

Supporting Table: How DFRDB Fails as a Superannuation or Pension Scheme (3 pages)

Fundamental Test	What a legitimate Scheme Does	What DFRDB Does	The Failure
Contributions over a 20-year career (in my case, 35 years)	Credits member contributions with interest; returns them tax-free.	In my case... absorbs \$400,000 (my estimate) of after-tax capital (contributions); it ignores member repayments of lump sum amounts (with obsolete and high hidden interest).	Members' money is used as an interest-free loan to the Commonwealth, then taxed on return. CSC incorrectly categorises pensions as untaxed – coming from CRF, ignoring the fact that s.2(2) DFRDB Act and s.22 DFRDB Act stipulate that contributions are deductions from salary; that is, from taxed income under PAYG. s.66(4) DFRDB Act ; is also in breach because preservation of accrued rights is being ignored; the source of tax is illegitimately being reassigned to CRF.
Risk allocation	Employer bears long investment, inflation risks.	Members bear all risks, Commonwealth bears none.	Every risk transferred; member benefits are clawed back by the Commonwealth – in contributions, lump sum repayments, productivity, CPI indexing & permanent pension reductions.
Finite transaction	Commutation is a temporary pre-payment with defined end; all members receive a fair and equitable allocation set by statute formulae.	s. 24(3) DFRDB Act “on and after” interpreted as permanent; illegitimate, destroys actuarial basis, creates unequal benefits across member base, enriches the Commonwealth, and undermines PGPA data/moral integrity.	70% over-recovery (my case - \$158,500 +) clawback to Commonwealth
Tax treatment	Pension tax-free from age 60 (taxed funds); properly recognises member contributions, employer non-concessional payments, and market rate for pre-payment (lump sum) repayments.	100% taxable; member contributions ignored; no tax-free component; members pay employer SG non-concessional amounts; lump sum interest rate excessive due to obsolete schedule 3, repayments of lump sum and interest hidden (ignored).	\$190,000 + lifetime (up to age 85) extra tax; plus, a unique situation where veteran retirees must lodge annual returns.
Actuarial Integrity	Uses current data; reviews every 3-5 years.	Frozen in 1960s mortality data; 4.8% discount rate (vs2.2-2.4% market rate)	Obsolete data inflates pension reductions, ignores life expectancy factors, and distorts the basis for pension allocation.

Informed Consent	Full disclosure of all material terms.	D20 form has a box for “5 times cap” but no box for permanent reduction; references Schedule 3 - not some proxy expected life outcome.	Members consent to a finite transaction (schedule 3 expected life, and factors); CSC impose infinite penalty devoid of an actuarial statute baseline.
Legislative coherence	Provisions read as a coherent whole.	“On and after” s.24(3) pointless without using schedule 3 factors; is overwritten by schedule 3 factors; conflicts with “portion of pension commuted” (s.24(1) and “5 times cap on annual pension” (s.24(2B)); destroys the statute actuarial method.	A finite legislative system converted to an infinite penalty without authority; CSC appears to select a divisor from factors in schedule 3, ignores the expected life constraint (72 years) and the pre-payment repayment period; none of this is disclosed to members.
Comparability	Treated consistently across similar schemes.	CSS (same Commonwealth scheme) gets regular updates; state schemes mandate triennial reviews; DFRDB gets frozen using 1960s data that only enriches the Commonwealth at member expense.	Veterans are treated worse than public servants and state employees; discriminatory.
Real pension maintenance	Indexation maintains purchasing power.	CPI is fully taxed at 34.5% real pension never increases.	\$124,000 + tax (my case) on inflation adjustments over pension life; negative purchasing power with zero real gain from indexing.
Administrative accountability	Transparent, responsive, accountable	Obfuscation, delays, “see ATO” defences (we don’t do tax); 2012 validation crisis (breach of constitution).	Systemic maladministration; has resisted consistent member pleas for fairness (1000s of hours all parties – consumed on ignored advocacy) since conception.

Comparison Ratio of Returns

Scheme	Estimated Ratio	Basis of Estimate
PSS	~6.5-7.5:1	Member contributions after tax credited; investment earnings on funded component; proper tax-free component
MSBS	~6.5-7.5:1	Member contributions invested; investment earnings credited; transparent benefit formula
CSS	~6.5-7.5:1	Member contributions tracked; interest credited; proper tax treatment
PCSS	~5.5-6.5:1	Lower accrual rates (2.5% per year after 8 years, but contributions are recognised).

UK AFPS (UK Armed Forces Pension Scheme)	N/A Under AFPS 75 (the legacy scheme), “if you opt to take resettlement commutation, the 75 annual pension income would be reduced as a result until age 55 (essentially to repay the element commuted). “At age 55, the repayment is complete, and a full pension is restored to its original value.”	No member contributions; benefits funded entirely by employer (65.5- 73.5% of pay); commutation is finite; scheme is properly funded; actuarial reviews occur; data is current. “The UK treats its veterans as an asset worth investing in”.
DFRDB (current)	4.54:1	My experience: \$400,000 contributions + interest ignored → \$1.8m lifetime benefits (my analysis) “Australia treats its veterans as a revenue source”.
DFRDB (should be)	7.0:1	Fair outcome: \$400,00 contributions + interest; reduced tax rate on contributions; Schedule 3 repayment schedule applied → \$2.8m lifetime benefit to age 85 (my analysis)

A higher ratio means better value for the member

Scenario	Calculation	Ratio
Fair outcome (what should be)	\$2.8m lifetime benefit ÷ 400,000 contributions	7.0:1
Current DFRDB administration	\$1.8m lifetime benefits ÷ \$400,000 contributions	4.54:1
Commonwealth’s “take.”	\$1.m extracted ÷ \$400,000 contributions	2.46:1

In plain terms: For every dollar I contribute, I receive \$4.54 in benefits under current rules, when I should be receiving \$7.00. A fair scheme returns approximately \$7 for every \$1 contributed.

DFRDB returns only \$4.54, with the Commonwealth pocketing the difference. This is a wealth extraction mechanism, not a pension scheme.