

27th June 2018

Veterans' Compensation and Rehabilitation Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2604

Via Online: <http://www.pc.gov.au/inquiries/current/veterans/make-submission>

Submission Topic: Inclusion of the Commonwealth Superannuation Corporation into the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

Main Reason: The Inadequacy and Failure to allow a Review of the Policies and Conditions of the Defence Force Retirement and Death Benefits Scheme (DFRDB).

Much has been written by fellow ex-Defence Force members on this subject and many submissions have been made to various Governments over the past 10 to 15 years, none of which have produced a fair review of entitlements or corrected the injustices in policy matters built into the DFRDB Scheme over the years.

As recent as February this year, the Lower House Petition PN0063, which was another submission, was basically dismissed by Minister Tehan, the Minister for Social Services.

Interestingly, the only superannuation fund left out of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was the Commonwealth Superannuation Corporation (CSC). This appears to be based on the Prime Minister stating "that the CSC was not only already well-regulated but also subject to greater scrutiny and accountability than other funds by Acts of Parliament, and through oversight by a Senate Estimates process". This doesn't seem correct given the serious issues, particularly of financial stress, emanating from the DFRDB Scheme that affect so many servicemen and ex-servicemen. Further the findings of the Royal Commission so far indicate that the earlier statements by Government that the Commission was not required appear to have been well and truly overturned by the many revelations of financial institutions misconduct.

The result of the failure to achieve any recognition of the inadequacy of the DFRDB Scheme has left me and many others in extreme stress over our financial future. I am now 74 and have to continue to work as my DFRDB pension managed by the Commonwealth Superannuation Corporation is totally inadequate and not what I understood to be my entitlement when I left the service.

I left the RAAF in 1986 after completing 20 years of dedicated service. I was told by the DFRDB on my retirement that I could commute part of my pension based on my life expectancy which at that time was calculated as 61 years of age. This commutation was encouraged, and I asked at the time what happens if I live past 61. I was told that I would have paid back my advance with interest and my pension would return to full pension. However, when I turned 61 years of age, contact with the DFRDB at that time advised that was not the case and I would remain on my part pension for the rest of my life. Effectively, this means that not only have I paid my advance back with interest some 13 years ago, but I continue to pay many thousands of dollars each year into Government funds that I should be entitled to under the original terms of the DFRDB Scheme that emanated from the Jess Report in 1972.

Service life meant moving to many locations over the years and made it difficult, if not impossible, to purchase a home. The Defence Housing Loan at that time was also not portable and could only be used once. It was inviting when leaving the Service to be encouraged to commute part of the Pension to purchase a house. In hindsight, any benefit from commutation has been well and truly undone. In 1986, when I left the Service, housing loan interest rates were 19.0%.

Additionally, the current indexation rate of the pension only makes the financial matters worse. Indexation was 1.3 % in 2017 and this was below the rate of inflation which I understand was about 2% during that same period.

It appears from correspondence on this matter that there are about 55,000 ex-servicemen and current servicemen in very similar situations to my own.

My situation of only receiving a part pension doesn't end there. I did not serve in a "war zone" during my period of service but served in peace keeping operations which have been deemed "un-warlike" by the Government. Due to this categorisation, even though I am over 70, I am not entitled to either a Gold Card or White Card. Therefore, neither myself or my wife have any discount entitlements for medical or pharmaceutical services. We also do not have a pension card of any kind that is recognised for such discounts.

The sum total of the above situation is that I have to rely on family for support from time to time and am unable to retire from paid activities. At some point, this will get worse due to the effects of ageing.

While I share the concerns of current and recently retired service men and women and the needs for proper rehabilitation and care, many of us that have gone before are really and truly forgotten. We all signed up for the same conditions of service and deserve the same care into the future. I look forward to the results of the Productivity Commission and hope something can be achieved to rectify the DFRDB Schemes serious shortcomings.

I am absolutely certain that Inclusion of the Commonwealth Superannuation Corporation into the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry will reveal similar failings in the DFRDB Scheme that has been found already with the Banks and other Superannuation Funds.