

Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

23 March 2021

The following Submission is forwarded for consideration:

Committee Terms of Reference

The accuracy of information provided to Defence Force Retirement and Death Benefits (DFRDB) members, including:

- the accuracy of information provided to DFRDB members about the effects of commutation on future retirement pay entitlement, the consequences of this, and what remedial action (if any) could be taken;
- **Response: I attended a Resettlement Seminar early 1989 prior to retiring in July 1989 having served in the Royal Australian Navy for 20 years. I was informed of the opportunity to commute a portion of my DFRDB pension and receive a lump sum payment. I understood that, once the lump sum was received, my annual Retirement Pay would be reduced by an amount calculated on my length Service, rank, salary, and the number of years until I reached my Notional Life Expectancy point, when I understood the reduction would cease. At no time was I advised that this reduction in my Retirement Pay would be for life; I expected my full Retirement Pay to be reinstated once I had paid off the lump sum and reached the Life Expectancy point of around 72 years.**
- whether retirement payments were indexed as required by legislation and, if not, what remedial action (if any) could be taken;
- policy and legislative issues, including provisions for:
 - use of certain life expectancy tables,
 - permanency of reductions to commuted pensions,
 - indexation arrangements; and

- recommendations on any potential changes to administrative arrangements, policy or legislation;
- advice on costs associated with any recommendations;
- all relevant existing information and previous reviews in relation to DFRDB, including the findings of the Ombudsman's investigation;
- the level of understanding among DFRDB members about how the legislation works, and ways to improve this; and
- any related issues.
- **Response:** I would also like to take this opportunity to comment on the administration of the DFRDB Scheme during the 20 year period 1969 to 1989 in particular the Interest Rates applied. Whilst I do not have the statistical data at my finger tips it was very clear that the Government/DFRDB Authority failed to apply any reality to real world interest rates. Maintaining throughout the period a miserly interest rate of 3% per annum when in the real world interest rates well in excess of 10% almost 19% in 1989 were the norm. In my opinion my Retirement Pension was much reduced by the non application of real world rates during the 20 year period. The opportunity to take a lump sum and invest in the real world was extremely attractive.

I am seeking financial compensation for the years following the Life Expectancy point of 72 years to today and the reinstatement of my FULL Retirement Pension from today.

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