

THE GROSS DENIAL OF SUPERANNUATION AND INVALID BENEFITS UNDER THE DEFENCE FORCE RETIREMENT AND DEATH BENEFITS SCHEME

Introduction

In March 2018, Herb Ellerbock (WO1 ret'd) created a pre-recorded on-line presentation which provides evidence of the gross denial of superannuation and invalid benefits for more than 55,000 recipients under the Defence Force Retirement and Death Benefits (DFRDB) Scheme.

The extent of this denial has, to date, already been extensive, with the ongoing denial estimated to be \$400 million in 2018-19, increasing to almost \$5.4 billion over the next 10 years, nearly \$12 billion over the next 20 years and more than \$23 billion, over the following 32 years, when that last beneficiary is expected to die.

Action to rectify this denial of benefits has been ongoing for more than 3 years but submissions have consistently been rejected by the Department of Defence and responsible Ministers.

Our Contention

Our contention is that benefits of the DFRDB scheme, which were set down in the recommendations of a Joint Parliamentary Committee (the Jess Committee) and accepted by the Parliament in 1972, were altered by the Departments of Finance and Defence during translation into legislation (the *DFRDB Act 1973*).

By excluding Service representation from the legislation drafting process thereby allowing the use of obfuscated wording, followed by a hasty passage through the Parliament of the *DFRDB Bill* in 1973 and the *DFRDB (Amendments) Bill* in 1977, Members of the Parliament were unable to properly consider those Bills and were, therefore, unaware of the alterations.

Corroboration of this contention is evident in the House of Representatives Hansard record.

The benefits provided under the DFRDB scheme were then misrepresented through misleading information leaflets, published and circulated by the DFRDB Authority, inducing members of the Defence Force to make decisions; on their length of their service, benefit commutation and re-enlistment, to their considerable financial disadvantage.

The Scope of Benefit Denial

The denial of our benefits is brought about through:

1. The inequitable reduction of our benefits, through *Unfair Indexation*. That is, the direct linkage of our benefit adjustments to the Consumer Price Index (CPI).
2. The permanent reduction of our retirement pay, through a disproportionate Commutation arrangement, which uses long outdated Life Expectancy tables to maximise our retired pay reductions in exchange for an advance payment of future retirement pay entitlements and then fails to restore retirement pay to full value after the advance payment has been fully recovered, with interest, by the Commonwealth.
3. The failure to take account of retirement pay reductions in the calculation of the final commutation payment for those members who re-enlisted and then retired again before 1 July 2016.

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4. The reduction of the retirement pay of members who did not commute at least 4 years of their future retirement pay entitlement, through a contrived indexation arrangement, which uses an imaginary rate of retirement pay to prevent the full flow on of indexation increases.
5. The reduction of our spouses' and eligible dependent offspring reversionary pensions, through the same contrived indexation arrangement.

Not only do these provisions reduce the benefits provided under the scheme but the reductions apply inequitably across the recipient population and discriminate against individuals on the basis of their age, years of service, date of retirement and date of death.

Our Aim

We are seeking the rectification this situation through:

1. Restoration of all DFRDB and DFRB benefits to a floor rate using the *Fair Indexation* formula, that is, the better of; the CPI, Pensioner and Beneficiary Living Cost Index (PBLCI) and a 27.7 per cent benchmark of Male Total Average Weekly Earnings (MTAWE), calculated from 1 July 1991, and made effective from 1 July 2018.
2. Amendment of the DFRDB Act to;
 - a. cease retired pay and invalid pay reductions, when the 1960-1962 life expectancy, on which retirement pay reductions were based, is reached and
 - b. remove all references to the imaginary *Notional* Retirement Pay.
3. A refund of all retired pay and invalid pay reductions;
 - a. from the date members reached their 1960-1962 life expectancy, for members who commuted,
 - b. for members who did not commute and
 - c. for members who commuted, re-enlisted and retired again before 1 July 2016.

Presentation Link

The on-line presentation titled *The Gross Denial of Defence Force Superannuation and Invalid Benefits* can be viewed by clicking > [here](#) <

When visible, click on  to select full screen mode.