



THE **DFRDB** AUTHORITY

DEFENCE FORCE RETIREMENT AND DEATH BENEFITS

1997-98

Annual Report

**The Defence Force Retirement
and Death Benefits Authority**

Annual Report
1997-98

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NOTES

Statistics: All contribution, benefit, membership and exit statistics are based on events related to the annual reporting period as reflected in the records of the Commissioner for Superannuation at the time these statistics were compiled. As such, the statistics may vary from the records of these events as recorded elsewhere. Where historical statistics are quoted, these may vary from previously published statistics due to the application of retrospective adjustments that are now reflected in this report.

Pension references: The DFRDB and DFRB Acts refer to ongoing benefits by various names, including retirement pay and pension. For convenience, and to standardise the terminology used in the Annual Reports produced from ComSuper, the term pension is used throughout this Report.

The Hon. Bronwyn Bishop, MP
Minister for Defence Industry, Science and Personnel
Parliament House
Canberra ACT 2600

Dear Minister

In accordance with section 16(1) of the *Defence Force Retirement and Death Benefits Act 1973* (the DFRDB Act), the Defence Force Retirement and Death Benefits Authority is pleased to submit to you its annual report. The report deals with the administration of the *Defence Force Retirement and Death Benefits Act 1973* and the *Defence Forces Retirement Benefits Act 1948* for the year ended 30 June 1998.

Subsection 16(2) of the DFRDB Act requires that you shall, as soon as practicable after receiving this report, cause a copy of it to be laid before each House of the Parliament.

Yours faithfully

A handwritten signature in black ink that reads "Christine Goode". The signature is written in a cursive, flowing style.

Christine Goode
Chairman
DFRDB Authority

8 October 1998

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DFRDB in brief

Scheme Statistics			
CONTRIBUTORS	<i>at 30 June 1997</i>	<i>at 30 June 1998</i>	<i>Increase (Decrease)</i>
Males	17 842	16 079	(9.9%)
Females	890	801	(10.0%)
Total	18 732	16 880	(9.9%)
PENSIONS IN FORCE	<i>at 30 June 1997</i>	<i>at 30 June 1998</i>	<i>Increase (Decrease)</i>
Age retirement	39 729	40 630	2.3%
Invalidity	2 990	2 979	0.2%
Dependants	6 756*	6 960	3.0%
Act of grace	1	1	—
Total	49 476*	50 570	2.2%
EXITS	<i>1996-97</i>	<i>1997-98</i>	<i>Increase (Decrease)</i>
Retirement	1 314	1 419	8%
Resignation	404	267	(34%)
Invalidity	65	76	16.9%
Death	10	8	(20%)
Total	1 793	1 770	(1.3%)
OTHER	<i>1996-97</i>	<i>1997-98</i>	<i>Increase (Decrease)</i>
Member contributions received	\$48 026 000	\$45 541 000	(5.2%)
Total benefits paid	\$894 773 000	\$953 236 000	6.4%
Total pensions paid	\$772 949 000	\$806 863 000	4.7%
Average annual pension	\$15 623	\$15 955	(2.1%)

* These figures differ from those shown in the 1996-97 Annual Report, which were subsequently found to be incorrect. The corrected figures are shown above.

A comprehensive compendium of statistical tables can be obtained by contacting the ComSuper office, or from the ComSuper internet site, www.comsuper.gov.au.

About the DFRDB Scheme

Introduction

The DFRB Scheme, established in 1948 by the *Defence Forces Retirement Benefits Act 1948* (the DFRB Act), was closed to new contributors from 30 September 1972. It continues to provide for the benefit entitlements of those members who ceased to be contributors before 1 October 1972 and for reversionary benefits to their spouses.

The DFRDB Scheme was established by the *Defence Force Retirement and Death Benefits Act 1973* (the DFRDB Act) and came into operation with effect from 1 October 1972. The Scheme provides occupational superannuation for Defence Force members who became contributors on or after 1 October 1972, and for members who were contributors to the DFRB Scheme on 30 September 1972 and were compulsorily transferred to the DFRDB Scheme on 1 October 1972.

With the commencement of the Military Superannuation and Benefits Scheme (MSBS) on 1 October 1991, the DFRDB Scheme was closed to all new entrants. Members of the DFRDB Scheme could choose to remain in the DFRDB Scheme or to transfer to the MSBS. All new Defence Force members since 30 September 1991 have automatically become members of the MSBS. The exception to this is former Defence Force members who have been receiving a DFRDB benefit and on re-entry to the Defence Force choose to rejoin the DFRDB Scheme.

Responsibilities

The Defence Force Retirement and Death Benefits Authority is responsible for the general administration of the DFRDB Act and for certain ongoing provisions of the DFRB Act, subject to the direction of the Minister for Defence Industry, Science and Personnel.

The Authority is provided with administrative support by the staff of ComSuper (Commonwealth Superannuation Administration), who assist the Commissioner for Superannuation in performing functions as Chairman of the DFRDB Authority. ComSuper is responsible for the day-to-day administration of the DFRDB Scheme, as well as other superannuation schemes for Defence Force and Commonwealth employees.

The administration of the MSBS is covered separately in the *Military Superannuation and Benefits Board of Trustees No. 1 Annual Report 1997–98*. Information about ComSuper's operations can be found in the *Commissioner for Superannuation Annual Report 1997–98*.

Description of the Authority

The DFRDB Authority is established by section 8 of the DFRDB Act. The Commissioner for Superannuation, Ms Christine Goode, is *ex-officio* Chairman of the Authority, in accordance with paragraph 8(2)(a) of the DFRDB Act.

There are four other Authority members, all of whom are appointed by the Minister. These members are appointed for two years, in accordance with subsections 8(3) and 8(5) of the Act, and may be reappointed at the end of their term.

Members of the Authority during 1997–98 were:

Ms Christine Goode	<i>Chairman</i>
Mr Phillip Charley	<i>Deputy Chairman</i>
Captain Raydon Gates CSM RAN	<i>Nominee of the Chief of Navy</i>
Colonel Michael Hannan	<i>Nominee of the Chief of Army</i>
Mr Andre Bobets	<i>Nominee of the Chief of Air Force</i>
Mr R C Whithear	<i>Deputy of the Chairman</i>



THE DFRDB AUTHORITY

Standing (l-r), Captain Raydon Gates, Mr Andre Bobets and Colonel Michael Hannan
Seated (l-r), Ms Christine Goode and Mr Phillip Charley

Description of the Scheme

The DFRDB Scheme is a fully defined unfunded superannuation scheme that was closed to new members on 1 October 1991 following the introduction of the MSBS.

Members of the ADF who were commissioned or who enlisted before 1 October 1991, or who are re-entered recipients and have not elected to transfer to the MSBS, contribute under the DFRDB Scheme at the rate of 5.5% of highest incremental salary for rank plus Service Allowance. Contributions are paid directly to the Consolidated Revenue Fund on a fortnightly basis.

Other than in the case of the separate 3% Productivity and Superannuation Guarantee arrangements, members have no entitlement to an employer element if they resign before completing 20 years' service. Unlike most other superannuation schemes, age at retirement plays only an incidental part in the process of calculating benefit entitlements; the key to the scheme is the length of the member's effective service. Members who retire from the ADF after 20 years of effective service (or after 15 years' service at retirement age for rank) are entitled to a pension based on a percentage of their annual pay for DFRDB purposes on retirement. Members who are retired from the Defence Force on invalidity grounds may also be entitled to a pension.

Members with less than 20 years' service or who have not reached their compulsory retiring age for rank are entitled to a refund of contributions, a Superannuation Guarantee amount, a productivity benefit funded by the Department of Defence and, if applicable, an unfunded gratuity based on completed years of service.

Governance

During the year the Authority paid particular attention to processes supporting decision-making, accountability and standards of service.

Delegations

During the year a thorough review was made of all delegations exercised by ComSuper on behalf of the Authority. The Authority adopts the practice whereby relevant powers are delegated to the Commissioner who then authorises ComSuper staff to exercise powers for and on her behalf. This practice streamlines the delegation process and allows faster updating of authorisations to accommodate changes in the organisational structure of ComSuper. A register of Instruments authorised by the Commissioner is made available to the Authority.

In revising its delegations the Authority reaffirmed that certain powers are to be exercised by the Authority itself and not delegated. Examples are reconsideration of decisions and the treatment of persons discharged on grounds other than medical as if they had been medically discharged.

Year 2000 Compliance

The Authority made monitoring progress towards Year 2000 compliance a priority in 1997-98. The system supporting the administration of DFRDB benefits and payments is being completely redeveloped to be compliant with Year 2000 requirements and compatible with the new Department of Defence Military Pay System (ADFPAY). Work on the project, named the Military Integration Project, began in June 1997 and has made excellent progress during the year, with the first phase of development implemented in May 1998.

Client Service Charters

The Government requires all Commonwealth agencies that provide services direct to the public to develop service charters to develop and promote a more open and customer focused culture. The charters represent a public commitment by each agency to deliver high quality services to their clients.

The Authority took a close interest in the preparation of the service charters. Charters for retired members and members with a deferred benefit have been completed and a third charter is being prepared for current contributors. The charter for current contributors is to be distributed with member statements.

Client Satisfaction Surveys

The Authority also received valuable feedback from members in the form of client service surveys commissioned from Orima Research. Contributors, preserved benefit members and retired members were surveyed on their level of satisfaction and a Quality Service Index (QSI) was developed to measure the results.

Over the four survey periods, client satisfaction averaged 83 points out of a possible 100. Survey results have been incorporated into a continuous improvement process and additional surveys will be carried out next year as part of a regular program.

Scheme Membership

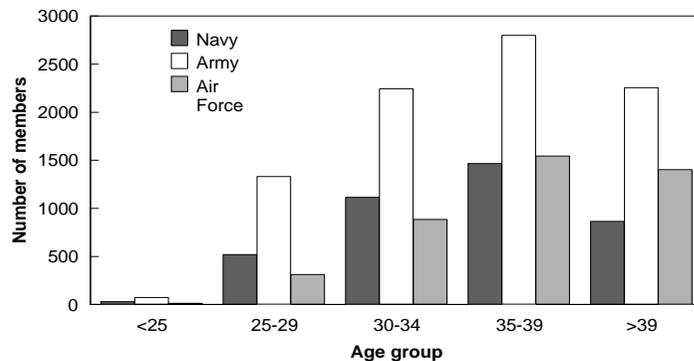
Contributors

Since the Scheme is no longer open to new members, the number of contributors has continued to decline, falling to 16 880 at 30 June 1998. Twelve people who were receiving a DFRDB benefit re-entered the Defence Force during the year and elected to contribute to the Scheme.

Table 1 DFRDB contributors since 1993-94

	1993-94	1994-95	1995-96	1996-97	1997-98
NAVY					
male	5 724	5 200	4 671	4 231	3 806
female	281	260	239	220	195
<i>Subtotal</i>	<i>6 005</i>	<i>5 460</i>	<i>4 910</i>	<i>4 451</i>	<i>4 001</i>
ARMY					
male	12 115	10 974	9 997	9 178	8 300
female	604	552	501	461	421
<i>Subtotal</i>	<i>12 719</i>	<i>11 526</i>	<i>10 498</i>	<i>9 639</i>	<i>8 721</i>
AIR FORCE					
male	5 593	5 234	4 843	4 433	3 973
female	286	259	234	209	185
<i>Subtotal</i>	<i>5 879</i>	<i>5 493</i>	<i>5 077</i>	<i>4 642</i>	<i>4 158</i>
ALL SERVICES					
male	23 432	21 408	19 511	17 842	16 079
female	1 171	1 071	974	890	801
Total	24 603	22 479	20 485	18 732	16 880

Chart 1 Age profile of contributors at 30 June 1998, by Service



Exits

On leaving the DFRDB, members receive either a pension or a refund. Those who leave the Defence Force after 20 years' effective service, or after 15 years at retiring age for rank, are entitled to a pension, as are members who leave on invalidity grounds and who receive an A or B classification (see page 10). Eligible dependants of a member who dies also receive a pension. All other members receive a refund and a gratuity, if applicable. All members are entitled to a productivity benefit funded by the Department of Defence.

In 1997-98, 1770 members left the Scheme. Of these, 1332 left with a pension entitlement, the remainder left with a refund entitlement. Fifty fewer members left the Scheme with a pension entitlement than in 1996-97. There were 22 more members who left with a refund entitlement than in 1996-97. Chart 2 compares the number of exits with and without a pension entitlement since 1992-93, while Charts 3 and 4 give a breakdown of the major modes of exit - with and without pension entitlement - during 1997-98.

Chart 2 Annual exits since 1993-94 showing pensions and refunds

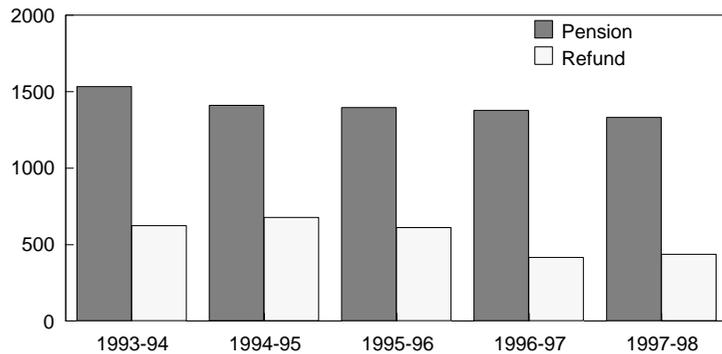


Chart 3 Exits during 1997-98 with a pension entitlement

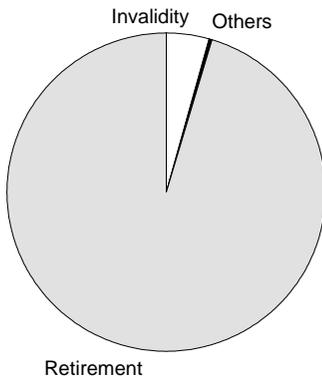
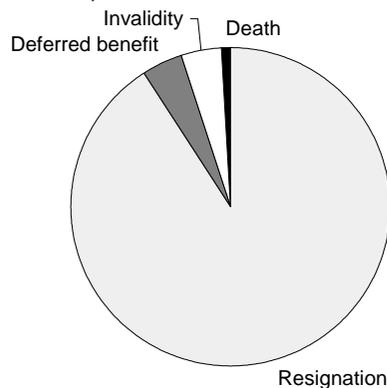


Chart 4 Exits during 1997-98 without a pension entitlement



Beneficiaries

Beneficiaries in 1997–98

Table 2 shows the total amount of benefits (including lump sums) paid to beneficiaries in 1997–98, compared with the previous four years.

Benefit type	1993–94 (\$'000)	1994–95 (\$'000)	1995–96 (\$'000)	1996–97 (\$'000)	1997-98 (\$'000)
Pension payments	666 511	688 973	709 898	772 949	798 643
Lump-sum payments	37	125	137	66	380
Refunds of contributions	6 623	7 755	7 079	6 115	5 087
Commutation payments	128 661	104 656	111 234	115 125	148 648
Transfer values	152	274	864	518	478
Total benefits paid	801 984	801 783	829 212	894 773	953 236

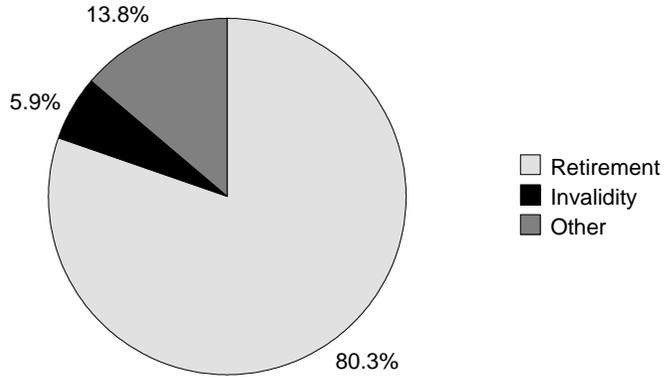
Note: These figures have been rounded and so may not add correctly.

Pensions in force at 30 June 1998

At 30 June 1998, 50 570 people were receiving pensions under DFRDB and DFRB legislation. This represents an overall increase of 1 094 from 30 June 1997.

Type of Pension	DFRB	DFRDB	Total
Retirement	2 482	38 148	40 630
Invalidity	1 011	1 968	2 979
Reversionary			
- spouses	2 910	3 423	6 333
- children	25	602	627
Act of grace	1	0	1
Total pensions	6 429	44 141	50 570

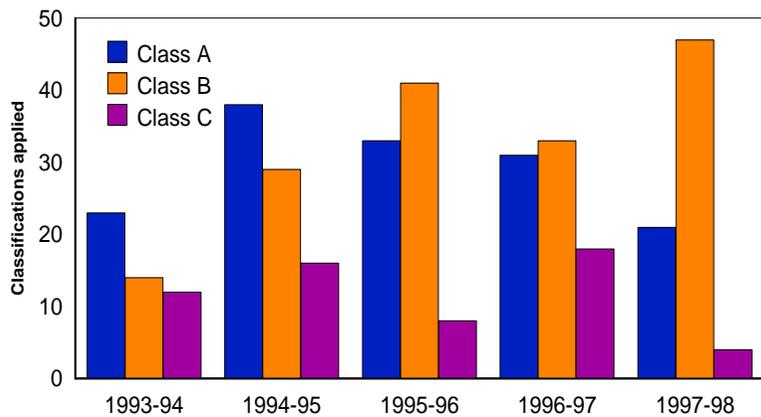
Chart 5 Pensions in force at 30 June 1998



Invalidity Benefits

Defence Force personnel who are retired on the grounds of invalidity are classified by the extent of their incapacity to perform appropriate civilian work. There are three classifications: A (60% or greater incapacity); B (30%–59% incapacity); and C (less than 30% incapacity). Members who receive an A or B classification are entitled to a pension and a productivity payment. Members who are classified as C receive a refund of 1.5 times their contributions, and a productivity payment. Class C members may also receive a gratuity.

Chart 6 Comparison of new invalidity classifications since 1993-94



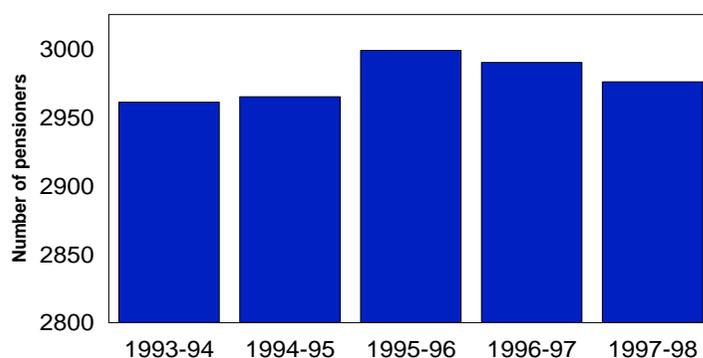
The classifications of 81 invalidity retirees were determined during 1997–98, compared to 82 during 1996–97. Of these, 24 were classified as Class A, 31 as Class B and 26 as Class C.

At 30 June 1998, 2 976 former members were receiving invalidity pensions under the DFRB and DFRDB Acts.

Retrospective invalidity entitlement

Members who retire from the Defence Force for reasons other than ill-health may be entitled to have their retirement retrospectively treated as an invalidity retirement. During 1997–98, the Authority considered six cases under the provisions of the DFRDB Act. Three of the cases were treated, in retrospect, as if they had been retired from the Defence Force on the grounds of invalidity.

Chart 7 Number of invalidity pensioners 1993–94 to 1997–98



Reversionary benefits

Reversionary benefits are payable on the death of a member to the member's eligible dependants.

Spouses' benefits

At 30 June 1998, 6 333 spouses were receiving pensions under the DFRB and DFRDB Acts, 411 of which commenced in 1997–98.

Children's and orphans' benefits

At 30 June 1998, 627 children and orphans were receiving pensions under the provisions of the DFRB and DFRDB Acts. During the year, 112 new children's and orphans' pensions commenced.

Gratuities

Certain members who leave the DFRDB without an entitlement to a pension are entitled to a refund of their contributions plus a gratuity. Gratuities totalling \$215 844 became payable to members who exited during 1997–98.

Commutation

Members retiring from the Defence Force may commute (i.e. exchange) part of their retirement pension for a lump sum. During 1997–98, retiring members could receive a maximum commutation lump sum of up to 4.75 times their retirement pay. Members may elect to commute up to three months before their date of retirement (effective on retirement) or within one year after retirement. During the year, 1 526 members elected to commute part of their pension: initial commutation payments totalled \$147 991 404.

People who are entitled to a spouse's benefit may also elect to commute their pension. There were eight such elections during 1997–98: payments in these cases totalled \$656 184.

'No-detriment' provisions

The 'no-detriment' provisions contained in section 25 of the DFRDB Act ensure that eligible DFRB Scheme Officers who transferred to the DFRDB Scheme do not receive retirement benefits less than those for which they were contributing immediately before their transfer.

During the year, seven elections were accepted under the 'no-detriment' provisions. At 30 June 1998, 1 067 members were receiving retirement pay under these provisions. Reversionary benefits being paid under the no-detriment provisions had increased to 135 at 30 June 1998.

Re-entered recipients

At 30 June 1998, 270 people were receiving increased benefits resulting from two or more periods of service. Reversionary benefits resulting from two or more periods of service were payable in another 67 cases.

Preservation of rights

Under certain circumstances, members who leave the Scheme without a pension entitlement can elect not to receive a refund of their contributions. Instead, they may defer their benefit or transfer it to another eligible superannuation scheme.

Members who elect to defer their benefit must enter full-time government employment within 90 days of their exit date. When their combined Defence Force and government service reaches 20 years,

they become entitled to a DFRDB pension. Nine members elected to defer their entitlements in the Scheme in 1997–98. Thirty-three deferred benefits became payable to members with 20 years' combined Defence Force and government service.

Members who elect to transfer their benefit must do so to a superannuation scheme that has been declared as eligible by the Minister for Finance and Administration. 'Eligible' superannuation schemes are generally linked to government employment. Once a benefit is transferred to another scheme, the member benefit entitlements are determined by that scheme. During 1997–98, transfer values totalling \$477 687 were paid to eligible superannuation schemes.

Scheme Administration

The DFRDB Authority has delegated its responsibility for the day-to-day administration of the DFRDB Scheme to the Commissioner for Superannuation, who then authorises ComSuper staff to exercise powers for and on her behalf. ComSuper's aim is to administer the Scheme through the establishment and maintenance of computer systems and administrative procedures that:

- provide a service that is reliable, helpful and timely to its clients;
- meet external review requirements;
- are efficient and cost-effective; and
- respond quickly and flexibly to the need for change, whether internally generated or externally imposed.

Human resources

ComSuper dedicates specific teams to the administration of the Defence Force schemes. A telephone advisory service has been established to provide a convenient access point for members who want information about their membership. There is also a team dedicated to invalidity classification, while reconsideration and review functions for the Authority are carried out by a unit which deals with the review of both military and civilian cases. More information about ComSuper's operations can be found in the *Commissioner for Superannuation Annual Report 1997–98*.

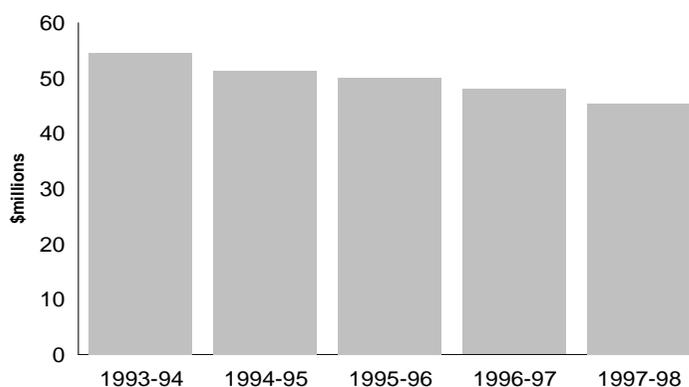
Financial resources

Financial resources for the payment of pensions and lump-sum benefits are provided from the DFRB and DFRDB special appropriation, which is held by the Department of Defence. Contributions by members of the DFRDB Scheme are paid into revenue item 'Superannuation (DFRDB)—payments by members received', which is also held by the Department of Defence.

Contributions

Contributions received during 1997–98 totalled \$45 541 000, a 5.2% fall from 1996–97 and a fall since the closure of the Scheme of about 59%. As a comparison, the contributor population has dropped by about 68% since closure.

Chart 8 Annual contributions received since 1993-94



Debtors

At 30 June 1998, \$275 153 was due to the Authority in benefits overpaid under the DFRDB and DFRB Schemes. The most common cause of overpayment is late notification to the Authority that the recipient is deceased and therefore is no longer entitled to receive the benefit. The bulk of these involve deceased estates. Administrative processes are in place to ensure that there is minimal chance of overpayment. Most overpaid benefits are recovered by the Authority.

Surcharge

The *Superannuation Contributions Tax (Assessment and Collection) Act 1997*, more commonly referred to as “the surcharge”, requires ComSuper to report surchargeable contributions for all DRFDB members to the Australian Taxation Office (ATO) on an annual basis. The intention of the legislation is to apply a tax on employer financed contributions, specifically targeted at high income earners, imposing a surcharge of up to 15 per cent on a member’s surchargeable contributions, provided the member’s adjusted taxable income is greater than the surcharge threshold.

The DFRDB is classed as an unfunded defined benefit scheme for the purposes of the legislation. In order to have a basis on which to calculate surcharge contributions, the services of the Australian Government Actuary were employed to develop Notional Surchargeable Contributions Factors for calculating surchargeable contributions. The Authority spent considerable time during the year on the intricacies of surcharge issues before agreeing to adopt the

factors developed by the Actuary in July 1998. The Actuary will provide factors for subsequent years.

The DFRDB Act has now been amended to allow affected members to choose to have a surcharge debt discharged by way of deduction from final benefits. Members also have the option to make payments from their own resources at the time the debt is incurred.

Administration of the surcharge

On receipt of surchargeable contributions information, the ATO, using the member's TFN, matches the data with taxable income. If the taxpayer's taxable income exceeds the threshold, the ATO determines the amount of surcharge debt applicable to the member and reports this data to the member and the superannuation provider.

The reporting of surchargeable contributions for DFRDB members to the ATO has been delayed due to the redevelopment of the DFRDB computer system. Surchargeable contributions for DFRDB members for 1997-98 will not be reported until early 1999.

Payment of benefits

Pensions and lump-sum benefits are paid directly to financial institutions. The performance measurement for benefit payment is for 85% of payments to be made within eight working days, and 95% within 13 working days of receipt.

The Authority monitored performance against these criteria throughout the year. The targets were achieved in all monthly reporting periods except January, February and March. Performance was affected by reallocation of benefits processing staff to work associated with the development of new computer systems.

The average time taken to process a benefit during 1997-98 was approximately 4.25 days, compared with 3.5 days in 1996-97 and 4.5 in 1995-96.

Annual pension adjustment

The DFRDB legislation provides for an increase to pensions on the first payday in July if the Consumer Price Index (CPI) number for the preceding 31 March exceeds the previous highest March CPI number.

The 31 March 1998 CPI number was in fact negative and hence no increase was payable. All pensioners were notified in late June that their pensions would not be increased in 1998.

Invalidity classification

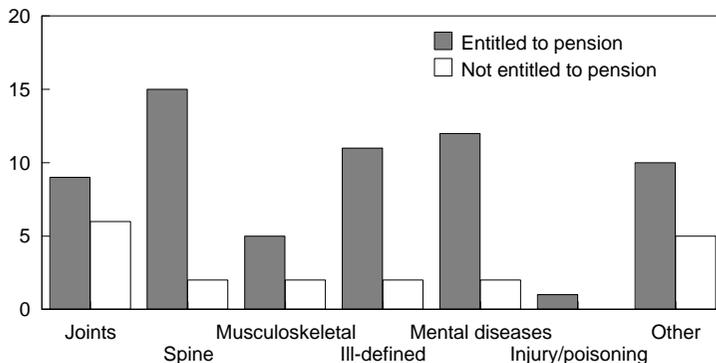
A member of the Scheme who is retired on the ground of invalidity (that is, a physical or mental incapacity to perform his or her duties) is eligible for invalidity benefits. The rate of invalidity benefit depends on the member’s level of incapacity to undertake appropriate civilian employment at that time.

The determination and review of benefits payable to members who retired from the Defence Force as medically unfit for further service is a major function of the Scheme’s administration. The Authority carries out regular reviews, taking into account a member’s employment capacity and medical condition, to establish the appropriate invalidity classification. The rate of benefit payable to a recipient member may be altered if the pensioner’s level of incapacity to undertake civilian employment deteriorates or improves.

Causes of invalidity retirement

The most common cause of invalidity retirement during 1997–98 was disorders of the spine. A comparison of the major causes of invalidity retirement is given in Chart 9.

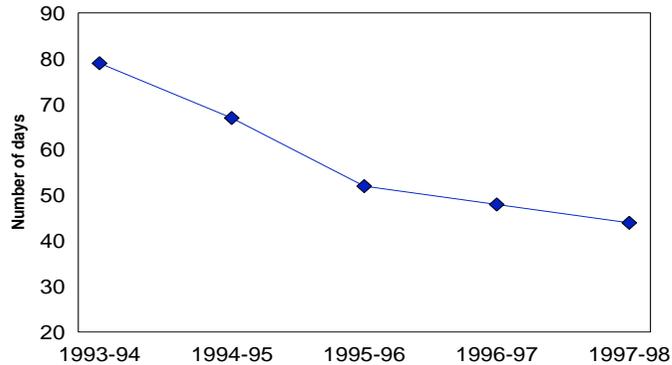
Chart 9 Causes of invalidity retirements during 1997–98



Invalidity decision timeframe

Invalidity classifications took an average of 44 days to finalise during 1997–98, compared to 1993-94, when the average time to determine a classification was 79 days. This is an improvement from 1996-97, when the average time taken was 48 days.

Chart 10 Average time taken to determine new invalidity cases

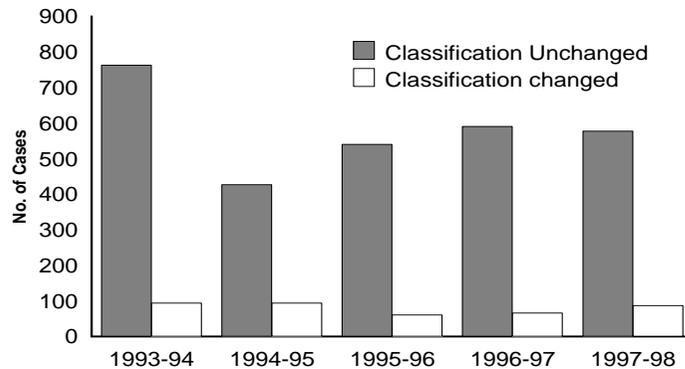


Invalidity review

The classifications of all members receiving an invalidity pension are reviewed by the Authority at regular intervals. The period after which a case is reviewed is not fixed but is determined at the initial classification or the last review, and depends on each case's circumstances. Members may also request a review but must provide evidence that there has been a change in their condition before the review will be undertaken.

In 1997-98, 578 invalidity cases were reviewed, compared with 591 in 1996-97 and 601 in 1995-96. Of the 157 classifications that proceeded to a full medical review, 87 were changed: 35 of these were increased and 52 were reduced. Chart 11 breaks down the cases that have been reviewed since 1993-94.

Chart 11 Results of invalidity reviews since 1993-94



Internal reconsideration

A person affected by a decision of the Authority or a delegate may request the Authority to reconsider that decision. (See also Corporate Governance.) Almost any action taken in the administration of the DFRB and DFRDB Acts can be the subject of a request for reconsideration. Decisions on reconsideration are not delegated but are taken by the Authority itself.

The Authority must confirm or vary the decision and inform the person of the result in writing. The person is given a copy of the record of the reconsidered decision, which refers to the evidence before the Authority and contains the reasons for the decision.

Sixty-eight requests for reconsideration were received during the year, a significant increase from previous years, adding to the 30 cases carried over from 1996-97. Of the 36 cases finalised during the year, the Authority confirmed 19 cases on reconsideration, while 12 cases were varied in favour of the applicants. Another 5 were lapsed because the applicant failed to pursue the matter. Sixty-two requests remained under investigation at 30 June 1997.

Most requests for reconsideration (some 75% in 1997-98) concern the amount of invalidity benefit payable, either on discharge or at subsequent reviews.

The reconsideration process involves the assembly of information additional to that available to the delegate. Consequently, the process can be protracted. This is particularly the case where delays occur awaiting responses to information requests, such as in medical cases where specialist opinion is required. In spite of this, the majority of cases (88%) were completed within 12 months. Table 4 shows the time taken to finalise cases in 1997–98.

Case type	Months				
	0-6	7-12	13-18	19-24	>24
Extension of time to seek reconsideration	3	0	1	0	0
Initial invalidity classification	5	4	0	0	0
Review of invalidity classification	10	1	2	0	1
Other	7	2	0	0	0
Total finalised	25	7	3	0	1

External review

The DFRDB Act provides that applications may be made to the Administrative Appeals Tribunal (AAT) for review of reconsidered decisions made by the Authority. If the Authority's decision is adverse to the applicant, information about the right to apply for review by the AAT is included with advice of the decision. Applications to the AAT come under the procedures and practices of that body, as provided for in the *Administrative Appeals Tribunal Act 1975* and the practice directions issued by the AAT President. A party to a proceeding before the AAT may appeal to the Federal Court on a question of law arising from the decision of the AAT.

The *Administrative Decisions (Judicial Review) Act 1977* (the AD(JR) Act) provides an alternative external review mechanism. The AD(JR) Act entitles a person aggrieved by an administrative decision taken under Commonwealth legislation to seek an order for review of the decision in the Federal Court on grounds specified in that Act. The provisions of the AD(JR) Act apply to primary decisions made under the DFRB and DFRDB Acts, as well as to reconsideration decisions, and therefore can offer an alternative to reconsideration by the DFRDB Authority and review by the AAT.

Administrative Appeals Tribunal

During 1997-98, 18 applications for review were lodged with the AAT in addition to the four that were carried over from the previous year. Of the 12 applications resolved during the year, the Authority's decision was affirmed in four cases while two other cases were decided in the Applicant's favour. Six cases were dismissed by the AAT following the applicant's withdrawal of their application for review. The AAT had no jurisdiction in two matters because the decisions in question were not reviewable decisions. Eight cases were outstanding as at 30 June 1998.

Federal Court of Australia

Under section 44 of the AAT Act, 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. There was one AAT decision appealed by the Applicant to the Federal Court during 1997-98. The appeal was subsequently dismissed and the DFRDB Authority was awarded costs.

Judicial review

The AD(JR) Act entitles a person aggrieved by an administrative decision taken under Commonwealth legislation to seek, on specified

grounds, an order for review of the decision in the Federal Court. Section 13 of that Act provides that an aggrieved person may, without first applying to the Federal Court, ask that the decision-maker furnish a statement in writing, setting out the findings on material questions of fact. The statement must refer to the evidence or other material on which those findings were based, and give the reasons for the decision.

There were no orders for review or requests for a statement of reasons under the AD(JR) Act in respect of decisions made under either the DFRB or DFRDB Acts during 1997–98.

Member communication

The Authority aims to provide members and Service administrators with comprehensive information about all aspects of the DFRDB Scheme.

Communication is by means of correspondence, individual counselling and presentations given at Defence resettlement seminars and other seminars at Defence Force establishments. Information about the DFRDB Scheme is provided in response to requests from Defence establishments and individuals. Information is also provided through the issue of publications on various aspects of the Scheme. Page 28 contains a list of currently available publications.

A telephone advisory service is also provided, through which members can obtain benefit estimates as well as general information about the Scheme and their membership.

The Military Superannuation Communications Advisory Group (MSCAG)

The Authority utilises the MSCAG to monitor and improve the effectiveness of communication with its members. The MSCAG was established in 1996 to ensure the effective and timely provision of quality information and education on superannuation matters to Defence Force members. The current Chairman is WOFF Robert Swanwick and members include representatives from the Department of Defence, the Defence Force and ComSuper. The MSCAG's role is to:

- ensure smooth liaison between each of the Scheme's stakeholders;
- provide advice on communications matters to the Authority;
- monitor the quality and effectiveness of the Authority's communication products;
- review existing communication products and methods; and

- monitor, review and make recommendations on the implementation of a superannuation communications strategy for the ADF.

The MSCAG met monthly during the year. A significant amount of its time was spent on monitoring and refining the ongoing communication products such as member information statements and associated material and Military Super News.

The communication of information on the superannuation surcharge also figured highly in the priorities of the MSCAG during the year. An on-going strategy for the dissemination of information of this issue was developed.

Internet site

ComSuper's Internet web site was released in March 1997. The web site enables ComSuper to provide DRFDB members with the latest information about their scheme and related topics. Forms and leaflets can be updated by ComSuper and placed on the Internet with a minimum of delay and printed out by members or personnel staff. The Ready Reckoner program (to estimate benefits) is also available for downloading.

Information available on the site relating to the DFRDB Scheme includes :

- The DFRDB Book
- All leaflets relating to the scheme
- All relevant forms
- Details about the DFRDB Authority
- Scheme Statistics
- Frequently Asked Questions and Answers
- Details of the Tax Surcharge
- The Military Ready Reckoner program

Counselling and information activities

Advice to members is provided through telephone advice, written responses to queries, e-mail advice, addressing members at resettlement seminars and talking to members and administrative staff at various bases and units throughout Australia.

Overall, the workload remained very similar to last year although there has been a slight increase in all services provided.

With the advent of the ComSuper internet site there has been a significant increase in the general information available to those with Internet access. Also, greater computer awareness among members has seen an increasing number of e-mail enquiries received by ComSuper staff.

The most popular form of request remains the telephone, with an average of some 870 telephone calls recorded per week. The Interactive Voice Response (IVR) telephone service recorded receipt of some 45 468 calls from members (MSBS & DFRDB), which was up slightly on last year's figure of 44 811.

During the year, ComSuper staff issued 3 194 retirement advice letters to DFRDB members and provided personal counselling for 68 members. Presentations were given at 26 resettlement seminars attended by 4 883 people (both DFRDB and MSBS members). A combined session for DFRDB and MSBS members was attended by five members from both Schemes. Seven Information Sessions for Administrative/Discharge Staff were held (primarily in conjunction with resettlement seminars) and attended by 78 staff.

Freedom of Information

All requests for documents and amendments of personal records are handled by ComSuper's Freedom of Information (FOI) Unit.

Facilities for access

Facilities for viewing documents are provided only at ComSuper's office in Canberra. Documents may be inspected at ComSuper and copies, for which there may be a charge, can be obtained by lodging a formal FOI request with ComSuper's FOI Unit at the address given on page 24. Information about facilities for access by people with disabilities can also be obtained by contacting ComSuper's FOI Unit.

Requests

During the year, the Authority received 160 requests for access to documents, compared to 93 requests in 1996–97. No requests were brought forward from last year and none were outstanding at 30 June 1998. All the requests received were for documents of a personal nature, most being requests for access to medical reports.

Disclosure

Of the requests received, 157 were granted in full, one withdrawn and two refused. The average time taken to finalise a request was 7.5 days.

No requests were received regarding section 48 of the *Freedom of Information Act 1982* (the FOI Act) for amendment to personal records or section 54 of the FOI Act for internal review or review by the Ombudsman's Office. No decisions were taken on appeal to the AAT under Part VI of the FOI Act.

Fees, charges and costs

No application fees were collected in respect of requests for access. Application fees totalling \$4 800 were waived pursuant to section 30A of the FOI Act.

No administrative costs relating to access to documents were recouped during the year.

Enquiries

Enquiries relating to the documentary disclosure of information about the personal affairs of clients of the agency under the provisions of the Freedom of Information Act should be directed to:

The Freedom of Information Unit
ComSuper
PO Box 22
Belconnen ACT 2616

Facsimile: (02) 6252 6948

Telephone: (02) 6252 7514

TTY: (02) 6253 2911

Internet: www.comsuper.gov.au

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Publications

The Authority publishes a booklet and a series of leaflets for the benefit of members:

About Your Scheme is a summary of the DFRDB, containing general information about all aspects of the Scheme, but particularly its benefits. It is for the use of all members as a general reference book.

The Authority also publishes a series of leaflets that deal in more depth with specific topics. The leaflets are entitled:

About to Leave the ADF?

Appeals Provisions

Dependants' Benefits

Invalidity Benefits

Preserved Benefits

Retirement Benefits

Taxation of Benefits

All of these publications can be obtained from members' Pay Offices or directly from ComSuper.

Legislation

Changes to DFRDB Act

During 1997-1998, the following Acts were passed to amend the DFRDB Act:

Superannuation Legislation Amendment (Superannuation Contributions Tax) Act 1997

Superannuation Contributions Surcharge is payable on a person's superannuation employer contributions when a person's taxable income plus employer superannuation contributions exceed a certain level, as below. This amount is indexed annually by Average Weekly Ordinary Time Earnings (AWOTE).

Financial Year	Income Threshold
1996-97	\$70,000
1997-98	\$73,220
1998-99	\$75,856

Because the DFRDB is an unfunded defined benefits scheme, payment of Superannuation Contributions Surcharge can be delayed until the member's benefits become payable. Alternatively, the member can elect to make payments of Surcharge at any time during their membership.

This Act makes provisions for the deduction of superannuation contributions surcharge tax amounts from DFRDB employer benefits when Surcharge is owing at the time benefits become payable.

Financial Sector Reform (Consequential Amendments) Act 1998

Adds a definition of "bank" to section 40 of the Act.

Contact officer

Information is available to Members of Parliament, Senators and members of the public on request.

In the interests of timeliness and conciseness, this report has been designed to provide only fundamental information. Requests for more detailed information should be directed to:

<i>Postal address:</i>	Ministerial Liaison Officer ComSuper PO Box 22 Belconnen ACT 2616
<i>Street address:</i>	Unit 1, Cameron Offices Chandler Street Belconnen ACT
<i>Telephone:</i>	(02) 6252 5893
<i>Facsimile:</i>	(02) 6253 1116
<i>TTY:</i>	(02) 6253 2911
<i>E-mail:</i>	military.member@comsuper.gov.au

Glossary

AAT	Administrative Appeals Tribunal
ADF	Australian Defence Force
AD(JR) Act	<i>Administrative Decisions (Judicial Review) Act 1977</i>
commutation	conversion of a part of a pension to a lump sum
ComSuper	Commonwealth Superannuation Administration
CPI	Consumer Price Index
deferred benefit	payable, after 20 years' combined ADF and government service, to members with a refund entitlement who leave their benefit in the Scheme
DFRB	Defence Forces Retirement Benefits
DFRDB	Defence Force Retirement and Death Benefits
employer benefit	<i>see</i> productivity <i>and</i> Superannuation Guarantee arrangements
FOI	Freedom of Information
gratuity	a one-off bonus payment paid to some members on resignation. It is usually only paid to other ranks
incapacity	the degree to which the disorder that caused a member's retirement affects his or her ability to perform appropriate civilian work. The basis for determining invalidity benefits
invalidity	a mode of retirement resulting from a disorder or disorders that render a member unfit for further military service
MSB	Military Superannuation and Benefits
MSBS	Military Superannuation and Benefits Scheme
MSCAG	Military Superannuation Communication Advisory Group
no-detriment	provision that ensures that certain officers receive a DFRDB benefit at least the equal of the DFRB benefit for which they were contributing before the DFRB Scheme closed
preservation	used colloquially to refer to deferred benefits and to the transfer of benefits
productivity	a benefit component for all members, accruing since January 1988 and funded by the Department of Defence
re-entered recipient	a contributor who has rejoined the Scheme having previously received a DFRDB pension
reversionary benefit	the benefit payable to eligible spouses and children (including orphans) of a contributor, pensioner or preserved benefit member who dies
SRC	<i>Superannuation (Resolution of Complaints) Act 1993</i>
Superannuation Guarantee	arrangements which mean that a member who receives a refund entitlement only is entitled to an additional payment to bring the employer benefit to a minimum required amount
surcharge	the <i>Superannuation Contributions Tax (Assessment and Collection) Act 1997</i> , a tax on employer financed superannuation contributions
transfer value	an amount paid to an eligible superannuation scheme on behalf of a member who leaves the DFRDB without a pension entitlement

Compliance details

While this report is not a Departmental annual report, the Authority has endeavoured to comply with the 'Requirements for Departmental Annual Reports', where applicable. Details of ComSuper's operations are provided in the *Commissioner for Superannuation Annual Report 1996–97*. Annual reporting requirements that are met in the Commissioner for Superannuation's report are indicated below by an asterisk.

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