



# Australian Defence Force Retirees Association Inc.

No. A0108026R

We represent the interests of Defence Force Retirees regarding their Superannuation

www: <https://www.adfra.org/>

Email: [admin@adfra.org](mailto:admin@adfra.org)

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## DFRDB UPDATE – JULY 2025

### Senate Finance and Public Affairs References Committee Inquiry

We have heard nothing further about the Finance and Public Administration References Committee inquiry into the operation and appropriateness of the superannuation and pension schemes for current and former members of the Australian Defence Force, announced on 11 February 2025.

The Committee has continued to accept submissions beyond the 25 March 2025 closing date. You can download the submissions from the [Submissions](#) page on the Inquiry website.

There has been no advice regarding any hearings and a report by 5 August 2025 seems unlikely.

### Article in DFWA's Camaraderie Publication

An article in the current edition of Defence Force Welfare Association's (DFWA) *Camaraderie* publication should be of concern to every DFRDB recipient.

We have responded in the letter below.

If you are a past member or still a current DFWA member, you should register your concern with your State Branch and DFWA National.

*Jim Hislop* OAM

President



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## LETTER TO THE EDITOR

The Editor

Defence Force Welfare Association (DFWA) Camaraderie

Per email to: [editor@dfwa.org.au](mailto:editor@dfwa.org.au)

Dear Sir,

The unnamed 'Staff Writer' and author of *MORE ON THE DFRDB COMMUTATION ISSUE in Camaraderie (DFWA, Vol. 56 No. 1, p. 8)* continues to extol DFWA's proposal to apply current life expectancy tables in calculating reductions to DFRDB retirement pay upon commutation. This endorsement persists despite clear evidence that:

- The proposal would disproportionately benefit a small cohort of recently retired members, while offering minimal relief to the larger group of long-term retirees—those who have endured the greatest financial disadvantage due to partial indexation tied to the Consumer Price Index (CPI) prior to 2014.
- Like the 1962 Life Tables, any “*current*” tables will inevitably become outdated by the time legislative amendments are enacted, rendering the proposal inherently unstable.

Moreover, DFWA's ongoing campaign for 'Fair Indexation' across DFRDB/MSBS payments reflects a continued misunderstanding of DFRDB indexation mechanics—echoing the flawed logic of its earlier campaign that culminated in the underwhelming 2014 'Fair Indexation' amendment. That amendment introduced the Pensioner and Beneficiary Living Cost Index into the formula and effectively excluded Male Total Average Weekly Earnings by limiting indexation to just 27.7% of any increase in that benchmark.

By claiming that ADFRA's proposed changes would create an “*unearned windfall*” for veterans, DFWA regrettably echoes the false equivalences that once justified the erosion of the originally promised DFRDB benefits.

No other ADF superannuation scheme was born of a two-year Parliamentary Joint Committee inquiry and an 86-page Report. The Minister assured Parliament that the DFRDB Bill implemented or improved upon the Report's recommendations—yet that was demonstrably false. For instance, the Report explicitly recommended adjustments linked to Average Weekly Earnings (AWE), rejecting CPI-linking. The Act ignored this, and no plain-English explanation was ever given to ADF members or recruits about this critical departure. The outcome was as predicted by the Joint Committee's analysis: The “*real value*” of DFRDB benefits being “*quickly eroded*” after members retired from the ADF.

Similarly, members were never told that:

- Only a “*notional*” portion of benefits would be adjusted, contrary to the Report, resulting in a further erosion in real value.
- Commutation would cause a permanent, not proportionate, reduction in retirement pay—despite the Report recommending the latter.
- Their compulsory contributions would earn no interest, having been absorbed entirely into the Consolidated Revenue Fund (CRF)—a feature unique to DFRDB.

These omissions misled members making long-term career and financial decisions. The election form’s fine print was irrelevant to those who had already committed decades of service based on incomplete or misleading information.

DFWA’s comparison to “*others*” in different schemes is misplaced. DFRDB was intentionally unique, designed to attract and retain a young, volunteer, professional ADF post-Vietnam. To now insist DFRDB members be treated like “*everyone else*” ignores that foundational purpose.

As for the claim that ADFRA’s proposals would burden taxpayers; the Future Fund exists to support obligations like DFRDB—not to serve political or bureaucratic interests. One year’s earnings from the Fund could cover the proposed changes. Cost to taxpayers? NIL.

In your reply to a *Letter to the Editor* by AG (Bert) Denovan, Ex-Chief Petty Officer RAN ([Camaraderie, Vol. 56 No. 1, p. 28](#)), you assert that DFWA’s *Fair Indexation Campaign* lobbied for retrospective correction of indexation. That claim is demonstrably false. At no point did the campaign advocate for backdating, nor did it acknowledge—let alone address—the fundamental issue that DFRDB benefits have only ever been partially indexed.

Furthermore, in declaring that “*the only areas where change can be successfully argued are fair indexation to reflect changes in living costs, and the use of up-to-date life expectancy tables to reflect the unpredicted large increase in life expectancy*” you have made a limiting and deeply flawed judgement. If this narrow framing were to guide reform efforts, it would fall drastically short of what DFRDB members are rightfully owed—both in principle and in practice.

Its inability to distinguish DFRDB from other superannuation schemes has undermined DFWA’s credibility and compromised its advocacy. It has never truly represented DFRDB recipients and until it gains a proper understanding of the provenance of the DFRDB, the history of the legislation and how the WHOLE scheme operates must cease all public commentary on the issue to prevent further harm.

*Jim Hislop* OAM

President