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To: 'Anthony.Albanese.MP@aph.gov.au' <Anthony.Albanese.MP@aph.gov.au>

Subject: Betrayal of Defence Veterans

The Hon. Anthony Albanese MP
Prime Minister of Australia

Dear Prime Minister

From 1973 to 1991, members of the Australian Defence Force (ADF) were told if they served for 20 or more years, they would be entitled to defined retirement and invalidity benefits under the then-compulsory *Defence Force Retirement and Death Benefits (DFRDB)* scheme.

Those *Defined Benefits* were a percentage of a member's annual Pay Rate at retirement from the ADF, determined by completed years of service. The *Defined Benefits* bear no relation to members' contributions to the scheme, their gender, or their retirement age.

Because of the information they were given, many ADF members believed they were entitled to receive an interest-free loan, referred to as *Commutation*, of up to 4 times their initial *Defined Benefit* entitlement, repayable over a period determined by their life expectancy.

But the wording of the original *Defence Force Retirement and Death Benefits Act 1973 (DFRDB Act)* continues the *Commutation* repayments from the date of their retirement until their death, in many cases, more than 25 years beyond their life expectancy. Members became aware of this only after they reached their life expectancy when they also discovered that the life expectancy factors used in the *DFRDB Act* were derived from outdated 1960-1962 Australian Life Tables.

In 2019, the Commonwealth Ombudsman found that ADF members were misled over *Commutation* because of "defective administration by (the Department of) Defence", resulting in a written apology from the Department Secretary and the Chief of Defence Force.

However, what ADF members were told about *Commutation* was only an adjunct to the deception of the Parliament to conceal measures the Department of Defence incorporated in the *DFRDB Act* to deny ADF members full payment of the *Defined Benefits* set down in the original *Act*.

Commonwealth superannuation adjustments in 1974 and 1976 were applied to only five-sevenths of the *DFRDB Defined Benefits*, reducing the value of the increases by more than 28% on each occasion.

Automatic adjustment provisions, incorporated in the *DFRDB Act* in 1977, exclude from adjustment the amount members were **entitled** to commute. For members who commuted, it added compound interest to their lifetime *Commutation* repayments. For members who did

not commute, it reduces the value of their *Defined Benefits* by an amount equal to the interest they would have paid if they had commuted.

Defence introduced these Bills typically near the end of Parliamentary sessions to avoid effective comprehension and proper scrutiny. To ensure the passage of the Bills, responsible Ministers avoided divulging essential information about the operation and effects by citing the legislation's complexity.

The *Defined Benefits* provided under the *DFRDB Act* and the right to commute a part of those *Defined Benefits* were an inducement for serving members to re-enlist and bolster a dwindling level of experienced personnel in the ADF. Those provisions also attracted young people to embark on an otherwise poorly remunerated career relative to civilian vocations.

ADF Members kept their end of the bargain, but the Department of Defence reneged on its part.

Prime Minister, we have proof of everything we say. Much of it is a matter of record in Hansard. All we ask is for you to take the time to look at the evidence and advocate to remedy the betrayal of this cohort of Defence veterans who devoted many years to the service of their country.

Jim Hislop OAM

President, Australian Defence Force Retirees Association Inc.