



Australian Defence Force Retirees Association Inc.

No. A0108026R

We represent the interests of Defence Force Retirees regarding their Superannuation

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DFRDB UPDATE – JULY 2021

Report of the Senate FADT References Committee's Inquiry into DFRDB

Given the low level of interest demonstrated by the Committee members during the public hearing on 20 May 2021, the recommendations in the Committee's report should come as no surprise.

The recommendation that **ADF recruits and officer cadets** should be provided with further education on the DFRDB scheme, which has been closed to new members for almost 30 years, is farcical.

The Committee's report ignores the very significant concerns raised regarding the interaction of indexation and commutation, and the exclusion of a substantial part of members' benefits from indexation. It includes volumes of quotes from individual submissions, yet arrives at few conclusions, deferring instead to the conclusions of the Ombudsman after his 2019 investigation.

DFRDB recipients cannot be expected to take this report seriously and neither should the members of the Senate and the Parliament.

It is important that we express our level of satisfaction with the Committee's report to Senators and MPs, before Parliament re-convenes in August. So, we urge you to write to your State Senators and your local Members.

Lack of a united approach

The report did include, after its conclusion regarding the **Design of the scheme**, this pertinent statement in paragraph 5.27:

"There was no consensus in the suggestions to the committee on a way forward on these issues."

That statement is true and should serve as an important lesson.

There is considerable detriment to recipients in the initial design and subsequent amendment of the DFRDB scheme. Of which, the permanent reduction of retirement pay after commutation and outdated life expectancy factors have the least effect. The major detriment is caused by the way DFRDB benefits are indexed.

However, only ADFRA and some individual submissions addressed this concern to the Committee.

The remediation regarding the commutation detriment, sought by DFRDB Commutation 2020 Campaign, is not dissimilar to what ADFRA is seeking. But Defence Force Welfare Association's proposal bore no relevance to DFRDB recipients' concerns.

To avoid a repeat of such disunity, ADFRA, which advocates on all DFRDB concerns, must be allowed to set the agenda going forward.

CDDA Applications

Recommendation 2 in the Committee's report states that the Government should consider more assistance to make claims under the CDDA scheme and appeal any adverse decisions. If we can get as many members as possible to submit a CDDA claim, it may provide a basis for a subsequent Class Action. We will shortly provide some guidelines for those wishing to submit a claim.

Legal Action

We have foreshadowed legal action for some time. Now that we have the outcome of the Senate Inquiry, one of our members will apply to the Federal Court for a declaration to cease retirement pay reduction after reaching the life expectancy on which the reduction is based. How long it will take for the Court to consider and decide the application remains to be seen. We will provide Updates at key stages in the proceedings.

We are also working on a second application to address the exclusion from indexation of a part of DFRDB benefits.

Jim Hislop OAM