reflection of the unique nature of military service.

The 2007 Military Superannuation Review states:

For military superannuation, as well as these skills and integrity standards, the board needs a blend of experience and knowledge to best serve the military environment, including understanding the unique nature of military service. Therefore, a central consideration of the Review Team is to ensure military superannuation trustees collectively have the legislated skills, knowledge and abilities, as well as an appropriate knowledge of members, ex-members and Defence interests.¹¹

The concern surrounding the relative reduction in the proportion of military and ex-military interests is echoed in evidence given to the committee by the Returned and Services League:

Rear Adm. Doolan—Prima facie, if you are increasing the number of board members and you are decreasing the percentage of military representatives on the board, then the military voice must be more muted.¹²

Similarly, at the hearing into the bills, the National President of the DFWA stated that:

"the representation on that board will not give adequate voice to the military superannuants, whether they are contributing members or recipient members."¹³

This flaw in the bills is exacerbated by the proposal for the Australian Council of Trade Unions to have the power to appoint three members of the new board, as opposed to only two coming from the military community. Coalition Senators do not support the provisions relating to the role of the ACTU in this bill.

11 Department of Defence, Report of the Review into Military Superannuation Arrangements, p.45

12 Rear Admiral Kenneth Doolan (Retd). Committee Hansard, 11.3.10. p. 13

13 Colonel David Jamison (Retd), Committee Hansard , 11.3.10, p. 3

This diminution in the voice of military members further undermines the historic commitment to understanding the unique nature of military service and potentially sees the reduction in serving board members who come from the defence forces.

Given the concerns within the veteran community, this further undermines the case for the bills proceeding in their current form.

POSITION OF EX-SERVICE ORGANISATIONS

Given the failure of the Government to undertake detailed consultation with affected military and veteran members, it is important to note the position of relevant representative groups in this regard.

The proposed amalgamation is opposed by the Returned and Services League, as illustrated at the hearings into the bills:

Senator RYAN—With the information you have at hand now, with the committee having to make a determination upon this legislation, what is your position as it stands now?

Rear Adm. Doolan—It follows from what I have said before that at this point in time the Returned and Services League would oppose the merger.¹⁴

The RAAF Association recommends that the bills:

...be deferred until the ESO community is afforded an opportunity to engage with the Government on the issues identified by the RAAF Association.¹⁵

The Defence Force Welfare Association recommends that:

The Government not proceed with its proposal to merge military and civilian superannuation boards¹⁶

Recommendation 1

Coalition Senators recommend that the bills not be supported in their present form.

Senator Scott Ryan (Deputy Chair)

Senator David Bushby

14 Rear Admiral Kenneth Doolan (Retd). Committee Hansard, 11.3.10. p. 12-13

15 Royal Australian Air Force Association, *Submission* 13, p. 5

16 Defence Force Welfare Association, *Submission* 18, p. 10

