

Mr J.G, Hislop OAM

President

Australian Defence Force Retirees Association.

I refer to the Australian Defence Force Retirees Association (ADFRA) DFRDB Update November 2021.

Your continued misrepresentation of the DFRDB commutation provisions is not consistent with government decisions following the 1972 Jess Committee review, the Cabinet Minutes of 24 October 1972 and the Hansard records prior to the passing of the DFRDB legislation.

While you may disagree, the DFRDB Commutation provisions within the DFRDB Act 1973, reflect the accepted recommendations of the 1972 Jess Committee incorporated into the DFRDB legislation and include the retention of a permanent reduction to the pension to account for the commutation.

You should appreciate that while the Jess Committee proposed that, *“commutation is an interest free loan on future expected pension income, repayable over the number of years of life expectancy, without interest”*, the recommendation was NOT supported by the government.

The Cabinet Minutes dated 24 October 1972, which all politicians would have had access to, prior to voting on the DFRDB legislation, clearly stated regarding the above recommendation, that *“No grounds can be seen therefore for adopting the Committee’s recommendation.”*

There are also no grounds for considering that the government misled responsible Ministers or that those Ministers misled their cabinet colleagues and the Parliament when the DFRDB Bill was considered and subsequently passed.

The Government in 1972, adopted many of the recommendations from the Jess Committee including a modified commutation provision to allow unfettered commutation for all members entitled to retirement pension, other than invalidity pension, but retained the permanent reduction in retirement pension following commutation as provided in the DFRB scheme.

You should therefore appreciate that when the DFRDB Act was legislated, the permanent reduction in pension following commutation was mirrored off the DFRB scheme.

Accordingly, there appears no legitimate basis for any DFRDB member to consider that if the rate of the DFRDB pension is reduced due to commutation, the reduction is only

until the retired member attains the age on which the expectation of life factor in the DFRDB Act is reached.

You should also appreciate that the Independent Advocate for the DFRDB Commutation Campaign, has acknowledged the commutation provisions in the DFRDB Act and the permanent reduction in pension and publicly stated that. *"In accepting a commutation, you simply traded (exchanged) a portion of your Indexed Retirement Pay, not until your Notional Life Expectancy (NLE) point, but for whole of life. You got in exchange a lump sum of four times (4X) your annual retirement pay quantum, at the cost of relinquishing annually, that portion of you full indexed Retirement Pay entitlement for the term of your life. Nothing to do with "repaying" the amount by the time you reach NLE. This is a simple fact of life, not faulty legislation."*



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