



DEFENCE FORCE WELFARE ASSOCIATION

June 2018

FACT SHEET #2 - REBUTTAL

COMMONWEALTH SUPERANNUATION CORPORATION ESCAPES ROYAL COMMISSION SCRUTINY

The Terms of Reference for the Royal Commission into the banking, Superannuation and Financial Services Industry specifically protected **ONLY ONE** financial organisation, **the Commonwealth Superannuation Corporation (CSC)**, from the scrutiny of Royal Commission investigators.

The CSC manages the superannuation funds of military veterans, among others, and DFWA had called on the Government to include CSC in Terms of Reference for the Inquiry. The Government refused and offered reasons for its refusal that border on the disingenuous. This Fact Sheet rebuts the Government arguments for CSC exclusion from Royal Commission scrutiny.

The thrust of the Government position is that CSC is subject to much greater scrutiny and accountability than other fund managers due to various acts of Parliament and Senate Estimates hearings. The following evidence refutes those claims:

- **The Governance of Australian Government Superannuation Schemes Act 2011.** This Act establishes the CSC role and functions, imposes governance arrangements and requires CSC to produce an **Annual Report to Parliament**. However, using the 2016-17 Report as an example, it is clear that CSC chooses to misrepresent the real situation regarding veteran complaints by making the incredulous statement that all complaints relating to military super received in the period have been resolved. The statement fails to acknowledge that many veterans do not regard a simple declaration of “*we are right, you are wrong*” and refusal to answer further questions as satisfactory resolution of their complaint. **The Annual Report routinely seeks to downplay the level of veteran concerns with their superannuation and is therefore an unreliable measure of scrutiny and accountability in relation to protection of a military member’s interests.**
- **Public Governance, Performance and Accountability Act 2013.** This Act places a legislated duty on CSC to govern in a way that promotes “**ethical**” management. However, CSC has consistently failed to comply with the legislation in dealing with Veteran complaints and litigation, e.g. **1) avoiding for over 4 years questions regarding the legislative authority for their classification of Invalidity Benefits; 2) Pointing the Veteran to the Superannuation Complaints Tribunal (SCT) then contesting the jurisdiction of the SCT to hear the complaint; 3) Attempting to deter a self-represented veteran to litigate a legitimate claim by threatening to seek costs for CSC legal teams; 4) In this case, CSC lost the case but then advised it would simply ignore the Court ruling and continue its current practice. The Public Governance, Performance and Accountability Act 2013 does not ensure ethical CSC management practices and is therefore an unreliable measure of scrutiny and accountability in relation to protection of a military member’s interests.**
- **As a Commonwealth entity, the CSC is subject to Parliamentary scrutiny through the Senate Estimates process.** However, research of Hansard records of the hearings over the past two years have produced no substantial evidence of CSC facing scrutiny of veteran issues. Either no questions were asked about military super matters, or on a few occasions when matters have been raised, CSC provided evasive answers, or the Minister intervened preventing CSC from responding. The lack of serious questioning is astounding given that in 2016-2017, record numbers of complaints and questions about CSC were lodged with MPs, Senators and the CSC. **The Senate Estimates process is therefore an unreliable measure of scrutiny and accountability in relation to protection of a military member’s interests.**
- **The Auditor General can undertake audits of CSC in accordance with its statutory requirements.** However, there is no evidence that CSC practices and organisational behaviour in relation to the interests of members in military superannuation schemes has been a focus of their investigations. **Auditor General Reports are therefore an unreliable measure of scrutiny and accountability in relation to protection of a military member’s interests.**

The evidence above exposes the myth of additional scrutiny that the Government relies upon to protect CSC executives from appearing before the Royal Commission. The important question that follows is: why is the Government so determined to shield CSC from the Royal Commission?