

Dear Senators,

At the Senate Finance and Public Administration Legislation Committee public hearing for its inquiry into the operation and appropriateness of the superannuation and pension schemes for current and former members of the Australian Defence Force, Senator Grogan asked me “What would be the difference, broadly, in terms of the differential if, as you have proposed, the repayment of your commuted amount stopped at that point?”

At the time I was not able to give any figures, however I have now been able to locate the relevant documents that I obtained from the Defence Department some time ago.

These documents reveal the following:

- My retirement date was 30 June 1993
- My annual salary at retirement was \$42,587.00
- My annual pension based on 24.5 years of service was calculated to be \$17,460.67
- Commutation was 4.5 times the annual pension equating to \$79, 446.05 before tax
- The reduced annual pension following commutation was \$14, 965.51
- The answer to the question therefore is \$2,495.16 annually or \$95.70 per fortnight.

I think it is quite apparent from these figures that we are not talking about large sums of money in today's terms. Considering that I was a Warrant Officer Engineer in charge of about 110 technicians maintaining a fleet of 10 aircraft, my wage at the time was well below what a civilian equivalent would receive. I put up with this in the now proven to be false belief that we would be looked after in retirement. I will also add that the commutation was critical because it was extremely difficult to find employment after my retirement from the RAAF. This was due to my aircraft maintenance skills not being recognised by civilian industry despite defence training to be of a much higher standard.

When considering budgetary impact of any changes I think the committee should also consider that because of the low rate of retirement pay, most recipients will also be claiming the Old Age Pension and therefore any increase to DFRDB payments will see a corresponding decrease in OAP payments.

I do not fit into this category because I went on to work in the Public Service and now receive a pension from that service. I also received a small inheritance when my mother passed away which I was able to invest in a superannuation scheme. Because of these extra income streams, I do not qualify for OAP and hence do not receive any discounts of rates or utilities bills and therefore any changes to DFRDB payments will have a direct

impact on my disposable income. This is why I have such an interest in seeing these injustices rectified.

Thank you for taking the time to read this and for your interest in this matter.

Kind Regards,

Andrew Bruce Macfarlane