

Submission by Mr Gordon Wright (ex RAAF FSGT RADTECHG - 1968-1988 - A46324) into the operation and appropriateness of the superannuation and pension schemes for current and former members of the Australian Defence Force (ADF)

JUNE 2025

Although the following application is outside the original timeframe allowed for submissions, I respectfully request that the inquiry allow my late submission due to its brevity and presentation in summary form, plus the inclusion of links to reference documents that will only assist in the inquiry in its research and deliberations. I apologise for the tardiness of my submission, but I only recently became aware of the existence of the inquiry.

REFERENCE DOCUMENTS

The Jess Report (1972) (Reproduction of the original)

Defence Force Retirement and Death Benefits Authority Circular (1973)

Pamphlets: (Reproductions of the originals)

Transfer to New Scheme (1972)

Retirement Benefits (1973)

Retirement Benefits (1981)

Widows', Widowers', and Children's Benefits (1981)

Retirement Benefits (1985)

Retirement Benefits (1987)

White Paper - The Enemy Within: the Australian Defence Force

Overview

I have prepared a white paper regarding the application of the DFRDB scheme and its alignment with the fundamental principles of the Rule-of-Law under the Westminster system. A link to the paper is provided on the cover of this submission and is entitled “the Enemy Within: the Australian Defence Force.” The white paper is an outline of the book that I am currently writing under the same name.

The other documents supplied are the original Jess Report (1972) and several pamphlets that were distributed via the orderly rooms of some of the RAAF bases where I resided at the time (1972-1988). The originals of these documents, due to their age, were copied or scanned so many times using very old technology that the content was almost unreadable, so out of courtesy to the inquiry, they have been reproduced in clear and manageable electronic form.

My submission will address the Terms of Reference (TOR) (a), (d), (f), (g) and (h), and will be brief and factual. The linked white paper is aimed at addressing TOR (f) in more detail.

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

The Defence Force Retirement and Death Benefits Act 1973 received Royal Assent on June 19, 1973. It was introduced on May 26, 1973. The Act established a new superannuation scheme for members of the Australian Defence Force (ADF) and in its original form was considered fit for purpose by military personnel that read the document; including myself.

The Act was introduced following a report by the Joint Select Committee on Defence Forces Retirement Benefits Legislation (the Jess Committee - May 1972). The scheme it established, the DFRDB Scheme, replaced the previous DFRB scheme and commenced on the 1st of October, 1972.

Part of the Jess Committee’s recommendations adopted included:

“(6) That retired pay and invalid pay be expressed as a percentage of final pay and be adjusted annually so that relativity with average weekly earnings is maintained. A possible method of achieving this would be to maintain the relativity of benefits to current pay for the rank held on retirement.”

In the original 1973 legislation the method of indexation was not stated, but I naturally deduced, as did most other military personnel, that the numerous references to “average weekly earnings” would eventually be established over the rejected Consumer Price Index (CPI) as stated in the Jess Committee Report.

Following two attempts in 1974 and 1976 to index the DFRDB retirement pay, in 1976 the amendment to the Act specified that the CPI was to be the only form of indexation, something the Jess Committee had warned would lead to an erosion of DFRDB entitlements:

“124. The committee has concluded that the adjustment should be related to average weekly earnings and the relativity of retired pay with that index maintained. This will ensure that the man in retirement will be able to maintain his position in relation to rising community standards and that he will obtain those increases when they are needed. To some extent this is a compromise between the proportion of salary method of adjustment discussed in paragraphs 118-119 and the proposal that adjustment be related to the Consumer Price Index. The Committee rejects the latter suggestion because it considers that the index does not fairly represent changes in general community standards. The following table, Figure X, extracted from the Commonwealth Actuary's last

report on the Commonwealth Public Service Superannuation Fund illustrates this point —

FIGURE X—CPI verses MTAWE

Year	Consumer Price	Average Weekly Earnings
(A) The Indexes—		
1969-70	109.4	229.5
1964-65	94.0	167.3
1959-60	85.7	134.3
1954-55	74.0	105.1
(B) Equivalent Annual Increases to 1969-70—	Per cent	Per cent
1964-65	3.12	6.53
1959-30	2.47	5.50
1954-55	2.64	5.34

125. It will be observed that the rate of increase of average weekly earnings is almost double that of the Consumer Price Index.”

The main issue was the changes to the indexation (amendments) was not disseminated to the DFRDB recipients. In 1981, the pamphlet released by the DFRDB Authority (s.21) was the first official document that notified of the CPI annual indexing arrangement under the heading of “Pension Increases,” whereas a more accurate heading should have been “Pension Decreases,” as it was a degradation or erosion of the indexing promise of “average weekly earnings” in the Jess Committee Report and the original DFRDB Act.

In 1981, after 13 years service, I was already into my fourth “sign-on” period that would take me to the 15 year mark in my career in the RAAF. I was never given the opportunity to assess my long-term career path in 1977. In fact, prior to discharge, I never accessed the 1981 or 1985 Retirement Benefits pamphlets, but I remember the 1987 document, just prior to my discharge in May 1988. I distinctly remember the 2% reduction in the CPI due to runaway inflation. I was curious at the time how “*the 2% reduction as a result of the July 1986 National Wage Case discounted increase*” could tie the CPI to wages when it suited the government.

Over the next thirty seven years I watched as my retirement pay dwindled down to just above the civilian Aged Pension. Fortunately, the decline was arrested in 2014 with the Fair Indexation amendment, even though the indexation only affected DFRDB recipients over the age of 55 years. The age restriction was never in the original legislation, or something I agreed to, or made aware of, during my 20-year career with the RAAF. Also, I was 63 years of age in 2014, so where was my fair indexation from age 55?

Currently 35% of the pay of my equivalent rank and mustering in the RAAF is now \$52,000. My current DFRDB retirement pay is just over \$30,000 before tax.

So was the DFRDB Act fit for purpose in its original form in 1973? Absolutely!

So was the DFRDB Act fit for purpose since 1977? Absolutely not!

The reasons for the change of perception since 1977 are:

- the indexing is tied to the CPI which was rejected by the Jess Committee;
- the covert adjustments to the indexation method by the Department of Defence;
- the covert changes to commutation calculations using outdated life expectancy tables;

- the changes to commutation repayments from “life expectancy” to “whole of life”;
- the discounting of the CPI in 1986 by 2%;
- the application of rounding rules to the CPI calculations (often rounding to zero);
- the bi-annual indexing of the CPI; and
- only indexing five-sevenths of the DFRDB entitlement.

All of the legislative changes since 1973 have been intentionally implemented to erode the benefits of the DFRDB scheme for its recipients. I personally feel that I was duped by the Department of Defence into spending 20 years of my prime years under the context of a total lie regarding the benefits I was promised as a member of the ADF in 1972.

TOR (d) whether CSC account holders have the same rights and protections as other Australians in relation to their superannuation, including the ability to withdraw funds, receive appropriate returns, change superannuation providers and receive transparent information about return on investments;

The response here is quite obvious. DFRDB recipients have never enjoyed the same rights and protections as other (non-military) Australians. We were entitled to receive a lump sum on discharge, but with a repayment process that was not fair by any financial ethical standards. We were not able to withdraw our benefits as a lump sum or move to another fund provider. We were given information about our retirement pay, but were powerless to change the status quo, or receive information on any return on investment as there was none. I wrote to the Commonwealth Superannuation Corporation (CSC) when I reached 72 years of age and requested when my retirement pay would return to my post-commutation amount, only to be informed the reduction of retirement pay was permanent. I wonder what would happen in Australian society if the banks made civilian loan repayments permanent?

TOR (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;

The DFRDB scheme did not fulfil the originally defined goals and promises of the Jess Committee report. In fact, as indicated in the [linked white paper](#) and the current poor ADF recruitment numbers, the scheme has demonstrated that the government and Department of Defence have not acted in a respectful and fair manner when it comes to the veterans under the DFRDB system. The obvious consequences are a reluctance by the youth of our country to commit to serve or engage in life-long careers in the ADF.

Additionally, there are serious doubts as to the legal and ethical behaviour of those same entities, to a point where the [Rule-of-Law](#) has been completely ignored when applied to military veterans.

Indicated in the white paper is the situation can be reversed, but would require strong leadership from the panel of this inquiry.

TOR (g) targeted initiatives and education for current and former members of the ADF to preserve superannuation savings, improve understanding of superannuation and increase participation in these schemes; and

The targeted initiative of the DFRDB scheme put forward by the Jess Committee in 1972 was an extremely noble, well researched and visionary concept to promote the retention of skilled personnel and replace the highly unpopular National Service at the time. However, past and future ADF members will always be hesitant to accept any initiative put forward by the Australian government while the current inequity with the DFRDB scheme remains.

TOR (h) any other related matters.

During my service career I was exposed to both toxic chemicals, and work requirements where I was located on the threshold of runways or in close proximity to extremely loud aircraft.

My kidneys and liver are deteriorating due to the chemicals, and I have been waiting for years to have the DVA approve hearing aids that were mentioned in my discharge medical documents as items I was entitled to when I needed them.

In short, the way the Department of Defence (DOD), the Department of Veteran Affairs (DVA), and the Treasury treat military veterans is abhorrent. Today I should be living a comfortable life in retirement, but instead I am struggling due directly to the lack of benefits I was promised in the DFRDB retirement pay scheme in 1973.

My questions to the inquiry are, do you think that is fair, and would you accept the same fate if our roles were reversed?

Gordon Wright

Web site: <https://dtrdb.org/>

NOTE: This paper is the overview of my current draft book entitled "the Enemy Within: the Australian Defence Force.