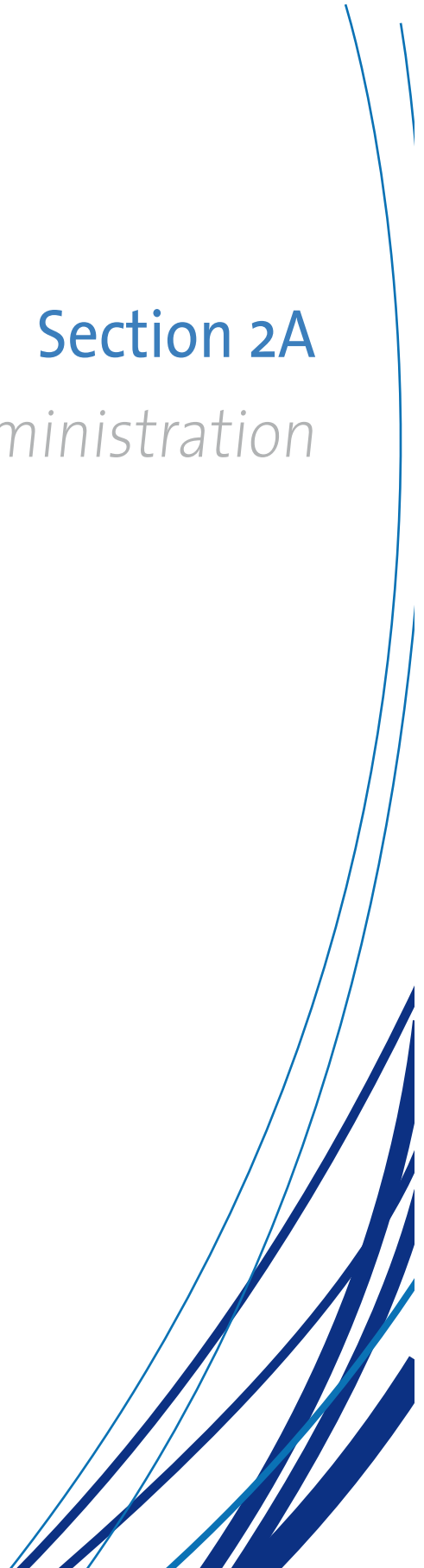


Section 2A

Schemes administration



Overview

ComSuper delivers superannuation schemes administration services on behalf of the Trustee Boards.

It has been a year of consolidation for the administration of the Australian Public Service (APS) schemes. The focus has been on embedding service delivery improvements that improve the quality, consistency and timeliness of both data received from employer agencies and the information provided to members.

For the military schemes, we have completed several major projects and implemented process improvements for the benefit of members. These improvements have played a part in the focus on achieving industry standards and have improved results against service standards.

Some of the highlights for 2010-11 included:

- meeting 92% of service standards for the APS schemes and 95% of service standards for military schemes (as measured on a monthly basis)
- positive results in the recent member satisfaction survey with an overall satisfaction rating of 80% (as measured by the Quality Service Index)
- delivery of annual member statements for all schemes ahead of the legislative deadline and earlier than the previous year
- merging previously separate APS and military call centres to form the Customer Information Centre and enhanced the telephone system
- the ePASS system now fully functional for the military schemes (the online interface for employers to lodge contributions and data for members)
- implementation of an electronic election form for former DFRDB scheme members resuming Australian Defence Force full-time service (D100)

- the superannuation single access mechanism (SuperSAM) introduced to facilitate electronic provision of medical documents from the Department of Defence for invalidity classifications
- advising members of the progress with their benefit applications via SMS for APS schemes and by telephone for military schemes
- 99.5% straight through processing of military contributions data
- visiting widows of soldiers who died in service who wished to discuss superannuation benefits
- participation in the ACT Seniors Expo
- working collaboratively with Centrelink to assist members affected by natural disasters
- increasing employer engagement through relationship managers
- assisting employer agencies with payroll software changes by participating in testing
- publishing a new quarterly newsletter for employer invalidity case managers and personnel officers.

Service level agreements

ComSuper works to service level agreements (SLAs) in place with the Trustee Boards. These SLAs are negotiated with and approved by the Trustee Boards, and define the service standards they expect to be delivered to scheme members.

The SLAs for 2010–11 relating to the main APS schemes (CSS, PSS and PSSap) and the military schemes (MilitarySuper, DFRDB, and DFRB) came into effect on 1 July 2009. New SLAs have been negotiated to commence on 1 July 2011.

The APS schemes SLA defines the service standards that we deliver on behalf of Australian Reward Investment Alliance (ARIA).

Table 4: Annual summary of performance against service level agreements

	PSS/CSS	PSSap	ARIA*	APS schemes total	Military Super	DFRDB	Military schemes total
Percentage of service standards met in 2010-11	91%	81%	97%	92%	95%	95%	95%

*The service standards delivered to ARIA are in relation to the CSS, PSS and PSSap schemes

The military schemes SLA defines the service standards that we deliver on behalf of the Military Superannuation and Benefits Board of Trustees (MSB Board), the Defence Force Retirement and Death Benefits Authority (DFRDB Authority) and the Department of Defence (employer).

During 2010–11 we met 92% of the service standards for APS schemes and 95% for military schemes. This was an improvement over 2009-10 when we met 87% for APS schemes and 93% for military schemes.

There were significant improvements in the processing of benefit estimates and payments for all schemes with 97% of routine benefit payments processed within five working days. This exceeds the service standard of 85% and the 2009-10 result of 86%. Performance against telephone, written and email service standards also improved between 4 and 11%. Table 4 summarises our performance.

Performance against service standards is monitored and reported on a monthly basis to the Trustee Boards.

For APS schemes, the current service standards negotiated with ARIA include:

- 95% of all routine benefit applications are to be paid within five business days of receipt of a valid benefit application
- 70% of telephone calls answered within 120 seconds
- less than a 10% telephone call abandonment rate.

For military schemes, the current service standards negotiated with the MSB Board, the DFRDB Authority and Defence include:

- 90% of all routine benefit applications paid within five business days of receipt of a valid benefit application
- 75% of telephone calls answered within 60 seconds
- less than a 5% telephone call abandonment rate.

Member Satisfaction Survey

We regularly commission independent researchers to survey members’ satisfaction with our services. In our most recent survey, conducted from October to December 2010, ComSuper received an overall satisfaction rating of 80%. This is in line with the results from 2009–10.

These figures are calculated using the Quality Service Index (QSI), a weighted index of member satisfaction results across the services that ComSuper provides. A QSI rating of 75% is equivalent to every respondent being ‘satisfied’ with the service, whereas a rating of 100% is equivalent to every respondent being ‘very satisfied’ with the service.

The results of the survey showed that:

- all members were very satisfied with the timeliness of benefit payments
- all members were more satisfied with email services than in the previous survey

- more CSS and PSS members were satisfied with online services than in the previous survey
- military members' satisfaction increased with one-on-one information sessions
- more members would recommend our online services to others.

Employer satisfaction

In addition to commissioning regular member satisfaction surveys, we periodically survey APS employers to gauge their level of satisfaction with services provided.

The last survey was conducted in 2009 with results published on our employer administration website at that time. No survey was conducted in 2010-11; however we ran a number of employer forums during the year and invite feedback from employers at any time to increase interaction and engagement.

Services to members

Account maintenance

Account maintenance is one of our core administration tasks. ComSuper maintains the records of member and employer contributions paid to each of the schemes. We collect contributions on behalf of members from employers, confirm data integrity by validation of data and reconcile amounts paid with the data provided by employers. We also assign earnings to member balances, accept transfers from other funds and ensure that members' details, such as salary history and part time hours are correct. Using this information, we provide each member with an annual member statement and provide pensioners with biannual pension advice letters. At 30 June 2011, we maintained 694,631 member and pensioner accounts.

APS schemes

A comprehensive quality review of ComSuper's data holdings was undertaken as part of the Superannuation Administration Reform (SAR) Program. Most of the issues identified in the review had been known and are managed by current processes (such as quality control arrangements at the time of benefit payment). The review was an opportunity to more formally catalogue the issues – progress was made in addressing the issues identified.

A similar review was completed for PSSap and data correction work is underway as part of PSSap outsourcing transition activities. For more information on the outsourcing of the PSSap scheme, see Section 2B under 'Program and project management'.

As part of the SAR Program, the Contributions Transformation Project has been developed to improve IT systems and the exchange of member data by both employers and ComSuper. This project will be implemented over 2011-12 and 2012-13 and is designed to improve the quality of member records.

Improvements have been made to the fortnightly reconciliation of the data provided by employers against the money paid on behalf of CSS and PSS members. This process allows for the early detection and prevention of data issues and has assisted employers in resolving any identified issues. Automation of this process has been identified as an area for improvement in 2011-12.

Military schemes

Member data for the military schemes is provided by the Department of Defence.

The ePASS system (an online interface for employers to lodge contributions and data for members) is now fully functional and has significantly improved the quality of data reported by Defence. Approximately 99.5% of contributions data is now processed directly into ComSuper's administration system. The remaining 0.5% of data requires some form of manual intervention before being entered into ComSuper's systems.

An online version of the scheme election form for former DFRDB scheme members resuming Australian Defence Force full-time service (D100) was implemented on the DFRDB website on 31 March 2011. The online version automatically sends the form to ComSuper for processing and provides an email to the member as confirmation of receipt.

Work on developing online/automated investment switching for MilitarySuper member contributions is well advanced and will be available in early 2011-12.

Benefit payments

APS schemes

With this year's focus on providing consistent high quality service to members, we exceeded the agreed service standards for the payment of benefits for APS schemes. Routine benefit applications had an average processing time of three business days.

We regularly perform quality checks of the end-to-end process of paying a benefit. In addition to quality assurance, these checks determine training requirements for employers and ComSuper staff.

There were 4004 CSS and 9814 PSS benefits processed in 2010-11, which was an overall decrease of 16% compared to 2009-10.

There were 4482 PSSap benefits processed in 2010-11, which was an increase of 36% compared to 2009-10. There were 204 PSSap members who chose to transfer their monies out of the fund during 2010-11, a 40% increase compared to 2009-10.

Military schemes

We met the agreed service standards for the payment of benefits for military schemes with an average processing time of 3.8 days for routine benefit applications.

System improvements reduced the need for manual processing (due to the complexity of the calculations involved) from 26% in the beginning of 2010-11, to 12% by the end of the financial year.

There were 6791 MilitarySuper and 1203 DFRDB benefits processed in 2010-11, which was an overall increase of 21% compared to 2009-10.

The MSB Board has the discretion to determine whether to pay interest to a MilitarySuper member on delayed benefit payments. The discretion can be exercised if payment of a benefit exceeds 30 business days after all required information is received and the delay has not been caused by the applicant. The MSB Rules require the MSB Board to have regard to the interest of members and the Australian Government when exercising the discretion. For 2010-11 there were 19 payments made to 11 members, totalling \$20,571.60.

Pension payments

During 2010-11 we paid \$5598 million in pensions across APS and military schemes. The number of pensions that we paid increased from 201,007 in June 2010 to 204,102 in June 2011. During the year, 8884 new pensions commenced, and 5840 pensions were ceased due to the death of the pensioner.

We processed 48,018 variations to pensions, including changes to personal details, taxation arrangements and payment details.

We are looking to automate more processes to reduce the need for manual intervention, further improving our service to members. More information on automation is available under 'Projects' in this section.

We have improved processes related to pension suspensions, including processes to identify 'lost members' (members ComSuper does not have current contact details for). This has reduced the likelihood of overpayments occurring. We also improved the way information from births, deaths and marriages registries were utilised and changed communication practices following pensioner feedback.

Invalidity assessments

APS schemes

ComSuper assesses applications from contributing CSS, PSS and PSSap members to determine whether they meet the legislative criteria for total and permanent incapacity or partial invalidity. We also assess applications from preserved members for the early release of their benefits on medical grounds, determine retrospective invalidity and assess level of benefits for those members rejoining the schemes. For CSS, PSS and PSSap our assessment is based on:

- medical evidence provided by the member and their employer
- an independent medical assessment
- a recommendation from our external independent panel (CSS and PSS members only).

In 2010–11:

- we issued 62 CSS, 279 PSS and 27 PSSap members with an Invalidity Retirement Certificate
- we considered five CSS and 74 PSS new partial invalidity applications, and reviewed 87 PSS existing partial invalidity recipients
- we processed 711 applications from members for payment of an early benefit on grounds of severe financial hardship or specified grounds.

In November 2010, we published the first issue of 'On the Case', a new quarterly newsletter which provides employer invalidity case managers and personnel officers with useful information relating to their CSS and PSS members. The newsletter highlights information on invalidity and death matters, and gives updates on any changes to our publications or procedures. We now have 171 subscribers. The newsletter, together with our tailored invalidity presentations, form the basis of our educational program to assist employers submit well prepared cases to streamline the invalidity process for ill members.

Military schemes

ComSuper assesses applications from military scheme members who are medically discharged from the Australian Defence Force (ADF) to determine whether they meet the legislative criteria for total and permanent incapacity or partial invalidity. This in turn determines the level of benefits the member will receive due to their incapacity for civilian employment. We also assess applications from preserved members for the early release of their benefit on medical grounds. We base our assessment on:

- information about the member's capacity to undertake civilian employment, based on their skills and employment history
- an independent medical assessment
- other information provided by Defence.

This year, 424 MilitarySuper and 56 DFRDB members received initial invalidity classifications. Of these, 344 MilitarySuper and 21 DFRDB members were entitled to an invalidity pension.

We also periodically re-assess Military invalidity pensions. This can result in the member's invalidity classification being increased, decreased or maintained at the same level. A reclassification that results in an increase in benefit can have a flow on effect if a member also receives a DVA benefit. This can lead to a possible overpayment. Through our involvement with the Interdepartmental Working Group for Streamlining Administration of Transitioning and Former ADF Members (IWG), ComSuper has been working with DVA to introduce offsetting arrangements to reduce the impact on members and focus on a whole of government approach. Further work is continuing with DVA, the ATO and Centrelink to discuss tax implications and streamline the process to ensure no negative impact on members and agencies.

In 2010–11, we reviewed 250 MilitarySuper invalidity pensioners and 11 DFRDB pensioners.

MilitarySuper and DFRDB invalidity pensioners who are classified as Class A or B retain the right to initiate a review if they feel their condition has deteriorated.

We continued to implement improvements through our involvement with the IWG, aimed at streamlining multi-agency processes for members discharged from the ADF. In February 2011, we implemented a process with Defence that provides ComSuper with electronic copies of medical evidence required to assess a member's invalidity classification at the time of discharge. Previously documentation was provided in hard copy and could involve considerable delays. The new process is called single access mechanism or SuperSAM. We will continue to refine this process with Defence to help expedite the finalisation of our mutual members' entitlements.

In 2010-11 ComSuper assessed and approved 36 applications for early release of preserved benefit on medical grounds for MilitarySuper members.

Member statements

ComSuper is committed to improving the quality and timeliness of our member statements. These statements help members understand and manage their superannuation benefits by providing specific information about their account and fund performance, such as:

- scheme benefit balances
- resignation and retirement benefits
- invalidity and death benefit estimates
- surcharge debt amounts (if applicable).

Military members with ancillary benefits are provided with a separate statement.

Members also receive an *About Your Statement Guide* to assist them to understand their statement and the benefit options available.

Scheme annual reports to members (previously included in member statements packs) are available for download on the applicable scheme websites, and in hard copy upon request.

APS schemes

During 2010–11, a total of 233,248 CSS and PSS annual member statements were issued. Routine statements were available to view online in late August 2010, with hard copies delivered in mid September 2010, several weeks earlier than in previous years. Non-routine CSS and PSS member statements that require manual calculations, including family law-related statements, were delivered by late November 2010.

A total of 98,634 PSSap annual member statements were issued. Routine statements were available to view online in late August 2010, with hard copies delivered in early September 2010. The final PSSap statements requiring data correction from employers were completed and delivered in early December 2010.

We continued to identify and resolve issues causing manual intervention for non-routine statements. We made improvements to the calculation of these statements, reducing the time taken and potential for human error.

A new print provider was selected and associated costs for printing and postage was significantly reduced, providing an estimated saving of \$187,024 in 2010-11.

Military schemes

During 2010-11, a total of 137,085 MilitarySuper and 4233 DFRDB annual member statements were issued. Routine statements were available to view online on 1 October 2010, with hard copies delivered progressively from 1-26 October 2010. Non-routine statements, that require manual calculations, were delivered by late October 2010.

All family law-related statements for military schemes were delivered by early December 2010; a seven day improvement from 2009-10. Our response to family law issues is discussed under 'Family Law' in this section.

We give members flexibility in how they access this information by delivering statements online, provided certain conditions are met. There were 4150 members who opted to receive their

2009-10 annual member statement online, increasing to 6337 members who opted to receive their 2010-11 annual member statement online. The benefits to receiving statements online include earlier delivery and ease of access, information security, and a reduced environmental impact.

The following service improvements will be made for 2010-11 Military member statements:

- earlier delivery
- MilitarySuper members with both contributing and preserved accounts will receive their separate statements in the same envelope
- MilitarySuper members will be informed of their death and invalidity benefits through the inclusion of death and invalidity quotes (to 30 June 2011) on the annual member statement.

Pension indexation advice mail-outs

We revise pension payment rates twice a year (in January and July) to take account of movements in the Consumer Price Index (CPI). This year, 203,876 pensioners were notified of their new fortnightly amount following CPI adjustments. The CPI adjustments were an increase of 1.4% in July 2010 and 1.3% in January 2011.

We sent personalised letters detailing this information, as well as scheme-specific pensioner newsletters. The July mail-out included a payment summary for the preceding financial year. We also provided an updated record of current pensions every six months to Centrelink and DVA for their benefit payment processes.

During 2010-11, the Pension Alteration Project was successfully implemented. Each year in excess of 3,000 alterations are made to pension records (such as an adjustment to their entitlement). The project resulted in increased system functionality that allows the accurate adjustment of pension records without the need for IT involvement or time consuming manual intervention. The project has resulted in a significant improvement in the CPI process, reducing both manual intervention and the number of manually prepared payment summaries.

All legislative and administrative deadlines for the July 2010 and January 2011 CPI adjustments were met.

Family law

As a result of couples separating or divorcing, we maintain accounts for APS and military schemes 'associate' members (an eligible former spouse or same sex partner of a member). The cumulative effect of family law splits is continuing to increase the number of additional accounts that need to be maintained.

At 30 June 2011, we maintained 5199 member and associate member accounts that were affected by family law splits.

We answered 5258 family law enquiries in 2010-11, a small increase on last year's total of 5236. We processed a total of 564 family law splits, an 8% increase on last year. We processed a total of 1150 applications for superannuation information for the purposes of a possible family law split. There was a 10% increase in draft or proposed splitting arrangements reviewed. This increase in family law enquiries and splits is a trend that is expected to continue. To keep up with the trend, we are continually improving our procedures to ensure high quality service delivery.

We have had continued success with the online 'SmartForm' version of Form 6 (application for superannuation information). The SmartForm simplified the complex version of the Form 6 and has resulted in fewer errors in applications received from members.

Member communications

ComSuper communicates with members to provide accessible and relevant information about their superannuation. Members can contact us via our Customer Information Centre and the internet. We provide mail-outs to members, a comprehensive range of publications, and for military schemes we conduct member seminars and one-on-one information sessions.

Customer Information Centre

On 9 August 2010, we merged the previously separate CSS/PSS, PSSap and Military contact centres to form one Customer Information Centre (CIC) to align processes and improve service standards for all scheme members. The CIC continues to offer the following services:

- providing information about a member’s superannuation account or pension
- updating member and pensioner contact information and financial institution details
- sending written benefit estimates to members and their representatives (such as financial advisors) when members are considering accessing their benefits.

Throughout 2010-11, the CIC introduced improvements to our telephone system to benefit members, such as:

- call recording, implemented in October 2010, for quality assurance and training
- skills based routing, implemented in October 2010, to route members’ calls to the most appropriately skilled customer information representative
- automatic call back, implemented in November 2010, allowing members to hold their place in the queue without waiting on the phone.

Online services

We maintain seven websites (below) as well as the secure online services for members, pensioners and employers.

- www.comsuper.gov.au
- www.css.gov.au
- www.pss.gov.au
- www.pssap.gov.au
- www.aria.gov.au
- www.dfrdb.gov.au
- www.militarysuper.gov.au

These websites are maintained in accordance with Australian Government standards and aim to adhere to accessibility guidelines. Members can use the websites to read the latest news, order publications, register for public workshops, view a series of online tutorials or access their personal superannuation details and learn about employment opportunities at ComSuper.

The secure Member Services Online (MSO) and Pensioner Services Online (PSO) allow users to:

- change their personal details and bank details
- download statements
- view transactions
- access payment summaries
- estimate future benefits
- switch investment options (only available for MilitarySuper, CSS, and PSS preserved members).

APS employers have access to Employer Services Online (ESO) which is designed to help them with the administration of their PSSap, PSS and CSS memberships.

Table 5: Annual summary of member enquiries

	CSS/PSS/1922/PNG	PSSap	MilitarySuper	DFRDB/DFRB	Total
Calls answered	167,253	44,851	64,350	15,672	292,126
Emails processed	16,598	9185	5154	4017	34,954
Other written correspondence	22,243	2386	2470	1836	28,935

Our focus on improving online services for members has seen all forms upgraded to allow them to be filled in on screen. This has enhanced ease of use for members and is expected to improve processing time of applications at ComSuper because of increased legibility of completed forms.

In addition, an online member enquiry form has been created that requests relevant personal information to assist identify and classify members' queries about their schemes. For the military schemes, the form also directs members to relevant information on the website depending on the type of query. This functionality is currently under development for the APS schemes' websites. These improvements are expected to reduce the level of follow-up email enquiries between ComSuper and members.

Over time there has been an ongoing increase of members opting to receive online communications. The Military Super Member Update is published

online annually with the 2011 edition made available to members on 31 May 2011. We sent 54,886 email notifications regarding the Member Update, with 4945 sent to opt in members. This was an increase from 4075 opt in members in the previous year. The balance of the email notifications were sent to contributing members at their Defence email address. As at 30 June 2011 the Member Update had been downloaded 17,558 times.

Member information seminars

ARIA is responsible for delivering CSS, PSS and PSSap member information seminars.

ComSuper educates and informs military scheme members through scheme information seminars delivered across Australia, focusing on retirement benefits. In 2010–11, we presented 87 Military information seminars to 4056 attendees at various venues around Australia, arranged by Defence. Our Member Satisfaction Survey showed continued high levels of satisfaction with this service.

Seniors Week

ComSuper participated in the Seniors Expo in March 2011, an event held as part of ACT Seniors Week. This annual event provides seniors with an opportunity to gain further information on health, nutrition, retirement, lifestyle options and financial planning.

This forum gave us the opportunity to connect with pensioners from a range of schemes and answer any questions they had. We also promoted the use of our online services and issued interested pensioners with access numbers to enable them to use these services. We received positive feedback from pensioners on the day, including thanks from recently retired individuals who were pleased with the benefit payment process.

In continued support of services to seniors, information about ComSuper is included in the publication, Australian Government Directory of Services for Older People, prepared by the Department of Health and Ageing.

Natural disaster assistance

ComSuper worked collaboratively with Centrelink to assist many of our members affected by natural disasters—floods, cyclones and bushfires—in early 2011. We used the list of postcodes of affected areas issued by Centrelink to ensure no personal information was sent to affected members during this time. Debt recovery letters were withheld from a sensitivity perspective and priority assistance was provided to members who met the legislative requirements for early release on the grounds of severe financial hardship or early release on medical grounds. Efforts were also made to provide electronic payment to affected pensioners who would usually receive cheques in the mail.

There were four seminars conducted for 41 Defence personnel at the Senior Officer (Star rank) levels and 25 seminars conducted for 385 attendees relating to medical discharge. ComSuper conducted 1849 one-on-one information sessions nationwide for military scheme members. We also continued to provide online tutorials for MilitarySuper and DFRDB scheme members via the scheme websites.

During the year we assisted the Department of Veterans' Affairs (DVA) and Defence with home-visits to seriously ill members and widows of members who had died during active service. We continued our participation in collaborative processes with DVA and Defence to ensure that these cases were handled sensitively, reducing the need for members' families to have repeated interactions with different agencies.

Services to employers

2010-11 has been a year of improvement and consolidation in service delivery to employers.

The focus has been to improve the quality and timeliness of member data provided to us by APS employers. We have seen a significant increase in employer engagement through our relationship managers, who provide assistance to agencies supplying data. As a result, less than 10% of agencies require regular follow-up for late data, a significant improvement on previous years. The percentages of employers submitting late data reduced from 17.9% at 30 June 2010 to 9.8% on 1 July 2011. By addressing stability issues and making improvements to the system employers use to submit data, the time taken to save and submit data has also improved. This outcome has enabled more timely allocation of earnings to member accounts and ensures that annual member statements are complete.

Relationship managers assisted new employers to report their data through the Payroll Interface File. Employer training has increased, ComSuper delivered 29 training sessions in 2010-11.

We provided and maintained a high level of service to the 214 participating employers (including the Department of Defence for APS members).

There were 8800 phone calls, 7202 emails and 6636 written enquiries received, which included responding to complex legislative enquiries.

We continue to record trends of employer enquiries to gain a clearer understanding of the issues encountered which will lead to more targeted employer training and improved data quality.

We worked to deliver more timely and consistent information to employers through increased training for our staff.

Services to Trustee Boards

Board accounting

During 2010–11, ComSuper provided accounting services to ARIA which included:

- the quarterly billing of employers for APS schemes administration costs
- investment switch information for cash and default investment options
- information to assist ARIA prepare their monthly and annual financial statements, as well as quarterly and annual APRA returns
- PSSap scheme information relating to contributions, benefits and insurance premiums.

We also maintained the unit registry for PSSap unit pricing purposes and provided daily cash flow information to ARIA's custodian.

We provided financial and accounting services to the MSB Board which included:

- monthly and annual financial statements
- presentation of our analysis of the monthly financial results
- input into unit pricing for the five MilitarySuper scheme investment options.

When the custodian advises of proposed unit prices, we assess the figures to ensure they fall within the parameters of reasonableness. We then inform MilitarySuper, who subject to their testing, instruct us to upload the prices for processing onto their website. We also manage the registry system which tracks the units issued to each member.

Reporting

Each year we provide ARIA with weekly, monthly and quarterly administration reports for the CSS, PSS and PSSap schemes. We provide the MSB Board and the DFRDB Authority with monthly administration reports for the MilitarySuper and DFRDB/DFRB schemes.

These reports contain performance information, such as performance against service standards as outlined in the respective service level agreements.

Secretariat services

We provided support to the MSB Board and full secretariat services to the DFRDB Authority which included:

- administration assistance for meetings
- producing reports for the MSB Board, DFRDB Authority and various committees
- communicating decisions to our members and stakeholders.

The MSB Board met eight times in 2010-11 and the DFRDB Authority met nine times. ComSuper attended and presented at each of these meetings.

At 30 June 2011, the DFRDB Authority members were:

ComSuper

Mr Peter Cormack (Chairman)
Ms Christine Svarcas (Deputy to the Chair)

Defence

Mr Brian Paule (Deputy Chair of the Authority)
Mr Craig Scarlett (Deputy to the Deputy Chair of the Authority)

Army

COL Anthony Hambleton
LTCOL Martin McKone (alternate member)

Navy

CMDR Stephen Cornish
CMDR Jayne Craig (alternate member)

Royal Australian Air Force (RAAF)

GPCAPT David Richardson
SQNLDR Andre Bobets (alternate member)

Legislative changes

There were no significant changes to the operation of APS schemes legislation in 2010-11.

The following Acts were passed by Federal Parliament in June 2011 affecting the administration of all schemes with effect from 1 July 2011:

- *Governance of Australian Government Superannuation Schemes Act 2011* (Act No. 59 of 2011, ComLaw ref: C2011A00059) – this Act creates the Commonwealth Superannuation Corporation as the single trustee for the main Commonwealth civilian and military superannuation schemes
- *ComSuper Act 2011* (Act No. 57 of 2011, ComLaw ref: C2011A00057) – this Act establishes ComSuper as a statutory agency comprising the CEO and staff of ComSuper. It replaces the office of Commissioner for Superannuation with a new statutory office of CEO of ComSuper, and clarifies ComSuper's functions
- *Superannuation Legislation (Consequential and Transitional Provisions) Act 2011* (Act No. 58 of 2011, ComLaw ref: C2011A00058) – this Act makes the required changes to other legislation and appropriate transitional arrangements).

The DFRDB Productivity Benefit Determination was amended by the *Defence Force (Superannuation) (Productivity Benefit) Amendment Determination 2011 (No. 1)* [Legislative Instrument – F2011L00562]. The amendment added the accrual interest rate for the 2011 calendar year.

The MSBS Rules were amended by the *Military Superannuation and Benefits Trust Deed Amendment 2010 (No. 1)* [Legislative Instrument – F2010L01980]. The amendment clarifies the calculation of the employer benefit of a deceased invalidity pensioner.

The *Military Superannuation and Benefits Trust Deed Amendment 2011 (No. 1)* [ComLaw ref: F2011L01351] was executed on 23 June 2011. The amending Trust Deed reissues the Trust Deed and Rules with effect from 1 July 2011 primarily to take into account changes to the Deed and Rules associated with the creation of the Commonwealth Superannuation Corporation. A number of other Rules were also amended to address various technical issues.

Changes to freedom of information legislation came into effect from 1 May 2011 to provide public access to operational information under the Information Publication Scheme requirements.

Projects

APS schemes

Early Release Deduction Account

This project automated the processing of applications for early access to benefits for CSS and PSS members. This also added functionality for automated annual statements for these members.

This project was successfully completed in late 2010-11 with implementation into production on 9 July 2011.

Military schemes

Due to the number of military schemes members affected by multiple correction projects, ComSuper worked collaboratively with DVA and the Australian Tax Office (ATO) to ensure a whole of government approach was taken to minimise the impact on members.

Graded Other Ranks Pay Structure (GORPS)

In 2008, Defence underwent a review of the pay structures for ADF personnel with the resulting pay rise backdated to 4 September 2008. Retrospective top up payments for affected ADF personnel (including reservists) were completed in July 2009. In addition, 3,791 MilitarySuper and DFRDB members received manual top up payments because their discharge date was between 4 September 2008 (the GORPS effective date) and the Defence implementation of GORPS.

This project was successfully completed on 28 February 2011.

A further GORPS adjustment was implemented in April 2010 with no adverse impact as this adjustment was not retrospective.

Unfunded Employer Benefit Correction

This correction exercise was due to issues with the administration system used for the military schemes. The system issues were corrected in June 2008. The issue related to the incorrect application of unit prices and indexation, resulting in some members receiving incorrect benefit payments, and some preserved members having inaccurate records.

This project was successfully completed on 31 March 2011, correcting 31,856 MilitarySuper member records.

Compulsory Retirement Age (CRA)

Defence amended the CRA for MilitarySuper members to age 60 (an increase from age 55), with effect 1 July 2007. This affected MilitarySuper benefit amounts for invalidity pensions and contributor deaths. ComSuper began paying all new benefits in line with the new CRA from 7 July 2009 and made retrospective adjustments for the 743 benefits paid between 1 July 2007 and 6 July 2009.

This project was successfully completed on 16 June 2011.

The following projects are exclusive to ComSuper, without involvement from DVA or the ATO.

Auto Preservation

This project automated the preservation of members who have not claimed a benefit for three months or longer after ceasing employment. This improvement was implemented on 28 May 2011.

Spouse and Pension Letters

This project automated previously manually produced letters. Conducted in two stages, letters for eligible pensioners (turning 55 and/or 60) were implemented on 28 May 2011 and letters for eligible spouses, children and orphans were implemented on 9 July 2011.

Ancillary Benefits

This project will automate current manual processes for benefit payments and quotes for ancillary members, improving benefit payment times to these members. This project was substantially completed in 2010-11 and will be implemented in early 2011-12.

Complaints, reviews and appeals

Superannuation law in Australia requires trustees to provide avenues for members to lodge complaints and enquiries. We assist the Trustee Boards by providing a comprehensive complaint handling service.

As shown in Table 6, there was a 28% reduction in the total number of complaints, parliamentary representations and Commonwealth Ombudsman enquiries compared with the previous year.

During the year ComSuper’s complaint handling processes and procedures for APS scheme members on behalf of ARIA were independently audited by PricewaterhouseCoopers. The audit confirmed that ComSuper complies with the key legislative requirements identified by the Association of Superannuation Funds of Australia (ASFA) Best Practice Guide, as well as demonstrating a strong commitment to the guiding principles of Standards Australia AS ISO 10002-2006 (Customer Satisfaction – guidelines for complaints handling in organisations).

All complaints were assessed as either related to superannuation policy and legislative issues (ComSuper is not responsible for determining superannuation policy) or service delivery.

Table 7 shows the breakup of this assessment.

Table 6: Complaints, parliamentary representations and Commonwealth Ombudsman enquiries

	CSS		PSS		PSSap		Military Super		DFRDB		Sub total	
	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11
Complaints	191	96	268	178	94	88	31	47	41	35	625	443
Parliamentary representations / Ministerials	9	3	6	1	1	0	11	16	11	17	38	37
Ombudsman enquiries	3	0	0	1	0	0	3	3	4	1	10	5
Total	203	99	274	180	95	88	45	66	56	53	673	486

Table 7: Complaints by type

	APS schemes	Military schemes	Subtotal
Policy related	59	46	102
Service delivery	308	73	382
Total	367	119	486

Of the complaints received for the APS schemes, 16% related to policy with the remaining 84% relating to service delivery. The most common reasons for complaints about service delivery were delays in responding to emails and other correspondence, and incorrect or insufficient information provided or not responding to member enquiries.

Of the complaints received for the military schemes, 39% of MilitarySuper and 38% of DFRDB related directly to the administration of the scheme rules, rather than the services provided by ComSuper to members.

We responded to all complaints within the legislative timeframe of 90 days required by the *Superannuation Industry (Supervision) Regulations 1994* and over 96% of complaints were responded to within our service standard of 20 days.

Reconsideration of decisions

Members may request a review of decisions made by the Trustee Boards or their delegates or authorised persons. Table 8 provides a break up of reconsideration cases.

Finalised cases are defined as:

- Affirmed – the decision of the delegate is agreed to
- Set aside – the decision of the delegate is set aside and substituted with a different decision
- Lapsed – the applicant failed to respond within a reasonable timeframe and the case is put on hold; these cases can be reactivated
- Withdrawn – the member requests that their application be discontinued
- Dismissed – the case is dismissed due to a lack of new evidence, or an extension of time is not granted.

APS schemes

Decisions are most frequently reconsidered in the CSS and PSS schemes regarding 'limited benefit membership' (a member with a disclosed medical condition that may lead to excessive sick leave in the first three years of membership may be declared a limited benefits member), invalidity retirement, late elections for preservation of rights and eligibility of dependants.

Table 8: Summary of reconsiderations

	APS schemes		Military schemes		Total	
	09-10	10-11	09-10	10-11	09-10	10-11
Received	32	46	132	121	164	167
Finalised	41	36	133	121	174	157
Affirmed*	26	17	27	41	53	58
Set aside	9	10	51	31	60	41
Lapsed/withdrawn/dismissed	6	9	55	49	61	58
On hand at 30 June	7	17	50	50	124	67

*In the DFRDB scheme the term 'confirmed' is used instead of 'affirmed'.

In the PSSap scheme decisions are often reviewed regarding early release of benefits and death benefit entitlements.

Of the cases finalised during the year, 86% were submitted to the Reconsideration Advisory Committee (for APS schemes) within 60 business days, in accordance with the agreed service standard.

The average time taken to finalise reconsideration cases in 2010-11 was 4.1 months, compared to 5.1 months in 2009-10.

Military schemes

For the military schemes, the majority of requests for reconsideration relate to the amount of invalidity benefits payable on discharge from the ADF, or at subsequent reviews. Other common requests include early access to superannuation on hardship grounds, determination of grounds for retirement, scheme membership eligibility, overpayment recovery and spouse entitlements.

The average time taken to finalise reconsiderations in 2010-11 was 4.2 months, compared to 5.1 months in 2009-10. This improvement is a result of increased efficiencies in the reconsideration process.

External appeals

A member who is dissatisfied with the outcome of an internal review, such as a complaint or a reconsideration of a decision, may appeal to the Administrative Appeals Tribunal (AAT) or the Superannuation Complaints Tribunal (SCT) depending on their scheme membership. With respect to the 1922 Act, one class of CSS cases and the DFRDB/DFRB schemes, appeals may only be made to the AAT. In certain circumstances, an appeal may be taken from the SCT or AAT to the Federal Court of Australia and continued to the High Court of Australia. The most common matters taken to external appeal bodies relate to members' entitlements to scheme benefits.

ComSuper represents the Trustee Boards in external appeals and provides legal resources to conduct cases. In some cases, ComSuper seeks advice from or instructs external legal service providers, as required by the *Legal Services Directions 2005*.

Administrative Appeals Tribunal (AAT)

1922 Act

No applications for review of decisions made by the Commissioner or authorised decision makers under the *Superannuation Act 1922* (1922 Act) were lodged with the AAT during 2010-11.

DFRDB Authority

The AAT is the avenue of external review of decisions made by the DFRDB Authority. Six matters were on hand at 1 July 2010 with 12 applications for review being lodged with the AAT during 2010-11.

Six matters were resolved in 2010-11, with three decisions of the DFRDB Authority were varied by the AAT. The Authority successfully appealed one of these matters to the Federal Court, which remitted the matter back to the AAT for a further hearing, not yet held. Three other matters were withdrawn by the member before they reached a hearing. There were nine ongoing cases at 30 June 2011.

Federal Court – Appeals from the AAT

Under section 44 of the *Administrative Appeals Tribunal Act 1975*, a party to a proceeding before the AAT may appeal to the Federal Court of Australia on a question of law arising from any decision of the AAT in that proceeding. Since 16 May 2005, section 45(1) of that Act requires the President of the AAT's agreement before a question of law may be referred to the Federal Court.

There were three DFRDB appeals from the AAT to the Federal Court in the last financial year. Two cases were appealed by the members concerned and in one case the member was successful in their appeal; in the other case the member withdrew their appeal. One case was successfully appealed by ComSuper.

Table 9: Summary of Superannuation Complaints Tribunal complaints

	APS schemes		MilitarySuper		Total	
	09-10	10-11	09-10	10-11	09-10	10-11
Received	75	43	8	5	83	48
Finalised	59	47	8	5	67	52
On hand at 30 June	68	64	8	8	76	72

Superannuation Complaints Tribunal (SCT)

The SCT is the avenue for external review of decisions made by ARIA and the MSB Board.

Federal Court – appeals from the SCT

A determination of the SCT may be appealed to the Federal Court of Australia under section 46 of the *Superannuation (Resolution of Complaints) Act 1993*. Appeals are limited to questions of law arising from any decision of the SCT in that proceeding.

There was one APS scheme appeal to the Federal Court from an SCT determination in 2010-11 and one appeal outstanding from 30 June 2010. Both cases were resolved by consent of the parties during 2010-11. At 30 June 2011 there were no outstanding Federal Court cases involving ARIA.

One MilitarySuper matter appealed from the SCT to the Federal Court was resolved in 2010–11 at mediation.

High Court

Any party to a proceeding before the Federal Court may appeal to the High Court of Australia under section 33 of the *Federal Court of Australia Act 1976*. There were no appeals to the High Court in 2010–11.

Legal claims

Members who have suffered a financial loss or other detriment in relation to their superannuation benefits, as a result of a mistake by ComSuper, may be entitled to compensation. Claims for compensation are considered by ComSuper, on behalf of the Trustee Boards, in accordance with the *Legal Services Directions 2005*, issued by the Attorney-General under section 55ZF of the *Judiciary Act 1903*.

During 2010-11, 45 claims associated with the APS schemes were considered, with 23 being accepted. The amount of compensation paid to claimants was \$211,927.86 in lump sums. There were 23 legal claims outstanding at the end of the financial year.

There were three MilitarySuper and three DFRDB claims considered. The three MilitarySuper claims were not accepted. For DFRDB, one claim was accepted, one was partly accepted and one was not accepted. The amount of compensation paid to claimants was \$12,491.02 in lump sums. There were five legal claims outstanding at the end of the financial year.

Claims under the CDDA Scheme

Compensation may also be paid under The Scheme for Compensation for Detriment caused by Defective Administration (CDDA Scheme). The CDDA Scheme allows government agencies to compensate persons who have experienced detriment as a result of an agency's defective actions or inaction where no legal liability exists. Payments made under the CDDA Scheme are discretionary. This means there is no automatic entitlement to a payment.

During 2010-11, four claims associated with the APS schemes were lodged with ComSuper under the CDDA scheme with one case carried over from the previous financial year. There were four claims decided upon, with two not accepted and two resolved under the *Legal Services Directions 2005*. No compensation was paid under the CDDA scheme during the year for the APS schemes. One CDDA claim remains outstanding at 30 June 2011.

There was one MilitarySuper claim accepted under the CDDA scheme, resulting in a \$3,500 payment. No DFRDB claims were lodged.

