

Committee Secretariat

Senate Finance and Public Administration Committees

The Committee,

The Accountability Vacuum – Systemic Failure of Governance and Oversight

This supplemental submission follows my earlier submissions (2 & 2.1).

I retired from the Air Force in December 2010, joined the Defense APS in March 2011, and formally retired from Defense in March 2023.

Throughout that time, I repeatedly tried to engage with the Commonwealth Superannuation Corporation (CSC). Each attempt ended the same way, with obstruction, delay, and evasion. Once I retired, I examined the DFRDB legislation in detail and confirmed what many members now understand: our superannuation entitlements have been systematically eroded, not through law, but through administration.

This submission addresses the accountability vacuum that allows this to persist. It draws on my extensive interactions with CSC and subsequent Compensation for Defective Administration (CDDA) processes.

It falls under Terms of Reference (h): Other Factors.

Successive agencies, from CSC to the CCDA, ANAO, and JCPAA, have failed to discharge even modest governance and oversight obligations. This has created a closed, self-validating system that ignores credible evidence of financial harm and maladministration.

The following sections (Parts 1, 2 & 3) outline three dimensions of this failure.

Part 1 – CSC’s Fragmented, Evasive, and Drawn-Out Engagement Strategy

1. Fragmented and non-confirmatory communications.

CSC routinely refuses to give definitive answers to specific administrative questions.

- *Example:* When asked to confirm the meaning of a cited section of the DFRDB Act, CSC avoids acknowledging the version, avoids confirming interpretation, and instead points to vague fact sheets adopting reframed responses.
- The result: ambiguity replaces accountability.

2. Evasive and spurious responses.

Direct questions are routinely deflected with irrelevant background material or general commentary.

- *Example:* A question about the *expectation of life factor* is met with a breakdown on scheme eligibility.
- The intent appears to be to confuse and exhaust rather than clarify.

3. Drawn-out and unresponsive processes.

CSC restricts communication to slow, one-way exchanges, typically one message per week.

- A simple clarification that should take days becomes a months-long ordeal.
- This appears to be administrative fatigue by design, not accident.

4. Refusal to engage on tax matters.

CSC refuses to discuss the tax consequences of its own calculations, deflecting everything to the ATO, which has no insight into how DFRDB's untaxed and taxed components are applied.

- Example: Questions about obsolete Schedule 3 factors and non-concessional lump sum repayments are ignored.
- This abdication of responsibility breaches CSC's obligation as trustee to act transparently and in members' interests.

Summary:

CSC's communication strategy is not administrative inefficiency; it is an institutional defence mechanism to delay, confuse, and avoid liability.

Part 2 – The Illusion of Redress: CCDA's Administration of Defective Administration

The CCDA, CSC's internal review body, exists in name only. In practice, it blocks redress.

1. Avoidance of substance.

CCDA "Reasons for Decision" (RfDs) routinely ignore the specific issues raised, such as the unlawful use of obsolete mortality data or the misapplication of actuarial factors.

2. Anchoring to flawed precedents.

When forced to respond, CCDA relies on self-protective precedents rather than evidence:

- *Example:* The 2019 Ombudsman Investigation is cited as definitive, yet no independent actuarial review occurred.
- *Example:* Court cases are cited selectively, based on interpretations favourable to CSC, yet these can only deliberate around party submissions.
- *Example:* Assertions like "*the scheme was correctly administered*" are made without legislative reasoning or calculation.

3. Paper defences, not adjudication.

RfDs are designed to close files, not resolve claims. They create a façade of due process while avoiding findings against specific issues.

- *Example:* What actuary basis exists for permanent reductions of pensions, when Schedule 3, which is temporal to ABS 1960 life expectancies, contains the only basis.
- *Example:* What consent for lump sum exchange can occur when permanent pension reductions "*on and after*" have no known tenure or cost.
- *Example:* How can Schedule 3 be treated as extraneous in case law, when the factor for determining lump sum amounts can only be found in Schedule 3.

4. The final pivot – closure without remedy.

After limited exchanges, communication stops. The member is told to approach the Ombudsman, who then defers back to the CCDA and its 2019 report.

- The result is a perfect feedback loop of institutional self-validation.

Outcome:

No agency wants to conduct a genuine examination of the DFRDB's actuarial, PGPA, or legal defects. The system is structurally incapable of finding fault, by design.

Part 3 – Oversight Failure and the Collapse of Governance

1. CCDA Special Council Exec Support – silence.

An e-mail appeal was sent to DL-SCES about substandard RfDs received - no response, clear evidence of leadership failure and disregard for accountability.

2. ANAO – audit. Perhaps next year - deferral.

A formal request to the Australian National Audit Office (ANAO) to audit DFRDB's administration under the PGPA Act was deferred indefinitely, "for future consideration."

- A delay on an issue of this magnitude is a dereliction of the public audit function.

3. JCPAA – parliamentary silence.

A corresponding inquiry to the Joint Committee of Public Accounts and Audit (JCPAA) received no reply, even while a related inquiry was active.

- The absence of response from the very body responsible for oversight of the ANAO and PGPA Act breaches demonstrates systemic failure.

Result – A Perfect Storm of Unaccountability.

No agency, not CSC, not CCDA, not DL Special Council, not ANAO, not JCPAA, showed interest or responsibility for identified maladministration of the DFRDB scheme. Yet, one finds obsolete actuarial tables, inequitable benefits, and the ongoing Commonwealth enrichment from member contributions remaining unaddressed.

This is not administrative oversight. It is a governance obstruction, one that leaves veterans without lawful redress, transparency, or justice.