

Veteran pensions ripped off by government

By Jeremy Beck

Veterans, including many who served in Korea, Malaya and Vietnam, have a new battle to fight, this time against the Australian government which has unfairly cut their pension. A compulsory superannuation scheme called the Defence Force Retirement Benefits Scheme (DFRB) which operated between 1948 and 1972 had an option to take a commutation (an early lump sum) after 20 years of service. Veterans who chose this option accepted a reduced pension to repay the value of the commutation, a value based on their life expectancy or actuarial age. But many veterans are living well past that age and are still receiving the *reduced* pension, even though in many cases the original lump sum has been reimbursed multiple times. In effect they're penalised for reaching a ripe old age. It just doesn't pass the pub test!

Veterans were compulsorily transferred to the new Defence Force Retirement and Death Benefits Scheme (DFRDB) from its inception in 1972. After suffering years of reduced pensions veterans are now demanding justice, including petitioning the Parliament. Petition No. EN0842 read into the House of Representatives Hansard on 18 February 2019 states:

"The DFRDB Authority failed to disclose to veterans the whole-of-life impost of a Lump Sum Commutation on superannuation payments reduced by a factor, based on redundant Notional Life Expectancy [NLE] data and an individual's Service data. Limited disclosure of the whole-of-life deductions was made by DFRDB, 37 years after the Scheme was launched, but never to members so affected. Direct debit by DFRDB has been incremented and escalated over time, to a level where the original lump sum has been reimbursed multiple times. This effectively means that veterans are subsidising their own benefits. There was no definition of the term 'commutation' within the legislation or in any document provided by DFRDB to superannuants, until its disclosure advised above. The direct debits were shown in the legislation and the DFRDB's Administrative Manual to be a finite amount, not an escalating continuum. On advice from DFRDBA all superannuants understood Commutation as an advance of Benefits to be reimbursed to DFRDB by fortnightly debits over a finite period and at a finite rate. How deluded Veterans were through DFRDB's failure to disclose their interpretation of the Legislation, before the fact, thereby committing Veterans to an ever increasing, spiralling, life-term DEBT-SENTENCE. We therefore ask the House to instate the NLE point of each affected veteran as the point where full reinstatement of their Commutation obligation is fulfilled; and, reimburse to each DFRDB veteran, all over-subscribed payments forfeited by direct debit by them, once their original lump sum was repaid in full."

Veterans' Affairs Minister Darren Chester responded in parliament on 18 February: "the Government does not support the view that pension recipients have been denied eligible benefits". He had already made this clear to concerned veterans last year: "There are no plans to make further changes to the DFRB and DFRDB schemes", he wrote in one letter dated 21 December 2018. Chester made various claims, but the fact remains that veterans opting for the lump sum at the time were never told that the reduced pension would last indefinitely. No one can produce any historical document to specify that the reduced pension would continue past the notional life expectancy. Veterans will testify that it was verbally explained to them as paying off a loan.



Australian soldiers deployed in Vietnam in 1967. Expected to put their lives on the line in war, they have been short-changed in their retirement. Photo: Wikipedia

Chester's response has not deterred veterans. In a letter to Lucy Wicks MP, Chair of the Standing Committee on Petitions, retired Wing Commander Ken Stone didn't mince his words: "From my detailed response to the Minister's assertions, I am sure that you and your committee will see through the duplicitous and deceitful reply the Minister (or his minions) has provided to my Parliamentary Petition, that makes a sham of the Petition process." Veteran Jim Nicholls explained to the CEC: "We are not seeking 'the portion we commuted be restored'; this is about getting the pension restored to its rightful amount once the commutation has been repaid." Additionally, the Notional Life Expectancy tables used to calculate the reduced pension were based on outdated 1962 figures.

The Labor opposition position is no better. Shayne Neumann MP, Federal Member for Blair, wrote to a constituent on 14 January claiming that "from its establishment, it was the *intention* of the DFRDB scheme that there would be a permanent reduction of the pension to take account of the commutation and there would be a clear choice about how recipients would receive their benefits." (Emphasis added.) The use of the word "intention" infuriates veterans who insist that this was not the way the commutation was explained at the time. "We know we have a good case", says Nicholls, "but it keeps falling on deaf ears. The Shadow Minister for Veterans Affairs [Hon Amanda Rishworth MP] will not even acknowledge receipt of my correspondence to her."

Encouragingly, a backbench revolt may lead to some action. Member for Wide Bay Llew O'Brien in particular has been very outspoken. The situation is "disgusting and abhorrent", he said. "These are people, who are considered Australian military heroes, have seen battle like you and I can only ever read about in a book and now ... the Government is making a profit out of them in their senior years ... it's disgusting." He recently wrote a strongly worded letter to Chester to address the issue.

The Australian government has abused our armed services for too long. They are all too happy to send them into senseless foreign wars at the whims of British and American geopolitical demands. Billions of dollars are funnelled to profit arms companies. The Joint Strike Fighters alone are expected to cost taxpayers \$17 billion, but when it comes to the welfare of the veterans who have been prepared to put their lives on the line for their nation, they are treated with contempt. The government's policy betrays a fake patriotism, which must end.