HOW IT ALL BEGAN

Introduction

A history first compiled by the N.S.W. Branch of the then R.D.F.W.A. and published in the November 1979, issue of "CAMARADERIE" with some adjustments reflecting more recent history, with acknowledgements to the Authors.

Background

The Association was formed in 1959 as the *Regular* Defence Force Welfare Association by a small group of serving/retired ADF members frustrated that:

- No one body was protecting the welfare needs of those leaving the Service;
- No one was protecting the 'Conditions of Service' of those in Service; and
- No one was lobbying to improve military superannuation provisions.

They were concerned also that the **Defence Forces Retirement Benefits Board (responsible** for pension payments) seemed like a closed shop. It:

- Refused to release any information to serving/ex-service individuals;
- Would only deal with formally established Ex-Service Organisations; and
- Not one of the formally established National Ex Service Organisations at the time was willing to take lead role. Each was interested only in those who had served in Operational Areas.

Ministerial approval was given to form the Association and the word 'Welfare' in the title was critical for that approval. Ministerial approval was also given for serving ADF members to join. The first Branch of the Regular Defence Force Welfare Association was formed in Victoria Barracks, St Kilda Road. "Regular" was dropped from the Association's name in 2007 in recognition of the changed circumstances in which both regular full time and reserve members of the ADF now serve.

Purpose of DFWA

DFWA's purpose is to promote and protect the interests of serving and former members of the Australian Defence Force and we now extend this purpose to both full time and reserve members of the ADF. DFWA is recognized as an intervener at the Defence Force Remuneration Tribunal and has a professional workplace advocate to perform our representational role. We are the "Defence Employee Representative" on the Public Safety Industry Advisory Council sponsored by Government Skills Australia (GSA). GSA is the Industry Skills Council for government and community safety and is committed to providing high quality training resources and services to support the recognition of skills and professionalism in government administration, services and operations.

Australian Defence Forces Retirement Schemes, 1909 to 1979, and the Regular Defence Forces Welfare Association

New members of today's Australian Defence Services would probably be surprised to find that the Defence Force Retirement and Death Benefits (DFR and DB) Scheme has already notched up quite a long and very interesting history from its commencement. The origins of the principles on which this Scheme was based go back very much further along a very rough and stormy road.

It was in 1909, when the Commonwealth (Central Staffs) Public Service Association proposed a Superannuation Scheme for its members of the Public Service and specifically recommended that probably such a scheme could be readily applied to the then approximately 1,600 permanent members of the Naval and Military Forces. Certain of the features then proposed were the basis of the subsequent schemes developed by the Commonwealth, such as:

a. introduction of a Trust Fund, administered by Trustees representing the Government and Contributors;
b. the Fund to be actuarially investigated every five years to test fund solvency and adequacy of contributions;
c. contributions to the Fund to be related to salary;
d. retirement benefits to be related to final salary;
e. widow's pensions of half the contributor's pension (later raised to five eighths i.e. 62.5%) together with limited allowances for children, but benefits not to be paid to widows who remarry;
f. orphan benefits; and
g. "surrender value" for contributors who leave the Fund before reaching retirement age.

It was not until 1922, 13 years later, that a positive scheme was introduced into Parliament making superannuation provision for Army personnel and airmen of the more recently formed Permanent Air Force; in addition to civilian officers of the Commonwealth. Separate benefits provided under the Defence Act for Naval personnel were later extended to Air Force officers. This 1922 scheme incorporated some quite new and important principles as developed by the special (Irvine) Committee, which advised the Government of New South Wales in 1912 on a general scheme of social insurance for State Government, Municipal and Shire employees.

The main features were:

a. the family is the basis of the scheme of insurance adopted; and
b. by bringing together a large number of people into a single scheme the rates of contribution can be determined by averaging the risks over the whole body of contributors.

Prior to 1924, defence personnel were appointed or enlisted, subject to certain conditions, but served until they reached the age of 60 years. They were then placed on the Retired List or Discharged. In their earlier years of service, they not foresee the need to:

a. plan and prepare for retirement;
b. invest in insurance policies maturing concurrently with retirement;
c. satisfy all family commitments and retire free of worry; and
d. plan for the prospect of attaining the Service Pension, an entitlement at age 60.

Come 1924, the Government of the day introduced a compulsory contributory, superannuation scheme designed to provide a pension exactly half of the member's salary at retirement, this being exactly the same as for public servants as introduced for them some two years earlier. Its introduction meant that many members could no longer afford both superannuation and insurance, and of consequence many had to cancel insurance at personal loss. During 1935-6, the ages of retirement of certain personnel, however not all, were lowered and the pension entitlement adjusted, a reasonably sound action, and most members were satisfied. However with the postwar period of World War II came mounting costs making it extremely difficult to make ends meet based on the then personal incomes. The difficulty was partially allayed by the revaluing of the unit of pension from 10/- to

17/6. Seven years passed by, the date for change to effect important improvements being deferred time and again. Then with the introduction of a revised pay code in July, 1947, this time 25 years later, the bringing of members of the Navy, Army and Air Force on to a uniform basis of pay and allowances, along with the closer alignment of retirement ages for officials between the three Services; the time was never more opportune for the consideration of an overall improved and uniform scheme of retirement benefits for all Defence Force personnel. A Government Committee under the Chairmanship of the late Honourable J. J. Dedman was set up to investigate the establishment of a separate and uniform superannuation scheme for the Permanent Defence Force. The result was the DFRB Act of 1948, and at that time there were some 15,300 contributors and only 107 pensioners involved.

Particulars of this scheme were:

a. a specially designed pension arrangement geared to the conditions of service applicable in the Defence Forces;
b. surrender values equal to return of contributions without reduction;
c. for officers, pensions were available on attaining retiring age, subject to a minimum of 20 years service after age 20; reduced pensions paid to officers attaining age with at least 15 years service for pension;
d. for 'other ranks' pensions were available on completion of engagement subject to a minimum of 20 years service after age 20;
e. retirement pensions for rank which took into consideration the earlier retiring ages, would be supplementary to earnings in civil employment and that payments would be discontinued at an earlier age than usual;
f. generally, a higher pension supplement payable by the Government than in equivalent civilian schemes;
g. three broad classes of invalidity benefits to allow for the practice of discharging service personnel on invalidity grounds of varying significance in relation to civil employment; and
h. commutation of pension, that is, the option to exchange future pension rights for a lump sum payment in certain circumstances.

The DFRB Act, 1948 divided as a general account and pensions account, remained virtually unchanged until 1959 at which time contributors to the scheme approximated 39,330 with 3110 pensioners. Over that period of time it became quite evident to most members from observation and advices being received that:

a. by being arbitrarily reduced from an age 60 retirement to an age/rank retirement commencing age 47, Army and RAAF officers' careers were shrunk by up to 13 years, "other ranks" contributors less 5 years, to age 55. No compensation was granted for this reduction of careers and its accompanying loss of regular employment, which was virtually a breach of contract;
b. contributors to the previous superannuation scheme were transferred without option to this DFRB scheme; thus preventing the majority from drawing the 60 years pension for which some had subscribed for over 20 years;
c. serving members (ages 47 to 60) were thrust prematurely on to the civilian labour market to fend for themselves without timely and adequate training. Officers and men between 47 and 60 were expected to find jobs and accumulate enough money for investment to supplement their frugal pension at age 60, or when they became too sick to work. Naturally, age, sickness and lack of essential training prevented this, and many of these men suffered financially and socially as a result. Some below the rank of Warrant Officer with families were very seriously handicapped;
d. discussions suggested there was some serious doubt whether Australia would in fact provide readily and adequately for your wife and children if you were killed;

e. also that your pension, if you were discharged for any medical reason could be doubtfully capable of keeping you in reasonable circumstances, the same when you were old and unable to work after retirement;
f. there were medical discharges where their former companions did not get a pension;
g. there were widows, some with very young children, who also did not get a DFRB pension;
h. there were medically discharged men and women now in much worse medical condition, whose claim for a disability pension had been excessively prolonged and often rejected;
i. there were officers who had served for more than 20 years who did not get a pension, although others of same rank and parity of service did;
j. their pay increase would automatically increase their DFRB pension payments, however for those discharged a wait of three or four years was common for a pension increase;
k. the main beneficiaries, the pensioners, are not represented on the DFRB Board;
i. Service representatives on the DFRB Board change every few months, their Service representation lacks continuity;
l. the DFRB fund made a bigger profit than expected, but all had to wait years during which prices inflated before they got a return of the surplus;
m. the members who paid the same contribution as themselves, who are medically discharged without a pension, do not receive a share of surplus; and
n. there were many, many others.

Over the years DFRB pensioners knew of many of these same things and before 1959 a very small group was constantly complaining of them to the DFRB Board, the Commonwealth Treasurer, the Senators and Members of Parliament of all parties. This group, and some other groups which were separately doing likewise, were being advised by most MPs to form a national welfare association, fully representative of the three Services and to press the Government of the day to effect rectification of such matters. With this action in mind the Regular Defence Forces Welfare Association came into being on the 30th June 1959. At a subsequent meeting, a Constitution was adopted, and almost immediately the Executive Committee was busy preparing the necessary special paper setting out in some detail the considered injustices of the Act as such affected retired personnel from the three Services.

The completed paper was in turn quickly forwarded to all Service Ministers at Canberra and Members of Parliament. The honorary effort of many met with success previously not thought possible, and by November 1960 advances relating to pension rights, Repatriation Services, War Service Homes, the Canteens Trust Fund, Social Services and in particular the needs of dependents of deceased personnel, were considerable. Certain of these and other activities bore fruit. From subsequent submissions to Canberra ministerial approval was given for all serving personnel to join the RDFWA. More important still was the fact that:

a. the Federal Treasurer, the Honourable H. Holt, met a deputation of the RDFWA. The Treasurer promised to investigate such further anomalies as were discussed; and
b. the Assistant Secretary to the Treasury, requested that RDFWA meet with him and further promises resulted from that meeting.

A Special Committee chaired by Sir John Allison was subsequently appointed to advise the Government on the defence pay code, and to also review and report on the DFRB scheme. This review introduced new retirement pension schedules and a new method of financing

the scheme. It became effective on 14th December 1959. Revised methods of assessing contributions were also devised, the rate payable by each contributor being actively determined in relation to salary for rank as at 14th December 1959. This involved all pre-1959 contributions in the payment of contributions additional to those previously payable in order to participate in the new pension schedules. Contribution rates were increased with every promotion and/or pay increase.

Members who joined the Defence Forces (and therefore the DFRB Scheme) after 14 December 1959 had their contributions to the scheme assessed at 5 per cent of their salary up to age 30 with the percentage rising from entrants after age 30.

During the period 1960-63, many important RDFWA submissions were again in fact adopted as amending legislation. At that time there were approximately 42,460 contributors and 4400 surviving pensioners.

1962 and 1963 brought about further major revisions of the pension and contribution rates, and dealt with the problem of salary inflation in relation to a fixed schedule of pensions. This was replaced by a system by which benefits and contributions became subject to variation without Act amendment, and according to the changes in salary levels.

In the case of the pre-1959 contributor the 'additional' contribution required to finance the increased pension benefits was also affected by the number of years that had to be served to retiring age - the shorter the period to serve before reaching retiring age the greater the amount of contribution. The weight of contributions became so onerous that, following protests at the impossibility of maintaining contributions and reasonable living standards, pre-1959 contributors were allowed to 'Freeze' their retirement benefit from that point in time. However such resulted in a lesser retirement benefit than would otherwise have been the case. Once taken, the decision to freeze was irrevocable.

With such a complexity of methods of funding the scheme, and the alteration to the benefits payable, only short-term answers to the problem of ensuring an adequate retirement benefit for Defence Personnel were being provided. Each 'remedy' tended to create its own further problem - particularly so in relation to invalidity and officer retirement benefits. As amendment followed amendment, and amendments themselves were amended, the DFRB Act achieved a complexity that made it almost impossible to read, understand or interpret. In fact the stage had been reached where the DFRB Act, as amended, was virtually beyond further intelligible amendment, and that arrangements made for financing the benefits to be provided were disadvantageous to contributors, particularly pre-1959 contributors.

Differences in benefits payable to beneficiaries under the Act as amendment followed amendment quickly became apparent and the accusations of inequities, anomalies and injustices that followed this realisation were inevitable. The inadequacy of the Act to provide Defence Personnel with worthwhile invalidity, retirement or reversionary benefits became self-evident. The voices of both retirees and serving personnel were joined in seeking yet another inquiry into legislation affecting Defence Forces Retirement Benefits.
The (DFRB) Board chairman was also the Chairman of the Commonwealth Superannuation Board. Also included also were three other Public Servants (including the Commonwealth Actuary) and three (senior) service officers. There was no provision for a pensioner or retiree representative on the Board now called the Authority, although such representation has always been and still is regarded by DFWA and retirees as being an absolute essential.
Then, invalidity pensions were granted, not in request of the actual illness, disability or

incapacity suffered by the member (as is the case in Commonwealth and all other superannuation legislation), but in direct relation to the percentage of his incapacity in relation to civil employment - as determined by the DFRB Authority. The Authority arrives at a decision on the report of a Commonwealth Medical Officer, who is not required to make any reference to the member's Service Medical history documents and who submits his report following a 'once only' examination. The total inadequacy and callousness of such decisions made on such evidence culminated in a Warrant Officer, after being discharged from a Service hospital with terminal cancer, and dying within three weeks of his medical discharge and having his percentage of incapacity assessed as 'B' class. The decision was perforce subsequently reversed to 'A' class (after the member's death), his widow received a pension twice that of a 'B class invalid pension.

By 1970 the weight of feeling about the unsatisfactory state of the Act, and the great difficulty that had arisen in accurately interpreting it, convinced the Government of the day that it should be further examined. The then Prime Minister, Mr. John Gorton, agreed to the appointment of a sub-committee, chaired by Mr. John Jess along with MHRs Mr. D. J. Hamer, Mr. R. N Bonnett, Mr. L H Barnard and Mr. F. Crean, Senators C. R. Mannell, D. M. Devitt, and C. B. Byrne, plus Mr. P. K. Stokes, to review the DFRB Act. There were some 84,000 contributors plus some 8100 surviving pensioners at that time. The RDFWA submission to this Sub-Committee, based on many hours of work done by dedicated and honorary committee members of the Federal Executive and Branches, earned a sincere motion of thanks for the manner in which it was prepared and the evidence submitted. Such evidence and professional advice occupied the full day's proceedings on the 23rd October 1970.

The “Jess” Committee sat from September 1970 until May 1972 and produced the now famous and well-known Jess Report. The first finding of the committee was that the DFRB Act had been so amended that it had many difficulties, was almost incomprehensible and quite incapable of further amendment of any sort. It recommended that the act should be repealed, and a new scheme introduced without delay. The recommendations included:

(a) A compulsory contributory benefits scheme eligible to all full time duty personnel;
(b) Contributions be 5.5 per cent of pay for rank, (at top increment level);
(c) Benefits payable be referred to as "retired pay" or "invalidity pay” instead of “pension";
(d) Retired and invalidity pay be expressed as a percentage of final pay, and adjusted annually to ensure relatively with average weekly earnings;
(e) The scheme be not funded, with contributions payable to the Commonwealth along with the Government to guarantee the benefits provided and meet all costs not covered by contributions;
(f) All contributors to the DFRB fund be transferred to the new scheme with contributions assessed at 5.5 per cent of aggregate pay over the years the member served, surpluses to be refunded, shortfalls to be paid or benefits adjusted;
(g) Officers could retire with retired pay after 20 years service for pension.
(h) Commutation of up to four times the annual retired pay payable be an unfettered right; and
(i) Pensions and benefits payable under the DFRB Act to remain in force, thereafter be adjusted in the same manner as benefits payable under the new scheme.

The recommendations, so carefully prepared after such a lengthy investigation, were bitterly opposed by the Public Servants, also Public Servants organisations on the grounds of cost. The Sydney Morning Herald dated 4 August 1972 carried a news item headed 'Service Benefits Scheme Opposed'. It quoted that 'The Federal Treasury and Public Service Unions had raised objections to a new retirement benefits plan for Australia's

70,000 regular Servicemen. The Treasury objected that the new Defence Force Retirement Scheme was too costly and too generous. The Public Service Union, represented by about 200,000 members wanted the scheme delayed. They were seeking a new Public Service Superannuation Scheme which did not necessitate the 2l years select committee investigation the Defence Forces Scheme was subjected to, and were reported to **resent the prospect that the armed services will get one before they do.'**

This attitude of the Public Service towards the Armed Services was seen by the late Air Commodore (Dixie) Chapman when in 1964 he wrote his famous (or infamous) paper (to a contemporary of his and **never** intended it for publication or the publicity it finally received). It was entitled:

> *"The DFRB Scheme in its present form is a dictatorial confidence trick being perpetrated on the Armed Forces of Australia."*

"Public servants associated at all levels with the Services' DFRB Scheme apparently are determined to deny servicemen any benefits which are not available to themselves. This 'dog in the manger' attitude must be the manifestation of the inexplicable impulse *"if I can't have it, I'll make sure you don't get it either."*

The inevitable result has been that the DFRB Scheme was closely related to the provisions of the Commonwealth Public Servants' Superannuation Act. There is no similarity whatever between public servants' conditions and those of servicemen. The public servant suffers no real hardship in the course of his duties; he is not exposed to the inherent dangers of Service life; he is not subjected to domestic upheaval on the average of every two years; his children's education is not disrupted at frequent intervals; rarely is he separated from his family and friends; he is not required to be on duty outside of normal working hours and on public holidays, and when he is, unlike the servicemen, he is paid overtime rates. He is entitled to annual leave, it is a right and not a privilege, his expectation of employment is at least 5 to 10 years longer than any serviceman and he has fixed retiring by election. The transfer of the Defence Public Service Departments from Melbourne to Canberra demonstrated vividly how unaccustomed public servants are to what would be a normal, routine move for servicemen. Special inducements had to be offered to alleviate their dire distress. And yet the public service has the temerity to align the Service DFRB Scheme with its own superannuation Act."

To mention but a few of the many fundamental differences between the Armed Services and the Public Service - it seems it is an ill chosen phrase that says "you will appreciate that the Government has an obligation to adopt an even handed approach to the pension updating arrangements applying to all its former employees."

A Serviceman is not regarded or referred to as a Government Employee whilst wearing the uniform of one of the Armed Services of his country. He foregoes certain rights and privileges enjoyed by all other civilians (including Government employees) and is subjected to Military Law as well as normal Civilian Law. Indeed, in his report dated December, 1972, to the then Minister for Defence on his enquiry into 'Financial Terms and Conditions of Service for Male and Female members of the Regular Armed Forces', Mr. Justice A. E. Woodward, OBE stated that:

"Members of the Armed Services are a direct consequence and reflection of the very nature of the role and functions of the Armed Forces in the community, the obligations accepted by Servicemen and the variety of tasks they have to perform together with the range of conditions under which they work. The interaction of all these factors produces an environmental tapestry which no civilian area of employment approaches in complexity."

With the Public Service comment on the 'Jess' recommendation for a new defence scheme for Australia, nothing had changed. It is now history that the recommendations became the Defence Forces Retirement and Death Benefits Act (1973). It radically altered the rate/method of contribution as far as pre-1959 contributions were concerned. Certainly the financial hardships encountered under the old act were eliminated. Contributors were no longer financially embarrassed by the rate of required contributions, with the need to 'Freeze' contributions. The benefits applicable were now payable on a sliding scale directly related to the number of completed years of service. It started with a far lower pension for 20 years service for pension than was formerly the case, as, under the 'old' act a member reaching the retiring age for his rank, with 20 years service, received a pension equivalent to about 55 per cent of the final pay.

For example, if final pay were $10,000 the retirement pension would be $5,500. Under the new scheme the member would receive only 35 per cent of his final pay, which would be only $3,500 ($2,000 a year difference). This new legislation caused such an outburst that a No Detriment provision had to be included to ensure those members who served to or within 3 years of their retirement date were not financially disadvantaged. The 'No Detriment' provision enabled retirees who were otherwise financially disadvantaged to purchase sufficient 'notional' years of service to bridge the gap between the percentage applicable to the number of years service provided under the new act and the percentage that would have been payable under the old act, provided always, that such retiree had served to or within 3 years of his statutory retiring age.

This consideration did not formally resolve the detriment problems however, as those members who had frozen found their percentage of pension to final pay was being held at the 'frozen' pension level, instead of being allowed to be assessed on the total pension for their rank/pay on discharge. This anomalous situation was also recognised by the Government but only after the Act had been made law. Although an amendment to the Act was promised by Mr. Barnard in 1973 when Minister for Defence, it was not until November 1977, and after the repeated petitions and approaches to the Minister that such was finally amended providing for the purchases of such 'Notional' years of service thereby removing the detriment caused by having had to 'Freeze' contributions.

One of the most important Jess Committee recommendations was that of automatic annual adjustment of retired invalidity pay and widows' pensions to maintain relativity with average weekly earnings, but which was not included in the new Act.

The reason became evident very quickly. Public Servants had not yet had the new "Superannuation Act" proposed for them enacted, and increases made payable to them arose from ad hoc Superannuation Pensions Increases Acts. Indeed the same system applied to beneficiaries under the DFRB Act, always many, many months behind the Superannuation Act. Protest after protest against these inexcusable delays invariably fell On deaf ears. The subjugation of the needs of Defence Personnel to Public Servants followed them into retirement.

A new Commonwealth Superannuation Act came into effect in 1976. Along with other remarkable advantages, the annual adjustment of Commonwealth Superannuation benefits were provided in accordance with the CPI index 31 March one year to 31 March the next payable from 1 July of each year. Other newly conceived advantages included a contribution at 5 per cent of their pay, as against 5.5 per cent payable by the Defence Forces, refund of their contributions with interest thereon in full on retirement, the option to purchase a further 20 per cent of pension with such refunded moneys, and for widows

In February 1977, legislation provided for the automatic annual increase of DFRB pensions as for the Superannuation Act, introduced in respect of the DFRDB Act effective 1 July 1976 and containing an astonishing six pages of almost incomprehensible conditions and provisions covering the payment of such increases. This legislation was so worded as to be particularly disadvantageous to DFRDB widows in that it fails to maintain relativity of their pensions. On the death of her DFRDB pensioner husband she receives 5/8ths of what his uncommuted pension would have been at the time of his death. Her annual (automatic) pension increases however are paid at the rate of 5/8th of what the pensioner husband would have received on a commuted pension. Realising that the commuted pension would have attracted the approved C.P.I. increase for that year (say 10%) the widow will have her widow's pension increased by only 5/8ths of that amount.

Example:

(a) Uncommuted pension $10,000 Commuted pension (say) $ 8,000
Widow (on death of pensioner) receives 5/8ths of $10,000 = $6250

(b) Annual increase will be at the rate of 5/8ths of the C.P.I. The deceased husband's commuted pension would have attracted, NOT 5/8ths of the Widow's pension to which she had become entitled. i.e. (using the above figures) a C.P.I. increase of 10% will result in an increase to the widow of $500 (10% of $8000 = $800, 5/8ths = $500) whereas 10% of the actual widow's pension of $6250 would be $625.
This pension increase loss by the widow (loss of relativity in relation to the original assessment level of such pension), will worsen over the years.

Discriminatory legislation against the DFRDB/DFRB widow does not stop there. With introduction of the new Commonwealth Superannuation Act in 1976, it contained widows benefit provisions far more beneficial than those provided in the DFRB/DFRDB Acts.

Mr. Calder, Member for the Northern Territory, invited the attention of the Minister for Defence (Mr. Killen) in the House on 4th May 1976 to the anomalous situation that existed between benefits payable to widows under the new Commonwealth Superannuation Scheme and the DFRB/DFRDB scheme. The Minister is reported as having said "The last point to which I turn is that raised by the Honourable Member for the Northern Territory (Mr. Calder). It has -been brought to my attention that a number of people have been disadvantaged because remarriage has occurred and the claim of the relevant spouse to the DFRB pension or the DFRDB pension has subsided. I acknowledge that the House may recall that when the Superannuation Bill went through this House recently provision was made to overcome that difficulty. I had issued instructions to my Department that an appropriate amendment be prepared to make alteration to the legislation so that in future members of the two service funds and members of the Commonwealth Public Service will be placed in exactly comparable circumstances."

Eleven and a half months later (19th April 1977) the Minister for Defence 'forecast' major changes to the retirement scheme for the Defence Force. This "forecast," published in the Financial Review of 20 April, reported "Major changes to enhance the already generous retirement scheme for Defence Forces" were forecast by the Minister for Defence.

The Minister stated that the Government had authorised him to proceed with modification to the "reversionary benefits" arrangements (the pension rights that pass from the member to his family on death) - to bring them into line with the more beneficial provisions of the new Public Service Superannuation Scheme. The main proposals were:

a. No cancellation of a widow's pension if she remarried;

b. Restoration where appropriate of pensions previously cancelled for this reason; and
c. Extension of pension benefits in some cases to widows and children previously excluded because marriage took place after retirement, i.e, "When a male pensioner marries after retirement, pension shall not, upon the death of this pensioner, be payable to the widow or in respect of any child of the marriage." It was a provision inserted in its entirety by Public Servants from the old Commonwealth Superannuation Act and always referred to as the "Sugar Daddy" clause. Its intent was to prevent the designing young female from marrying the aged public service superannuant and enjoying a widow's income at an early age. It completely disregarded the fact that servicemen other ranks could retire with a pension from age 40 and officers (dependent upon rank/Branch) from age 42. Its deletion from the DFRB Act had been fought for for many years by all who served under the DFRB Act.

The Minister also indicated no change in the level of widows' and children's benefits, DFRB/DFRDB widows must therefore remain on a widows' pension of 62.5 per cent whilst Commonwealth Service widows enjoyed a pension of 67 per cent. The logic of this decision was not explained by the Minister but could only have been Treasurer/Public Service inspired.

The changes 'forecast' in April were finally presented to the House in November 1977. In fact, thanks to the efforts of Senator John Knight and Mr. John Haslem MHR the amending Bill finally went through the House as the last piece of legislation enacted by the then Government. Senate endorsement was received by being 'Guillotined' by that House as the last Bill on its order of business leaving no time for debate by the Senate.

The level of DFRB/DFRDB widows' pensions was therefore not changed. The diminishing value of her pension was further grievously aggregated. Defence Department official explanation for not bringing the Defence and Superannuation widows into line, was that when a DFRDB members' retirement pay was assessed such included the 'Military Allowance' paid to all servicemen since 1 October 1972, and accordingly the DFRDB retiree started with an advantage. It also stated that 62.5 per cent left enough equity in the member's uncommuted pension to provide the widow's pension at that rate. No mention was made of the widow of the member who did not commute (under either Act), or of the fact that under the new Act Defence Personnel contribute at a rate of 5.5 per cent of their salary as against 5 per cent by the Public Servant. In particular, no reference was made to the widow who lost her husband whilst still a serving member. The explanation ignores completely that if the feasibility studies that convinced the Government that a Public Service widow (whose pension is always increased at the full annual CPI increase) needs 67 per cent of the previous joint income to live on, the same reasoning must apply to the DFRB/DFRDB widow.

One of the most outstanding features of service life is the almost total ignorance by wives - and in most cases, the husbands - of their entitlement should they be unhappily widowed. A rude awakening awaits most. There is so much that needs to be achieved in this most vital, but most frequently overlooked area. Few servicemen, including their wives, realize this. We are trying and doing our very best to rectify these wrongs. We will continue in our efforts to publicise the anomalies with a view to find rectification, but we most urgently need the positive support of wives and widows and their Associations to get the message across, and to lend weight to our efforts on their behalf.

The **Pacific Defence Reporter** repeatedly drew attention to the loss of valuable, highly trained and skilled career officers from all three services since the Labor Government took

office in December 1972. Why should men who willingly submitted themselves to all the rigors and demands of military life and training, who accepted the vicissitudes of the service with equanimity, suddenly decide against a continuance of a career they had so wholeheartedly embraced? Why had they become so disenchanted with a career they had embraced with such dedication and devotion? The **Pacific Defence Reporter** of December/January 1977 recorded that over 2,000 Officers, in the main the experienced middle rank of officers - or some 27 per cent of the entire officer corps - had been lost to Defence over the previous five years. The 'scandalous' loss has continued and the August issue reports the staggering total of 288 Service Officers leaving the services in the 5 months January to June, 1979, an average of 57 per month as against 39 per month (a total of 468) during 1978.

There were naturally many contributing factors. Not the least was the planned redistribution of the Department of Defence by the Labor Government in 1973, whereby the Public Service component was greatly increased. It included the transfer of senior career postings from the uniformed Branch to the civilian public servant. Promotional opportunities were of consequence suddenly restricted. The greater training, knowledge and practical experience of the Service Officer - equally as well educated and qualified as his Public Service counterpart - was ruthlessly set aside in preference for the "academic qualification of Public Servants."

They found that except from any 'on flow' for National Wages decisions, increases in pay, allowances etc., limped along from 8 to 12 months behind the rest of the community, including those awarded to Public Servants. By some amazing reasoning, pay and allowances for the Defence Services had to be approved by Parliament so that Regulations could be amended - a procedure never seen as necessary to increase Public Service salaries even though they were paid from the same Treasury.

Service personnel found they were being made subject to - and subservient to - Public Servants who could in no way match their knowledge, experience and ability in the various fields of activity.

Suitable accommodation on new postings became more and more difficult for service personnel to obtain. Standards of service provided Married Quarters, left a lot to be desired. Married Quarters rental Scheme became more onerous and financial assistance less and less able to meet rentals demanded on the open market, where the shortage of Married Quarters forced so many families. They found service boards being disbanded with such functions absorbed into the Public Service Network. Decisions they made were being overridden by Public Servants. (It is on record that an Air Marshal once had a decision he made in respect of an Airman, whose services where deemed no longer to be required, over-ridden by a female clerk, Grade 6 of the 3rd Division on the grounds of her academic (a degree in Home Science) qualifications.

Public Servants appointed to Acting higher rank in the Public Service, or receiving Higher Duty Allowance for undertaking the duties of a more senior appointment, and who were "Acting," or in receipt of HDA at the time of their retirement, had their retirement pension assessed on their acting or HDA income - not substantive rank. Service officers in exactly the same circumstances received retired pays assessed at substantive pay level - regardless of how long acting higher rank was held or in receipt of HDA.
Finally the DFRDB Act gave them an 'out' not available under the DFRB Act. Officers could retire after 20 years service for pension with a retired pay. It carried certain penalties for failing to serve certain periods of time in various ranks but such a loss must appear to be more tolerable than having to put up with the interferences and frustrations faced by

continuing a career subjected to more and more restrictions as each day passed.

Military Superannuation Today

The DFRDB Scheme was replaced by the Military Superannuation Benefits Scheme on 1 October 1991. Members serving at that time were given the option of remaining members of the DFRDB Scheme or transferring to the MSBS. The Military Superannuation Benefits Scheme provides for a lump sum payout or regular retired pay from preservation age. It also provides financial security to the member and dependants during working life through the provision of invalidity and death cover. Specifically, MSBS is a hybrid defined contribution and benefit scheme where benefits are derived from:

a. A member component, comprising member contributions, plus earnings on these amounts. The member benefit is made up of members' fortnightly superannuation contributions plus interest (for transferees from DFRDB, the member benefit includes DFRDB contributions plus notional interest on those contributions). It is only payable as a lump sum of contributions plus interest and it cannot be converted to a MilitarySuper pension; and
b. An employer component, based on a member's period of membership and final average salary (FAS); this component is unfunded, except for the portion relating to the employer 3% productivity contributions paid fortnightly by the Department of Defence; the cost of unfunded components is met by the employer on an emerging basis from the Consolidated Revenue Fund when benefits fall due.

DFWA's Focus Today

The Association has a deliberate policy of remaining outside the general Defence policy debate, except where it may affect the well-being of serving ADF personnel. Thus, though we have a political dimension, we are careful to avoid being party political and we confine ourselves to issues that have a direct impact on the welfare of our members, those still serving and other ex members of the ADF.

The Defence Forces Welfare Association limits its involvement in matters relating to the management and administration of those currently serving in the Forces. However it especially watches over and fosters the interests of servicemen by seeking to ensure that government and ADF policies are so framed as not to contain disadvantages to a member on discharge or retirement, or to any dependents on his death. The Association also monitors and keeps abreast of current developments, overt and covert, beneficial or adverse, affecting conditions of service to ensure these are not diminished and in order to keep its members informed.

The Association has secured a number of changes that have improved or will improve the lot of those who still serve or have separated from the Services. Despite the heartening number of successes, there are still many aspects urgently requiring solution and resolution. These form the basis of the current DFWA policy agenda outlined elsewhere on the web page.