

Subject: Submission to the Senate Inquiry into ADF Superannuation and Pension Scheme.

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Date: 2 September 2025

I write to express my concern regarding the systemic inequities embedded in the Defence Force Retirement and Death Benefits (DFRDB) scheme, particularly in relation to commutation and indexation.

Commutation Misrepresentation

For decades, CSC brochures failed to disclose that commutation would result in a permanent reduction in superannuation payments. This omission misled thousands of veterans who made decisions based on incomplete information.

Resettlement Seminar Failures

The seminars provided to transitioning ADF members consistently omitted critical details about the long-term financial impact of commutation. This represents a failure in duty of care.

Flawed Legislative Amendments

The 1977 amendment that aligned DFRDB with CSC for indexation purposes ignored the fundamental differences between the schemes, resulting in unfair outcomes for DFRDB members.

Historical Warnings Ignored

The Jess Report (1972) explicitly warned against CPI-based indexation, predicting erosion of pension value—a prediction that has sadly come true.

Impact of CPI-Based Indexation

- CPI no longer reflects true cost of living since wage growth was excluded in 1991.
- DFRDB pensions indexed solely to CPI have not kept pace with real-world expenses.
- Politicians' pensions are indexed to more generous measures, creating a two-tier system.
- Over 20 years, CPI-only indexation has eroded DFRDB pension value significantly.
- Fair Indexation introduced in 2014 excluded many DFRDB recipients, creating inequity.

- The Jess Report (1972) warned against CPI-based indexation, but its recommendations were ignored.

Recommendations

- Extend fair indexation to all DFRDB recipients, regardless of age or pension type.
- Revisit the 1977 amendment and align DFRDB indexation with wage-based or cost-of-living indices.
- Acknowledge and correct historical misrepresentations in government communications and legislation.

I urge the committee to consider these issues seriously and recommend meaningful reform to restore fairness and integrity to the DFRDB scheme.

Yours sincerely,
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