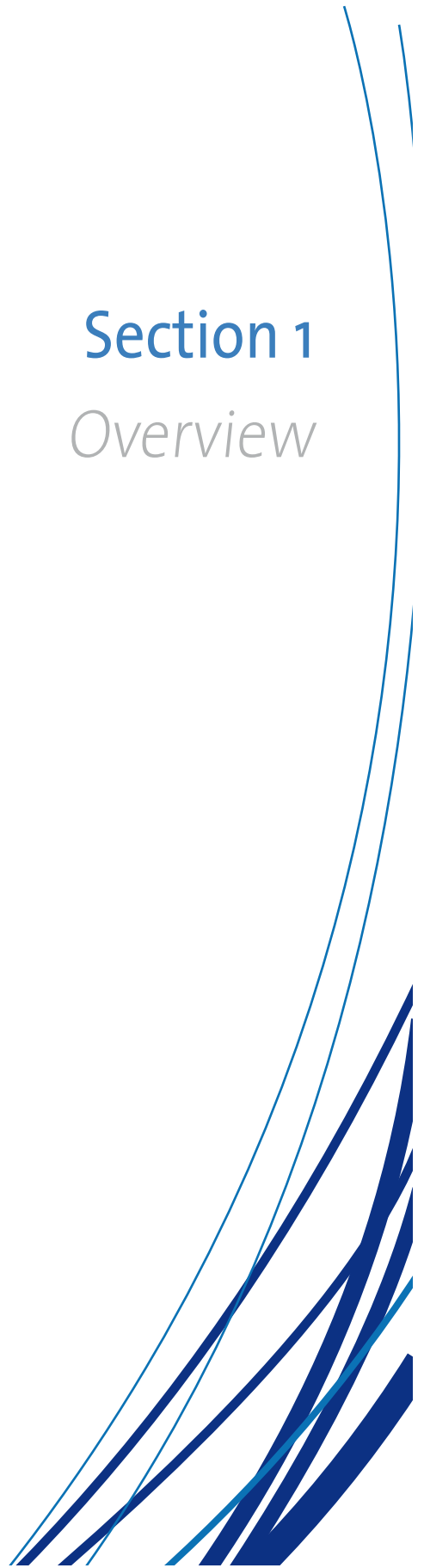


Section 1

Overview



Chief Executive Officer's review



The 2010-11 year has been one of renewal and improvement for ComSuper. During the year we established our vision of being an industry leading superannuation services partner, as part of a

new strategic plan, and have made good progress towards that vision.

We continued to deliver high quality superannuation services – collecting contributions in a timely way, maintaining accurate member accounts and records, and paying correct benefits – to almost 700,000 scheme members. We achieved improved outcomes against our service standards in the year and made a number of system and process changes which will help us to further improve in coming years.

We worked closely with our key stakeholders and business partners including trustee boards, policy departments and employer agencies.

Work is progressing under the Superannuation Administration Reform Program to improve outcomes for our stakeholders in the areas of efficiency and addressing risks.

From 1 July 2011, the *ComSuper Act 2011* established ComSuper as a statutory agency consisting of a CEO and staff. Therefore this will be the last Commissioner for Superannuation Annual Report as this former position is replaced by the position of CEO.

Achievements and challenges

In 2010-11, ComSuper processed \$2368 million in incoming superannuation contributions and paid out \$5598 million in pensions and \$1212 million in lump sum benefits.

We improved on last year's performance against service standards, as agreed with our Trustee Boards – ARIA, Military Superannuation and Benefits Board of Trustees (MSB Board) and the

DFRDB Authority. We met 92% of service standards for the Australian Public Service schemes and 95% of service standards for the military schemes.

We delivered annual member statements earlier than the previous year, with the majority delivered in September 2010. All were delivered by the legislated deadline of 31 December 2010.

The independently conducted Member Satisfaction Survey revealed that satisfaction with our services remains high at 80%. Some key findings of the survey included increased satisfaction with the timeliness of benefit payments and both our online and email services. This reflects ComSuper's efforts to provide timely and accurate benefits and our ongoing commitment to improve services and communications to members.

We continued to focus on improving the quality and timeliness of member data provided to us by employers. Through increased employer engagement and ongoing improvements to the ePASS system (an online interface for employers to lodge contributions and data for members), less than 10% of agencies require regular follow-up for late data. This is a significant improvement on previous years.

While membership numbers and funds processed increased, the number of complaints, parliamentary representations and ombudsman enquiries fell by 28%. This outcome can be attributed to a combination of high levels of member satisfaction and a number of process improvements.

ComSuper made good progress under the Superannuation Administration Reform (SAR) Program with several noteworthy achievements during the year.

Following a comprehensive tender and evaluation process, ComSuper signed a contract with Pillar Administration for the delivery of administration services for the PSSap scheme for take up in late 2011. ComSuper successfully completed a program of work to provide a high level of business continuity and disaster recovery capability (see below). Detailed analysis of our data quality was undertaken during the year with progress made in addressing the quality of member data.

Future work will focus on improvements in ComSuper's systems and processes through several transformational projects centred on ComSuper's core administration IT systems. These projects will continue to address on the SAR objectives of improving data quality and process and organisational arrangements.

I am proud to say that we were the top performing agency in our peer group in the area of business continuity in the 2011 Comcover Risk Management Benchmarking Survey. This was the result of a concerted effort in this area by ComSuper.

Our financial performance

We had two key focus areas for financial management this year, which were to ensure sufficient capacity to invest in the transformational projects and improving financial support across ComSuper.

We restructured our financial management group to provide clear internal and external relationships and focus, streamlined delegations, and trained staff in the use of finance tools such as Finance 1 and Activity Based Costing models.

ComSuper recorded an operating surplus of \$1.950 million at 30 June 2011. This result was in line with our budgeted surplus of \$2 million, which will be used to provide the necessary savings to government as part of the overall SAR Program.

We received \$86.064 million in fees and project-based revenue during 2010–11 with a further \$0.776 million in revenue appropriated by the government.

Our people

We undertook a range of activities in 2010–11 to support our people and to continue shaping our desired culture.

We formulated a learning and development strategy with a greater focus on aligning staff learning with corporate goals, which included

technical superannuation specific training (31 staff successfully obtained the Australian Securities Investments Commission Regulatory Guide 146 (RG 146) competency and a further 54 staff completed the RG 146 refresher course).

We continued to develop our leadership capability through the following programs: 'Managing and Leading for Performance' for managers, 'Emerging Leaders' for staff with leadership potential and 'Managing Yourself and Your Performance' for staff at all levels.

In consultation with our staff we developed our own values in support of the APS Values and Code of Conduct that we are bound to uphold. Some of ComSuper's values include: Transparent – Being open and fair, Optimistic – Being positive and forward looking and Accountable – Being responsible for your actions.

We established a common understanding of workforce planning and what it means to ComSuper. This included regular provision of workforce metrics, qualitative information, and specific planning initiatives to monitor and assess performance.

To encourage healthy and active lifestyles amongst our staff, we offered health assessments and subsidies for staff for undertaking health improvement programs, such as Quit Smoking and gym/fitness club membership. We also focused our efforts on early intervention and injury management strategies.

We worked collaboratively with Centrelink to assist many of our members affected by natural disasters—floods, cyclones and bushfires—in early 2011. We adapted business practices and procedures where appropriate and gave priority to affected members who met the legislative requirements for early release on the grounds of severe financial hardship or early release on medical grounds.

The year ahead

In the coming year we will continue the momentum of moving towards our vision and building on the relationship with our new Trustee - the Commonwealth Superannuation Corporation (formally ARIA, the MSB Board and the DFRDB Authority).

Thank you

I would like to thank ComSuper staff and my fellow executives for their commitment and efforts towards our vision of being ‘an industry leading superannuation services partner’.

Richard Bridge
Acting Chief Executive Officer
ComSuper

Role and functions

ComSuper is a prescribed agency under section 5 of the *Financial Management and Accountability Act 1997* (FMA Act) and administers the Australian Government sponsored superannuation schemes which apply to current and former Australian Government civilian employees and Australian Defence Force (ADF) members.

Under an arrangement mandated by the Australian Government, we provide superannuation administration services to the Trustee Boards responsible for the following schemes:

- Commonwealth Superannuation Scheme (CSS)
- Public Sector Superannuation (PSS) scheme
- Public Sector Superannuation accumulation plan (PSSap)
- Military Superannuation and Benefits (MilitarySuper) scheme
- Defence Force Retirement and Death Benefits (DFRDB) scheme
- Defence Forces Retirement Benefits (DFRB) scheme.

These are amongst the largest and most complex occupational superannuation schemes in Australia.

The services we provide include:

- collection of member contributions and maintenance of member accounts
- payment of lump sum and fortnightly pension benefits
- member communications
- accounting services and secretariat support functions
- dispute resolution.

We receive revenue through fees paid quarterly by employers whose current or former employees are members of the superannuation schemes we administer. Where appropriate, we receive Federal Budget appropriations. There were no significant changes in ComSuper's principle functions or services during 2010–11.

The *Governance of Australian Government Superannuation Schemes Act 2011* came into force from 1 July 2011, establishing the Commonwealth Superannuation Corporation (CSC) as the new single trustee body for the main Commonwealth civilian and military superannuation schemes through the merger of ARIA, the MSB Board and the DFRDB Authority. The office of Commissioner for Superannuation was also replaced by a new statutory office of Chief Executive Officer of ComSuper as part of the broader legislative package.

Commissioner for Superannuation

For the purposes of this annual report, information is supplied on the roles and responsibilities that the Commissioner for Superannuation (the Commissioner) held in the 2010–11 financial year.

The Commissioner is also the Chief Executive Officer (CEO) of ComSuper. The Commissioner is a statutory office-holder under subsection 18(2) of the *Superannuation Act 1976*. The Commissioner has the responsibility and power of a Departmental Secretary for the purposes of the staffing and administration of ComSuper. The Commissioner is also ex-officio Chairman of the DFRDB Authority.

As CEO of ComSuper, the Commissioner provides superannuation administration services for the CSS, PSS, PSSap, MilitarySuper and DFRDB schemes and has responsibility for:

- closed Papua New Guinea superannuation schemes
- the closed Defence Force Retirement Benefits (DFRB) scheme
- the *Superannuation Act 1922*, which provides the continuing authority for the payment of pensions under this closed scheme.

Organisational structure

Chart 1 shows the organisation of our senior executive level staff at 30 June 2011. The composition of senior management committees and their roles is described in Section 2B under 'Management structures'.

Outcome and program structure

Our operations fall within the Finance and Deregulation portfolio. For the purposes of *Portfolio Budget Statements (PBS) 2010–11*, our operations have a single outcome and program objective which is:

To provide access to Australian Government superannuation benefits and information, through developing members' understanding of the schemes, processing contributions, supporting investment processes, paying benefits and managing member details, for Australian Public Servants and Defence Force members, on behalf of Trustee Boards.

The expectations of these stakeholders are defined and measured through:

- ComSuper's performance against the Minister's expectations
- regular performance reporting against service level agreements with the Trustee Boards
- client satisfaction surveys of scheme members and employer agencies
- Australian and international benchmarking comparisons
- reporting to the Department of Finance and Deregulation.

No changes were made to ComSuper's outcome and program structure from PBS/Portfolio Additional Estimates Statements or other portfolio statements.

Our vision and mission

As outlined in ComSuper's Strategic Plan 2010–13, our vision is to be recognised as '**an industry leading superannuation services partner**'.

Our mission is to collect **timely** contributions, maintain **accurate** accounts, and pay **correct** benefits, which enhances the reputation of all our stakeholders.

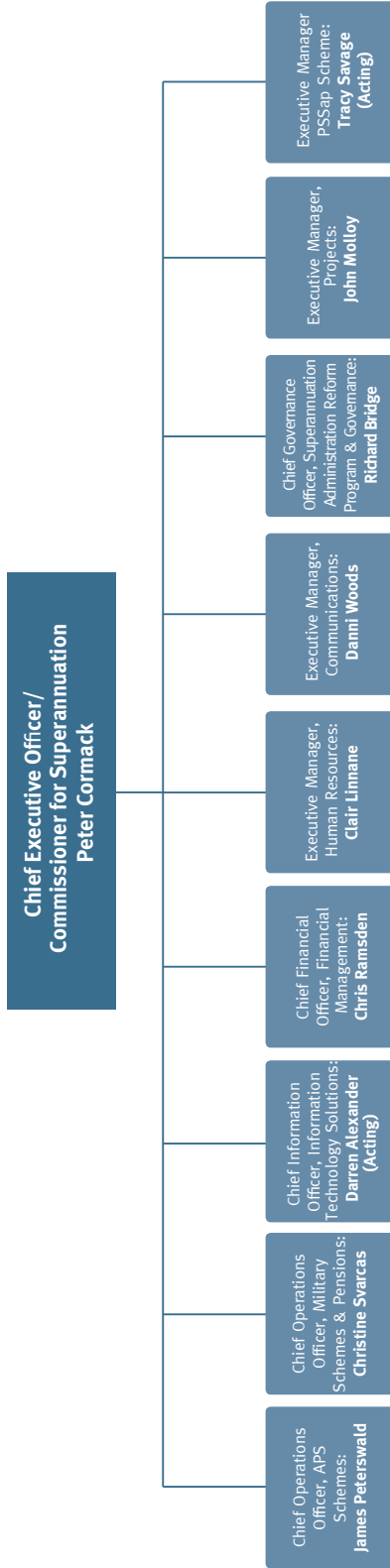
Trustee Boards

Responsibility for the schemes we administer rests with the Trustee Boards. At 30 June 2011 they were:

- Australian Reward Investment Alliance (ARIA, formerly the CSS and PSS Boards)
- Military Superannuation and Benefits Board of Trustees No. 1 (MSB Board)
- Defence Force Retirement and Death Benefits Authority (DFRDB Authority).

Management of the schemes' investment funds is the responsibility of the respective Trustee Boards who also report annually to Parliament on the management of these schemes, including investment matters.

Chart 1: ComSuper organisational structure at 30 June 2011



ComSuper’s stakeholder relationships

ComSuper fulfils a unique role for the Australian Government. In addition to meeting the Australian Government’s requirements as an FMA Act agency, ComSuper must also satisfy the relevant regulatory requirements of the financial services industry. This is a result of both ARIA and the MSB Board holding Australian Financial Services Licences. The table below shows the key relationships between ComSuper and its stakeholders.

Table 1: ComSuper’s stakeholder relationships at 30 June 2011

Stakeholder	Description
Minister for Finance and Deregulation Minister for Defence Science and Personnel Department of Finance and Deregulation Department of Defence	The Ministers and Departments have policy oversight of the superannuation arrangements applying to members of the superannuation schemes that ComSuper administer: CSS, PSS, PSSap, MilitarySuper, DFRDB, DFRB, 1922 and PNG schemes. In addition, they provide policy direction and enabling legislation for these schemes.
Trustee Boards <ul style="list-style-type: none"> • ARIA • MSB Board • DFRDB Authority 	The Trustee Boards are responsible for applying legislation and trust deeds governing the operation of these schemes.
ComSuper	Legislation is in place establishing ComSuper as the provider of the superannuation services on behalf of the Trustee Boards. ComSuper acts in accordance with the rules and determinations of the Trustee Boards and scheme legislation. ComSuper has service level agreements in place with the Department of Defence and the Trustee Boards to provide guidelines for the delivery of services to members, pensioners and employers.
Scheme members and pensioners	Members and pensioners of the CSS, PSS, PSSap, MilitarySuper, DFRDB, DFRB, 1922 and PNG schemes.
Participating employer agencies	The Australian Defence Force and Government agencies whose current and former employees are members of the superannuation schemes administered by ComSuper.