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I refer to your email, dated 6 December 2021, the content of which reveals your limited knowledge of the DFRDB legislation's background and the parliamentary process through which it went.

You attribute the quote *"commutation is an interest free loan on future expected pension income, repayable over the number of years of life expectancy, without interest"* to the Jess Committee. But that is not correct. That was Treasury's interpretation of the Jess Committee's recommendation on Commutation. Together with *"No grounds can be seen therefore for adopting the Committee's recommendation"*, the statement appears in Submission 913 to Cabinet, dated 21 October 1972, by then Treasurer, The Hon Billy Snedden.

The key recommendation made by the Jess Committee was:

"That retired pay proportionately reduced in relation to commutation remain payable after commutation"

Consultation of any dictionary would show that the term *'proportionately'* cannot be construed to mean *'permanently'*.

From [Hansard page 2760](#), we know that when the Chair, John Jess, tabled the Jess Committee's report in the Parliament, he said:

"There should be an unfettered right to commute a portion of retired pay as a lump sum on retirement. Members should have the right to commute a maximum of 4 times the annual retired pay payable to them on retirement and this amount should not be subject to reduction either on grounds of the member's life expectancy or for any other reason."

[Cabinet Decision 1447](#), dated 24 October 1972, was a McMahon Cabinet Minute. However, what that Cabinet adopted in Decision 1447 is irrelevant because, as you may recall, the McMahon Government was defeated at the 1972 Federal Election.

We have yet to locate evidence, in the National Archives, of exactly what instructions the newly elected Whitlam Government issued to the Office of Parliamentary Counsel. But we do know, from [Hansard page 2707](#), that when he introduced the DFRDB Bill in the Parliament, the Minister said:

"Some of the other features of the new scheme are: Commutation of retirement pay will be a right for members who retired after 1 October 1972, subject only to applications for commutation being made within one year of retirement or such longer period as may be necessary in special circumstances".

And, from [Hansard page 2893](#), that the Minister said:

"the Bill does incorporate the recommendations of the Jess Committee. The Government has not in any way at all dishonoured those recommendations."; and

"some adjustments were made to the original recommendations of the Jess Committee. Any of the amendments which were made at that time were accepted on the basis that they would improve the legislation, that they were an improvement on the recommendations in the report".

It is highly improbable that, as you suggest, all (or even many) politicians in the new Parliament and Labor Government would have had access to the Cabinet Minutes of the previous Coalition Government before voting on the DFRDB legislation.

As for your reference to the statement by the Department of Defence that *"the permanent reduction in pension following commutation was mirrored off the DFRB scheme"*, Hansard shows no evidence of any intent by the Whitlam Government to mirror the DFRB commutation provisions in the DFRDB scheme.

I appreciate that you may feel compelled to defend your failure, during your time in Defence, to recognize the insidious benefit reduction measures the DFRDB legislation incorporates. But ADFRA is necessarily guided by relevant facts when representing members' views. Therefore, if you intend to continue your commentary on DFRDB matters, I ask that you please substantiate your assertions with appropriate references.

Yours sincerely,

Jim Hislop OAM

President

Australian Defence Force Retirees Association Inc.