



DEFENCE FORCE WELFARE ASSOCIATION

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To: Committee Secretariate
Senate Finance and Public Administration References Committee
(fpa.sen@aph.gov.au)

Dear Committee,

Reference: Email - Hansard Transcript and questions on notice - Senate FPA References Committee – dated 26/02/2026.

Apart from inviting corrections to the draft Hansard transcript, the reference invited answers to questions and responses “to comments made by others in their evidence or submissions ... by way of a supplementary submission or by letter to the committee.”

Please accept the following input.

Question

Senator Lambie (At Page 28,) asked: *“Do you have an expert in this area? Is DFWA running with a legal expert in this area or are these just things you’ve picked up—it’s just coming from you guys yourselves?”*

- **DFWA Answer:** DFWA does not claim to be expert in this complex area. However, historically, we have specialised in superannuation issues since formation and particularly with MSBS and ADF Super/Cover. We have a lot of broad and deep experience in this area:
 - Our Honorary Solicitors represented two of the three veterans in the Douglas test case (2017-2021) including Mr Douglas.
 - We have in-house legal counsel specialising in this area.

Our experience is recognised by other stakeholders:

- The Inspector General of Taxation and Ombudsman Report (8 Dec 2022) RE: IGTO VIEW of the flawed implementation of the Douglas decision, cited DFWA many times of our efforts to address deficient and flawed communication by CSC and ATO.
- ATO requested our assistance in communicating by letter and media with this vulnerable veteran cohort.
- We are consulted by Accountancy firms. The RSL, CSC and others have referred cases to us for advice, involving Douglas, retrospective medical discharges and impacts on benefits from other OGD.

Question

Senator Lambie (At Page 28,) asked: *“given that past inquiries and reviews have been conducted in this area with very little change, what safeguards do you think are needed to ensure that any future review actually delivers meaningful reform rather than just another set of unimplemented recommendations?”*

- **DFWA Answer:** Some earlier reviews did lead to major changes, e.g., DFRDB to MSBS and MSBS to ADF Super/ADF Cover, however as time went on and flaws and unintended consequences appeared with those schemes, there was great reluctance by government and the bureaucracy to change, especially where the Commonwealth received an unintended windfall.

DFWA highlighted that this very broad Inquiry, not being related to any specific legislation, was unlikely to lead to change and that future reviews should be targeted at specific issues or legislation.

Comment - Supplementary Submission.

When asked to identify highest priority or lowest hanging fruit, DFWA has indicated two major areas of change (Tax on ADF Cover Invalidity Benefits and Superannuation for Reservists) that we regard as priority as there are obvious inequities affecting serving personnel and their families.

There are also instances identified to this inquiry, where some simple follow-up in this Inquiry's report may deliver some meaningful changes in either legislation or practices, and reasonably quickly. It may show that input is listened to and acted upon. For example:

- **Submission 64 and the evidence of Mr Andersen (Hansard p38).** These have identified some unintended consequences of the 2024 introduction of section 1099AAA into the Social Security Act. The stated intention of the amendment was to remove some adverse impacts of the Douglas decision on veterans' eligibility for some allowances.
 - In practice and implementation and use of an outdated schedule, the adverse impacts on veterans' eligibility have not been removed as intended – and the bureaucracy apparently is not moving on this.
 - If the bureaucracy/internal legal advice is regarded as correct, then clearly the government stated intent of removing adverse impacts was not met by the drafters of the legislation and revision of the legislation is required to meet that intent.
 - If the current adverse outcome is not addressed, then the previously stated intent when the legislation was introduced, was, to be charitable, misleading to veterans and parliament. It does not remove adverse effects – it entrenches it.
 - The Inquiry Report should not let this pass.
- **Defence evidence on Page 45 draft Hansard.** The transcript mentions "Defence and CSC have a collaborative working relationship focused on providing quality, empathetic and consistent support to ADF members, veterans and their families. A recent joint focus has been on seeking to improve the education and awareness of schemes for members."
- While DFWA has seen evidence of this, especially in transition activities, DVA/Defence continue to publish misinformation concerning DFRDB and Commutation – the subject of great concern in many submissions to this Inquiry.
 - **DFWA Submission 68.1.** Previous Inquiries into DFRDB by the Ombudsman and the Senate FADT Committee, highlighted miscommunication to veterans by Defence on DFRDB commutation matters. This resulted in a CDF and Secretary of Defence apology (EC19-006342 dated 3 Dec 2019) to veterans for the confusion, stress and anxiety caused unintended misinformation with an assurance

to educate staff to of the importance of providing correct advice, and of referring information provision to CSC to avoid recurrence of misinformation resulting in stress to veterans.

- A DVA VetAffairs article in 2024, in opposing lobbying efforts by veterans to replace the existing 1962 life expectancy table used in DFRDB to calculate pension reductions, Defence provided advice to veterans *“Changes to the life expectancy tables could leave most members worse off.”*
- This is totally false information and contradicts the Ombudsman Report.
- The Ombudsman Report is unequivocal - stating *“It is understandable why members would prefer the use of later life expectancy figures ... [because] ... the flow on effect would have been increased retirement pay for those who commuted (because... [it] ... results in a smaller reduction”*. CSC informal advice agrees.
- Attempts to get DVA/Defence to publish a correction in VetAffairs have failed. DFWA is familiar with bureaucratic resistance to changes that we lobby for, however, providing incorrect information to former ADF members is a total abrogation of a duty of care to veterans and compounded by a refusal to either provide evidence support their claim or make clear correction if they cannot.
- Arguments for and against changing the DFRDB legislation is a separate issue. This issue is about Defence and DVA promulgating false information to veterans continuing to cause confusion, distress and then refusing to correct it. This culture must change. The Inquiry Report should not let this pass.
- **Retrospective Medical Discharges.** At the hearing, there were several mentions of difficulties related to retrospective medical discharges and the increasing number of claims and increasing delays in claims. We have a lot of experience in this area with at least two cases going back to the early 1970s.
 - It should be noted that the *Douglas* case involved a DFRDB retrospective medical discharge and a repayment of a taxed commuted DFRDB lump sum and several years of reduced DFRDB retirement pay. The CSC records and/or calculations amounts paid to Mr Douglas and the tax paid were found to be incorrect (tens of thousands) when pursued during the court case by both Douglas and the Commissioner of Taxation – there was no explanation given for the “revised” calculations. Adverse comment was made of CSC performance in the decision. Getting what is assumed now as the correct pay and tax details took years plus a court case. How many other cases were/are there?
 - The *Douglas* retrospective medical discharge was comparatively simple as it did not involve any DVA Incapacity Payments and no complex offsetting calculations, as do most recent claims.
 - DFWA has in the last few months become aware that issues also arise when CSC discover errors in the initial calculation of Invalidity Benefit payments which many years before in ordinary medical discharges. Corrective action affects the offsetting calculations on DVA Incapacity Payments and may also affect previously made social security payments and tax, and the various bureaucratic silos affected, start recalculating. It has a snowballing effect - all impacting on the veteran’s finances.

DFWA fully supports other evidence provided to the Inquiry concerning medical discharges and for further investigation in this area. There is a great deal of complexity and there is no departmental ownership of the veteran’s case as it is pushed and pulled between different departments which are focussed on their own legislative area. Just throwing more manpower at it does not solve the problem.

Both DFWA and RSL Qld have attempted to provide guidance for advocates (RSL publication) – with the cooperation of DVA, CSC and the ATO – as outlined in both the DFWA and RSL submissions (47th parliament). However, while a

start, It does not address the impacts on other benefits, nor does it address the more recent issues mentioned above.

There is no easy legislative solution, and it requires good will and some guiding principles for cooperation between stakeholders, to provide:

- greater efficiency in the process,
- greater transparency – bringing another layer of quality assurance, and
- less stress on the veterans, and
- less stress and turnover of affected staff – as identified by CSC Mr Nettheim (Hansard draft page 47) and DVA Assistant Secretary, Processing, Client Benefits Division (DFWA Submission 16 Annex F page 2).

I refer you to our recommendations at para 19 Annex F of the DFWA submission (16).

Yours sincerely,



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PRESIDENT

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