

**SUBMISSION TO SENATE FINANCE AND PUBLIC ADMINISTRATION REFERENCES
COMMITTEE
INQUIRY INTO OPERATION AND APPROPRIATENESS OF ADF SUPERANNUATION
SCHEMES**

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Senate Finance and Public Administration References Committee
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Dear Senator Colbeck and Committee Members

My apologies for submitting so late in the piece. I would like to make short points for your consideration in respect to three of your Terms of Reference:

(a) whether the legislative framework governing superannuation and pension schemes for current and former members of the ADF is fit for purpose

It has long been understood that the design and management foundations of superannuation pensions for our military personnel should be based on these considerations, as recommended by Pollard in his report¹:

- (1) The purchasing power of the pension should be maintained.*
- (2) Pensioners generally, and not one particular group only, should share gains in national productivity.*
- (3) The Commonwealth, as a good employer, should show a lead.*

These considerations are uncontroversial. They should be inviolable and enduring.

I trust that you will keep these basic considerations in mind during your deliberations and decide whether they have been truly honoured in the design, amendment, operation and administration of the various military superannuation schemes since Pollard made his report. I consider that they have not been fully honoured.

(b) whether the Military Superannuation and Benefits Scheme (MSBS) enables veterans to preserve savings to deliver income for a dignified retirement in an equitable and sustainable way

I submit that the MSBS does not entirely ‘deliver income for a dignified retirement in an equitable [and sustainable] way’. I am not certain what is meant by ‘sustainable’ in the context of superannuation. However, I do know that superannuation should adhere to the conditions set out in its establishment [and ‘PDS’]— such as maintaining its purchasing power (clearly stated in product offer statements) and should honour Australia’s Human Rights obligations regarding discrimination— also with regards to superannuation.

¹ 1973 - Parliamentary Paper No 9: *Enquiry into Superannuation Pension Updating*, March 1973. A.H. Pollard Chapter 10

I will not expand on these points here but instead draw your attention to my Submission 77 to the Senate Foreign Affairs and Trade References Committee ² dated 24 May 2021 – and its Attachments. In that submission, I stated that **since the establishment of the MSBS in the early 1990's no MSBS recipients receiving a defined benefit pension, have had their pension properly indexed. I consider that to be discrimination, and a breach of human rights.**

As Mr. Ellerbrock stated in his evidence: “Ever since [2014], Defence has extolled the generosity of that amendment.” Yet, even after the 2014 indexation decision for (some) DFRDB superannuation pensioners came into effect “... .. **that amendment did nothing to remedy the effects of unfair indexation from 1976 to 2014. The DFRDB Act continues to unfairly index the benefits of recipients aged under 55 and it retains the formula which excludes from indexation a substantial part of our benefits.**”

It is a serious indictment on government and its senior advisers that these issues have not been addressed - to the financial detriment of those involved.

(f) the operation and effectiveness of the MSBS, Defence Force Retirement and Death Benefits Scheme, Defence Forces Retirement and Benefits Scheme, Australian Defence Force Superannuation Scheme and Australian Defence Force Cover Scheme and whether these schemes are operating in the best interests of current and former members of the ADF

Without going into detail, I suggest that the MSBS and DFRDB schemes are NOT operating fully in the best interests of current and former members of the ADF.

Financial remedies (possibly including reparations) for some of the failures outlined above, and previously, are likely to require an additional investment through the Budget. The Future Fund ³ was established specifically for such a purpose (s. 3 of the Act), and it is high time that its contributions were called upon for this.

I hope that your Committee will accept this submission, and be able to take note of these considerations, both in relation to DFRDB, but also MSBS. I trust that you can frame suitable recommendations to Government that resolve all the issues raised here and during your Hearing.

Bert Hoebee

24 March 2025

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https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/DFRDB/Submissions

³ Future Fund Act 2006