



AUSTRALIAN DEFENCE FORCE RETIREES ASSOCIATION INC.

ACN: A0108026R

We represent the interests of Defence Force Retirees on Superannuation

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Dear Senator «Last_Name»,

You may have already been approached by Defence Force Retirement and Death Benefits (DFRDB) scheme recipients who have claimed that:

They have suffered extensive losses from a disproportionate commutation arrangement which uses static and outdated life expectancy factors;

Their benefits have failed to maintain relativity with the cost of living because increases were and are still based on an Index which does not maintain pace with the cost of living, and because those indexation increases are not applied to the full amount of their benefits;

Their financial detriment is inequitable, discriminating by age, gender, time of retirement and time of death;

The DFRDB (Fair Indexation) Act, in 2014, failed to provide a remedy because it did not restore their benefits to the fair indexation baseline established by that Act; and

The Departments of Defence and Treasury and Finance have consistently rejected these claims, with the acquiescence of the responsible Minister, regardless of the Government in power.

You may feel this does not concern you, but please let me explain why it should.

On 25 March 2019, the Minister for Defence Personnel and the Assistant Minister for Treasury and Finance announced an independent inquiry into the administration of DFRDB scheme commutation arrangements. The [Media Release](#) announcing this inquiry included:

The Government recognises the importance of open and transparent discussion around veteran concerns and we will consult with the ex-service community about the terms of reference for the inquiry, as well as panel membership.

Ex-Service Organisations and scheme members will have the opportunity to make submissions to the inquiry and raise any other concerns relevant to the scheme.

On 27 March 2019, in a meeting with Minister Chester, his Department Head and DFRDB subject matter expert, we briefed the Minister on the above concerns, with an expectation those concerns would be addressed in the Terms of Reference for the inquiry.

But our concerns were ignored.

On 5 April 2019, the Minister wrote to the Commonwealth Ombudsman asking that he consider undertaking an investigation into the DFRDB scheme and on 10 April 2019, the Ombudsman wrote to Minister Chester and advised that he had decided to commence an *own motion* investigation. That letter included:

We will also consult with the Department of Defence and the Commonwealth Superannuation Corporation (CSC), as the scheme administrators, on the scope of the investigation.

That the Ombudsman did not consult with the ex-service community on the scope of the investigation is akin to the prosecutor consulting with the defendant on the prosecution's case.

Paragraph 1.6 of the [Ombudsman's Report No. 06/2019](#) states:

The Ombudsman cannot be directed to undertake an investigation, to arrive at a certain conclusion or on the scope of an investigation. Rather, the Ombudsman decides what is in or out of scope of his investigations in accordance with his statutory function as set out in the Ombudsman Act 1976.

However, as is evident in this [Request for Review of Decision](#) which details the serious inadequacies in the investigation and resultant findings, the investigation did contrive to arrive at conclusions which justify the provisions in the DFRDB Act and avoid the real areas of concern.

This investigation and its initiation by Minister Chester was a sham and made a mockery of the independence and impartiality of the Ombudsman's Office, which is not inconsistent with other inquiries into DFRDB commutation and indexation, such as the Podger and Matthews reviews, which were equally characterised by selective and biased findings, pre-destined by their Terms of Reference.

Senator «Last_Name», we have not once received a fair hearing of our concerns with the DFRDB scheme. But that is within the power of the Senate to remedy.

I ask you, therefore, to do your utmost to initiate a Senate Inquiry so that our concerns are addressed once and for all.

Yours sincerely,



Herb Ellerbock

Australian Defence Force Retirees Association (ADFRA) Inc.

ADFRA is a national Ex-Service Organization representing DFRDB members who receive retirement pay, a reversionary or invalidity pension, and those yet to discharge from the Australian Defence Force. These members reside in every State and Territory of Australia, including «State_Full».

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