



THE  
**DFRDB**  
AUTHORITY

ANNUAL  
REPORT  
1998 - 99

defence force retirement and death benefits scheme

# **Defence Force Retirement and Death Benefits Authority (DFRDB)**

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Annual Report 1998–99

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## NOTES

**Statistics:** All contribution, benefit, membership and exit statistics are based on events related to the annual reporting period reflected in the records of the DFRDB Authority 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 by ComSuper, the term 'pension' is used throughout this report.

The Hon Bruce Scott MP  
Minister Assisting the Minister for Defence  
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 1999.

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 script is cursive and fluid.

Christine Goode  
Chairman  
DFRDB Authority

27 September 1999

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## About the DFRDB Scheme

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### Establishment of the Scheme

The Defence Force and Retirement Benefits Scheme (DFRB), 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 Defence Force Retirement and Death Benefits Scheme (DFRDB) 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 Australian Defence Force (ADF) 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 ADF members since 30 September 1991 have automatically become members of the MSBS, with the exception of former ADF members who have been receiving a DFRDB benefit and on re-entry to the ADF choose to rejoin the DFRDB Scheme.



## Description of the Scheme

The DFRDB Scheme is a fully defined unfunded superannuation scheme.

Members of the DFRDB Scheme contribute at the rate of 5.5 per cent 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 per cent Productivity and Superannuation Guarantee arrangements, members have no entitlement to an employer element if they resign before completing twenty years service. Unlike most other defined benefit superannuation schemes, age at retirement plays only an incidental part in calculating benefit entitlements; the key to the scheme is the length of the member's effective service. Members who retire from the ADF after twenty years of effective service (or after fifteen years service at retirement age for rank) are entitled to a pension, based on a percentage of their annual pay on retirement. Members who are retired from the ADF on invalidity grounds may also be entitled to a pension. Benefits are also payable to the surviving eligible spouse and children on the death of a member of pensioner.

Members with less than twenty 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.

## The DFRDB Authority

The DFRDB Authority is responsible for the general administration of the DFRDB Act, subject to the direction of the Minister Assisting the Minister for Defence.

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 ADF and Commonwealth employees.

The administration of the MSBS is covered separately in the *Military Superannuation and Benefits Board of Trustees No. 1 Annual Report 1998–99*. Information about ComSuper's operations can be found in the *Commissioner for Superannuation Annual Report 1998–99*.

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 1998–99 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>

Captain Gates was promoted to Commodore on 3 March 1999.

Captain Davyd Thomas replaced Commodore Gates on 1 June 1999.



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

Commodore Gates was replaced by Captain Thomas on 1 June 1999.

## 50th Anniversary of the DFRDB Authority

The DFRDB Authority can trace its history back to the commencement of the Defence Forces Retirement Benefit (DFRB) scheme in 1948. In that year the Australian Government decided to provide a uniform scheme of retirement benefits for members of the permanent Naval, Military and Air Forces. The *Defence Forces Retirement Benefits Act 1948* was passed at the end of June in that year and came into effect in early July.

The DFRB scheme continued until 1972, with various modifications to keep it up to date and relevant to the changing environment of Australian politics, economy and society. However, these changes made an already complex piece of legislation unwieldy, eventually leading in 1970 to the formation of the Joint Select Committee on Defence Forces Retirement Benefits Legislation. The Committee's report recommended that the DFRB scheme be replaced with the Defence Force Retirement and Death Benefit (DFRDB) Scheme, under the 1973 Act of the same name. The newly created DFRDB scheme came into effect in October 1972 and members were transferred from the previous scheme into the new one. In particular, the new scheme made better provision for female members, who had been disadvantaged by the original scheme.



Inaugural Meeting of the DFRB Board in the old War Cabinet Room, Victoria Barracks, Melbourne, 22 July 1948. From left to right are Mr F. X. Hassett, MAJGEN W. M. Anderson, AVM J. E. Hewitt, Mr P. Rees, Mr H. C. Newman, Mr S. W. Caffin, Mr J. O. Francis, and Mr S. Phingthorne.

A further review of the DFRDB in 1990 found that the superannuation needs of ADF personnel had again changed faster than the legislation controlling their provision. Rather than revamp the scheme a second time, the MSBS was introduced the following year to replace the DFRDB. DFRDB members were given a choice to transfer to the MSBS or remain in the DFRDB. The DFRDB was closed to new members in October 1991, but continues to provide benefits for existing members.

To celebrate the 50th anniversary of commencement of the DFRB/DFRDB scheme, the DFRDB Authority held a small function in July 1998. The then Minister for Defence Industry, Science and Personnel, the Hon. Bronwyn Bishop, officiated and cut a cake to mark the occasion. The function was also attended by the three Service Chiefs, the Secretary of the Department of Defence, representatives of the Regular Defence Force Welfare Association, the Returned Servicemens' League and the Armed Forces Federation of Australia and representatives from the Department of Defence and ComSuper.

## Governance

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

### Administrative Agreement

In March the Authority entered into an agreement with ComSuper for the provision of administrative services.

This followed a review in 1998 by ComSuper of the services provided to the Authority. The review highlighted the need for an Administrative Agreement between the Authority and ComSuper.

The agreement, which will be reviewed annually, sets out services for each of the major client groups and other major services. It also includes standards for delivery of the services. ComSuper reports regularly to the Authority against the standards.

### Delegations

The Authority adopts a practice whereby relevant powers are delegated to the Commissioner for Superannuation 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 structure and staffing of ComSuper.

Certain powers are retained by the Authority. These include reconsideration of decisions and the treatment of persons as if they had been medically discharged where they had been discharged on other grounds.

## Status under the SIS Legislation

The DFRDB is an Exempt Public Sector Scheme for the purposes of the *Superannuation Industry (Supervision) Act 1993* (SIS) and is therefore deemed to be a complying superannuation fund under the Income Tax Assessment Act and the Superannuation Guarantee (Administration) Act.

It is therefore not necessary for the DFRDB Authority to elect that the Scheme become a Regulated Superannuation Fund subject to the prudential requirements in the SIS legislation, although the Authority endeavours to comply with the spirit of the SIS legislation. The DFRDB is however subject to the Tax File Number and rollover/transfer requirements in the SIS legislation that apply to Exempt Public Sector Superannuation Schemes.

## Military Superannuation Communication Advisory Group (MSCAG)

The Authority uses the MSCAG to assist with, monitor and improve the effectiveness of communication with its members. The MSCAG was established in 1996 and the Chairman is WOFF Robert Swanwick. Members include representatives from the Department of Defence, the ADF 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 annual member statements and associated material, and *Military Super News*.

The communication of information on the superannuation surcharge was a high priority for the MSCAG during the year. An on-going strategy for the dissemination of information on this issue was also developed.

## Year 2000 readiness

The DFRDB Authority aims to be year 2000 ready. Such readiness requires:

- checking that computer systems used to deliver services will continue to function properly before, during, and after 2000; and
- having appropriate contingency plans in place to maintain critical services if problems do occur and quickly repairing such problems.

Throughout the year the Authority closely scrutinised the progress and adequacy of its administrator's year 2000 readiness project. External review of the project and the related business continuity plan were also undertaken.

The main computer system supporting contributions recording for the DFRDB Scheme was not year 2000 compliant. Redevelopment work, which began in 1997–98, proceeded smoothly during the year and was completed in July 1999.

The Authority's focus at year end shifted to Business Continuity Planning. With testing substantially complete and all systems expected to be signed off in accordance with the Office for Government Online schedule, the Authority is confident that continuity of services will be maintained.

**Note:** The statement above is a disclosure statement for the purposes of the *Year 2000 Information Disclosure Act 1999*. A person may be protected by that Act from liability for this statement in certain circumstances. This statement is authorised by the Defence Force Retirement and Death Benefits Authority.

## Evaluation

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### Annual Effectiveness Review

In December 1998 the Authority considered a report from ComSuper on the efficiency and effectiveness of the systems and procedures used in the administration of the DFRDB Scheme. The Authority considered that ComSuper had delivered good quality superannuation services, and was effective in terms of timeliness, cost and client satisfaction. As a result of that review the Authority considered it desirable to specify services and the standards to which they were to be delivered in an agreement with ComSuper, entered into in March 1999.

The performance standards referred to in this report are those defined in the Administrative Agreement.

### Client feedback

During 1998–99 ComSuper again undertook a comprehensive series of client satisfaction surveys with the assistance of Canberra-based firm Orima Research. Clients who had recent contact were surveyed at three separate times throughout the year. On a point scale of 1–10 the quality of services surveyed was consistently rated highly.

The Quality Service Index (QSI) for Military clients, introduced to measure the survey results and to enable comparison between survey periods, continues to rank in the region of 85 points on a 100 point scale, with an average score for the 7 periods of 85.80. Chart 1 shows ComSuper's QSI scores for the Military schemes in each of the four survey periods in 1997–98 and the three survey periods in 1998–99.



**Chart 1: Quality Service Indicator (QSI) scores 1997–99**



The survey results have been fed into ComSuper's continuous improvement process. Action plans have been derived and reported against, and many changes have been made to ComSuper's procedures as a result of the survey feedback, with the objective of improving client service.

The Authority is pleased with the positive feedback from clients about the quality of services they received.

## Contributors

### Account maintenance

Maintenance of DFRDB contributor accounts is a significant function undertaken by ComSuper in conjunction with the Department of Defence. The process of collecting and applying data to contributor accounts is highly automated. Variations to contributions information are routinely processed within days of the relevant payday. The quality of data processed is generally high and the error rate low.

Accordingly, the Administrative Agreement between the Authority and ComSuper sets out a service standard, as described below, that is aimed at maintaining this situation. This contrasts with other sections of this report which deal with more labour intensive activities involving direct client contact, such as member communications and payment of benefits, where specific service standards are usually established.

<b>SERVICE</b>	
ComSuper undertakes to:	
<ul style="list-style-type: none"> <li>● maintain records of scheme contributors to allow the accurate and timely payment of benefits to members and accurate and timely publication of member statements;</li> <li>● ensure that adequate systems, procedures and controls are in place to meet the administration and reporting requirements of the Act and associated legislation; and</li> <li>● at the direction of the Authority, arrange for an independent audit of those systems and controls to be undertaken from time to time.</li> </ul>	
<b>STANDARD</b>	<b>OUTCOMES</b>
ComSuper will maintain appropriate internal control processes to ensure that systems fulfil the functions for delivery of these services.	Internal control processes continued to be maintained by ComSuper throughout the year.

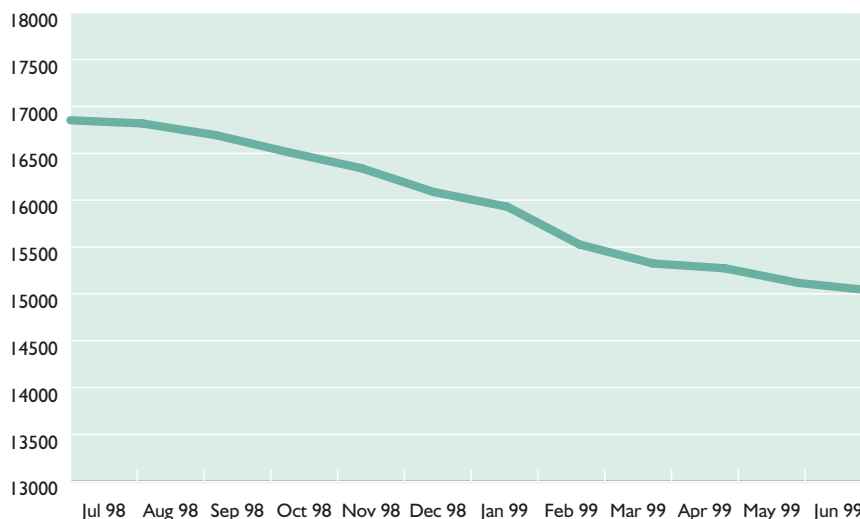
## Contributions received

Contributions received during 1998–99 totalled \$42,034,134.09, a 7.7 per cent fall from 1997–98.

## Contributors

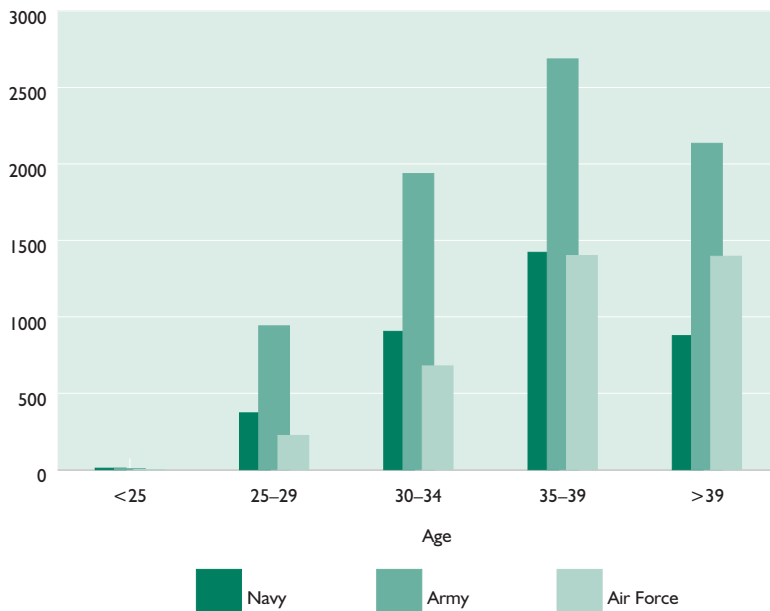
As the Scheme is no longer open to new members, the number of contributors has continued to decline, falling to 14,992 as at 30 June 1999. Chart 2 shows the number of contributors during 1998–99. Four people who were receiving a DFRDB benefit re-entered the Defence Force during the year and elected to contribute to the Scheme. Table 1 shows the number of DFRDB contributors since 1994–95, and Chart 3 shows the age profile of DFRDB contributors at 30 June 1999.

**Chart 2: DFRDB contributor membership 1998–99**



**Table 1: DFRDB contributors since 1994–95**

	1994–95	1995–96	1996–97	1997–98	1998–99
<b>NAVY</b>					
Male	5,200	4,671	4,231	3,806	3,419
Female	260	239	220	195	167
Subtotal	5,460	4,910	4,451	4,001	3,586
<b>ARMY</b>					
Male	10,974	9,997	9,178	8,300	7,333
Female	552	501	461	421	372
Subtotal	11,526	10,498	9,639	8,721	7,705
<b>AIR FORCE</b>					
Male	5,234	4,843	4,433	3,973	3,543
Female	259	234	209	185	158
Subtotal	5,493	5,077	4,642	4,158	3,701
<b>ALL SERVICES</b>					
Male	21,408	19,511	17,842	16,079	14,295
Female	1,071	974	890	801	697
Total	22,479	20,485	18,732	16,880	14,992

**Chart 3: Age profile of contributors at 30 June 1999, by Service**

## System changes

Modifications to DFRDB computer systems have been limited to support work for the past twelve months as the current system has been undergoing redevelopment for year 2000 compliance as part of the Military Integration Project (MIP). As well as making the system year 2000 compliant, the MIP has enabled the system to interface with the Department of Defence Military Pay System (ADFPAY), particularly for the collection of contributions.

## 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 DFRDB 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 higher 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 Scheme 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. These were noted by the Authority in July 1998. The factors are periodically updated by the Actuary.

On receipt of surchargeable contributions information, the ATO matches the data with the member's taxable income. If this 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 member must exercise a choice as to whether they acquit the debt immediately, pay it off in instalments, or have it deducted from their benefit on exit.

Due to the redevelopment of its computer systems to make them year 2000 compliant, ComSuper has not yet been able to report surchargeable contributions to the ATO. It is expected that ComSuper will be in a position to do this by late October 1999.

Extensive information for members about various aspects of the surcharge was made available on ComSuper's web site ([www.comsuper.gov.au](http://www.comsuper.gov.au)).

During the year, the Authority made several decisions in relation to surcharge, including deciding to lodge an objection once a member objects to a surcharge assessment; adopting guidelines for calculating the surcharge deduction amount; and agreeing to the conversion factors for the repayment of a surcharge debt from retirement pay/pensions.

## Member communication

Communication with members occurs through the distribution channels of the Department of Defence as well as direct client contact with ComSuper. The following table summarises performance against relevant service standards for the whole of the financial year.

<b>SERVICE</b>													
<p>ComSuper will, at the direction of the Authority, undertake a communications program aimed at improving members' knowledge and understanding of the Scheme so that they are in a position to make informed decisions at times when these need to be made. This will include a recognition of the particular needs of members.</p> <p>ComSuper will also provide a range of communications to members on benefit entitlements and queries relating to the general administration of the Scheme in writing, over the phone and by electronic means. ComSuper will continuously seek ways to improve these communications.</p>													
<b>STANDARD</b>	<b>OUTCOME</b>												
<p>Personal counselling will be provided in Canberra immediately if urgent, otherwise within five working days.</p> <p>Members will be advised within twenty working days of cessation of contributions on reaching forty years service.</p>	<p>This standard was met for 1998–99.</p> <p>This standard was met for 1998–99.</p>												
<table border="1"> <thead> <tr> <th style="text-align: left;">Written inquiries/ requests for benefit estimates</th> <th style="text-align: left;">Proportion of requests</th> </tr> </thead> <tbody> <tr> <td>Respond within ten working days</td> <td>75%</td> </tr> <tr> <td>Respond within fifteen working days</td> <td>100%</td> </tr> </tbody> </table>	Written inquiries/ requests for benefit estimates	Proportion of requests	Respond within ten working days	75%	Respond within fifteen working days	100%	<table border="1"> <thead> <tr> <th style="text-align: left;">Written inquiries/ requests for benefit estimates</th> <th style="text-align: left;">Proportion of requests</th> </tr> </thead> <tbody> <tr> <td>Respond within ten working days</td> <td>99%</td> </tr> <tr> <td>Respond within fifteen working days</td> <td>100%</td> </tr> </tbody> </table>	Written inquiries/ requests for benefit estimates	Proportion of requests	Respond within ten working days	99%	Respond within fifteen working days	100%
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STANDARD		OUTCOME	
Member statements	deliver to Department of Defence by 30 September	Member statements	delivered to Department of Defence in October.
Manually generated statements	issue by 31 December	Manually generated statements	last issue by 24 December
Replacement member statements	issue within 30 days of request	Replacement member statements	100% issued within twenty-eight days (average fourteen days)
<b>Telephone queries</b>	<b>Proportion of calls</b>	<b>Telephone queries</b>	<b>Proportion of calls</b>
Answer at time of call	90%	Answer at time of call	99%
Answer within two days	100%	Answer within two days	100%
dropout rate*	less than 5%	dropout rate*	4.6%
average wait time	less than 90 secs	average wait time	48 secs
response rate	60% answered within 60 secs	response rate	62% answered within 30 secs
* averaged over a year for those months when the number of calls is 4000 or less.		* averaged over a year for those months when the number of calls is 4000 or less.	

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

General communication is by means of correspondence, service newspapers, newsletters, the Internet, individual counselling and presentations given at Defence resettlement seminars and other seminars at ADF 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 41 of this report contains a list of currently available publications.



## **Counselling and information activities**

Individual 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 inquiries received.

The most popular form of request remains the telephone, with an average of some 1,035 telephone calls recorded per week, a significant increase on previous years. The Interactive Voice Response (IVR) telephone service recorded receipt of some 53,841 calls from members (MSBS and DFRDB), which was up significantly on last year's figure of 45,468.

During the year, ComSuper staff issued 3,662 retirement advice letters to DFRDB members and provided personal counselling for 121 members. Presentations were given at 29 resettlement seminars, attended by 5,370 people (both DFRDB and MSBS members). Forty-one DFRDB member sessions and 6 information sessions for administrative discharge staff were also conducted and were attended by 1,895 members and 143 staff respectively.

## Member statements

The Authority aims to distribute annual member statements by 31 December each year. The 1997–98 member statements were distributed in October 1998. Adjustments to procedures and processing schedules were also made to bring forward the projected distribution of the 1998–99 member statements to late August 1999.

The statements provide DFRDB contributors with equity figures and withdrawal benefits at the beginning and end of the financial year. Contributors also receive an *About Your Statement* leaflet in their statement kit.

The Authority aims to issue replacement member statements within one month of receiving advice that a member's statement is missing or incorrect. In 1998–99 the average time to issue replacement statements was fourteen days.

## Web Site development

Copies of ComSuper's web site for the DFRDB Scheme have been placed on Defence computing networks to improve access for members.

In 1998–99 work was also undertaken to improve the accessibility of electronic information by:

- including comprehensive searching facilities; and
- distributing the regular monthly newsletters in electronic form through e-mail.

## Benefit payments

The following table lists the services and performance standards relevant to the payment of benefits upon a member ceasing to be a contributor to the DFRDB Scheme. This includes all benefit types such as resignation, retirement, invalidity and death in service. It does not include benefits resulting from the death of DFRDB pensioner members (which are discussed in the section of this report dealing with pensioners).

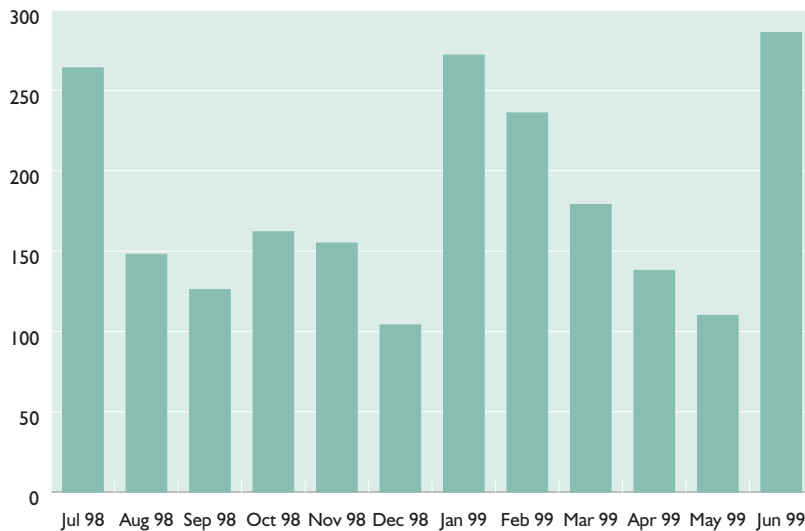
<b>SERVICE</b>																									
ComSuper will process all applications for benefits in a timely manner and in accordance with the legislation.																									
<b>STANDARD</b>	<b>OUTCOMES</b>																								
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The standards for the processing of military schemes benefit applications were monitored by the Authority throughout the year. The standards were met in all months of the year. Chart 4 shows the number of DFRDB benefit applications processed during 1998–99.

The average time taken to process a benefit during 1998–99 was approximately 4.7 days, compared with 4.25 days in 1997–98 and 3.5 in 1996–97.

A comparison of the dollar value of benefits paid in 1998–99 with the four previous financial years is set out in Table 2.

**Chart 4: DFRDB benefit applications processed 1998–99**



**Table 2: Benefits paid 1994–95 to 1998–99**

Benefit type	1994–95 (\$'000)	1995–96 (\$'000)	1996–97 (\$'000)	1997–98 (\$'000)	1998–99 (\$'000)
Pension payments	688,973	709,898	772,949	798,643	825,676
Lump-sum payments and transfer values	399	1,001	584	858	1,032
Refunds of contributions	7,755	7,079	6,115	5,087	6,482
Commutation payments	104,656	111,234	115,125	148,648	153,913
Total benefits paid	801,783	829,212	894,773	953,236	987,103

## **Gratuities**

Certain members who leave the Defence Force without an entitlement to a pension are entitled to a refund of their contributions plus a gratuity. Gratuities totalling \$228,900 were paid to members who exited in 1998–99.

## **Commutation**

Members retiring from the Defence Force may commute (i.e., exchange) part of their retirement pension for a lump sum. During 1998–99, retiring members could receive a maximum commutation lump sum of up to 4.8 times their retirement pay (up from 4.75 in 1997–98). During the year, 1,592 members elected to commute part of their pension: initial commutation payments totalled \$153,912,771.

Persons entitled to a spouse's benefit may also elect to commute part of their pension. There were thirteen such elections during 1998–99: payments in these cases totalled \$1,152,469.

## **'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, three elections were accepted under the 'no-detriment' provisions. At 30 June 1999, 1,050 members were receiving retirement pay under these provisions. Reversionary benefits being paid under the 'no-detriment' provisions had increased to 146 at 30 June 1999.

## **Re-entered recipients**

At 30 June 1999, 286 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 sixty-eight 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 public sector employment within ninety days of their exit date. When their combined Defence Force and government service reaches twenty years, they become entitled to a DFRDB pension. Four members elected to defer their entitlements in the Scheme in 1998–99. Fourteen deferred benefits became payable to members with twenty years combined ADF 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 benefits are determined by that scheme.

## Exits

On ceasing employment with the ADF, members receive either a pension or a refund of the contributions they paid into the Scheme. Those who leave the ADF after twenty years effective service, or after fifteen years at retiring age for rank, are entitled to a pension, as are people who retire on invalidity grounds and who receive an A or B classification (see page 25).

Eligible dependants of a member who dies also receive a pension. All other members receive a refund and gratuity, if applicable. All members are entitled to a productivity benefit funded by the Department of Defence.

In 1998–99, 1,798 members left the Scheme. Of these, 1,494 left with a pension entitlement. The remainder, 304, left with a refund entitlement. One hundred and seventy-one more members left the Scheme with a pension entitlement than in 1997–98. There were 143 less members who left with a refund entitlement than in 1997–98. Chart 5 compares the number of exits with and without a pension entitlement since 1994–95.

**Chart 5: Annual exits since 1994–95 showing pensions and refunds**



### Invalidity Payments (new grants)

Invalidity decisions are taken either by the Authority’s Committee of Alternates (C of A) or, in straight forward cases, under delegation held by ComSuper.

<b>SERVICE</b>	
In determining invalidity benefits ComSuper ensures that due process is followed, that claims are processed expeditiously, that legislative requirements are met and that guidelines issued by the Authority are followed.	
<b>STANDARD</b>	<b>OUTCOMES</b>
<ul style="list-style-type: none"> <li>• Submit cases to delegate or Committee of Alternates within fourteen days of receipt of supporting documentation and any additional information that may be required (supporting documentation includes medical documentation, the member’s employment experience, advice of conditions causing retirement, confirmation of date and mode of exit, and the member’s application).</li> <li>• Members will be advised of decisions taken within three working days.</li> </ul>	<ul style="list-style-type: none"> <li>• Standard met in 100% of cases processed during 1998–99.</li> <li>• Standard met in 99% of cases processed.</li> </ul>

## **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 ADF 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. This process is discussed further in the section of this report dealing with pensioners.

## **On-site Health Services Australia assessments**

ComSuper, in conjunction with the Department of Defence, has implemented new medical assessment arrangements for members being discharged on invalidity grounds. ComSuper now contracts Health Services Australia doctors to assess the member's incapacity, in lieu of Service doctors. The new arrangements allow faster processing and more consistency in assessments. In time, it is expected that up to 90 per cent of members will be classified and advised of their invalidity entitlements prior to their discharge from the Defence Force.

## **Effect of fitness standards**

As the ADF has implemented new medical and deployment standards, there has been an increase in medical discharges in this financial year. One hundred and forty-four cases were determined this year, some of which related to discharges in the previous financial year. It is expected that the number of discharges for the next twelve months will remain higher than the average in recent years.



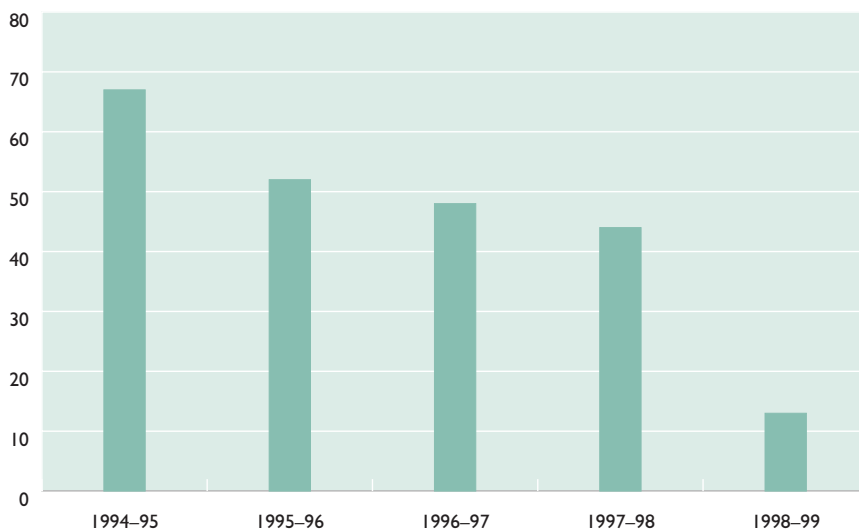
## Causes of invalidity retirement

The most common cause of invalidity retirement during 1998–99 was disorders of the joints and spine.

## Invalidity decision timeframe

Invalidity classifications took an average of thirteen days to finalise during 1998–99. This is an improvement from 1997–98, when the average time taken was forty-four days. It is the most significant improvement in turnaround time in the last five years. Chart 6 shows the average time taken to determine new invalidity cases during 1998–99.

**Chart 6: Average number of days taken to determine new invalidity cases 1993–1999**



## Pensioners

### SERVICE

ComSuper will maintain appropriate records and documentation of all persons eligible to receive a pension under the Act. This includes the setting up of a new record when a pensioner commences, processing amendments to personal details, processing altered payment arrangements, processing cessations on death, where applicable commencing reversionary benefits following death, processing variations to child/student pensions, processing variations to invalidity pensions following reclassification and initiating recovery of overpaid pension when advice of death is delayed.

### STANDARD

Make changes to pension payment arrangements within the first available fortnightly pay cycle following receipt of a request.

ComSuper will maintain appropriate internal control procedures to ensure that systems fulfil the functions for delivery of these services.

### OUTCOMES

Detailed supporting statistics were not available for 1998–99 but indications are that the standard was met in the majority of cases.

## Pensions in force at 30 June 1999

At 30 June 1999, 51,953 people were receiving pensions under DFRDB and DFRB legislation. This represents an overall increase of 1,383 from 30 June 1998. Table 3 shows pension payments by type and Scheme as at 30 June 1999.

**Table 3: Pension payments by type and Scheme at 30 June 1999**

Type of Pension	DFRB	DFRDB	Total
Retirement	2,333	39,474	41,807
Invalidity	979	2,038	3,016
Reversionary			
- spouses	2,884	3,656	6,540
- children	23	566	589
Act of grace	1	0	1
<b>Total pensions</b>	<b>6,219</b>	<b>45,734</b>	<b>51,953</b>

## Pension payments

<b>SERVICE</b>	
ComSuper will process all applications for reversionary benefits following the death of a pensioner, that is, eligible spouses, children and orphan pensions, in a timely manner and in accordance with relevant legislation.	
<b>STANDARD</b>	<b>OUTCOMES</b>
Reversionary pensions will be commenced on the next available payday following receipt of application subject to eligibility criteria being clearly met and subject to there being no counter claims.	Detailed performance based statistics were not available for this activity during 1998–99.

## Spouses' benefits

At 30 June 1999, 6,540 spouses were receiving pensions under the provisions of the DFRB and DFRDB Acts, 389 of which commenced in 1998–99.

## Children's and orphans' benefits

At 30 June 1999, 589 children and orphans were receiving pensions under the provisions of the DFRB and DFRDB Acts. During the year, 136 new children's and orphans' pensions commenced.

## Invalidity review

<b>SERVICE</b>	
ComSuper may from time to time review the classification of invalidity pensioners either of its own volition or at the request of pensioners.	
<b>STANDARD</b>	<b>OUTCOMES</b>
Reviews will be completed within twenty working days of receipt of all relevant information.	ComSuper is completing reviews, or submitting them to committees within twenty working days of receipt of all information.
Members will be advised of decisions taken within three working days.	In 99 per cent of cases the advice of the decision taken is despatched to the member within three working days.

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 1998–99, 498 invalidity cases were reviewed, compared with 578 in 1997–98 and 591 in 1996–97. Of the 106 classifications that proceeded to a full medical review, 70 were changed: 39 of these were increased and 31 were reduced. Forty-nine of these services were requested by the member.

## Pensioner communications

### SERVICE

ComSuper will, at the direction of the Authority, provide a range of communications to pensioners to assist their understanding of the Scheme, to facilitate inquiries and to facilitate changes to personal or payment details.

In response to guidance from the Authority, ComSuper will also seek to improve the quality and effectiveness of its communications with pensioners in part through regular reviews and in part through surveys of clients.

### STANDARD

Members who request a variation to their method of payment or who advise other changes will be sent an acknowledgment when the change has been effected.

To answer 100 per cent of telephone inquiries at the time of the call.

Written inquiries will be responded to within five working days (however if the enquiry is complex and a response within that time is not possible, the member will be told of that within five days).

Average telephone wait time*	less than 1 minute
Dropout rate	less than 5%
Average response time‡	80% to be answered within 30 seconds

\* averaged over a year

‡ this standard was introduced from February 1999

### OUTCOMES

All variations to method of payment and other changes were acknowledged when the changes had been effected.

All telephone inquiries were dealt with within the agreed standards (see the table below).

A total of 27,058 written enquiries were processed in 1998–99, all were answered within the agreed service standards.

Average telephone wait time*	27 seconds
Dropout rate	4%
Average response time‡	81% answered within 30 seconds

\* averaged over a year

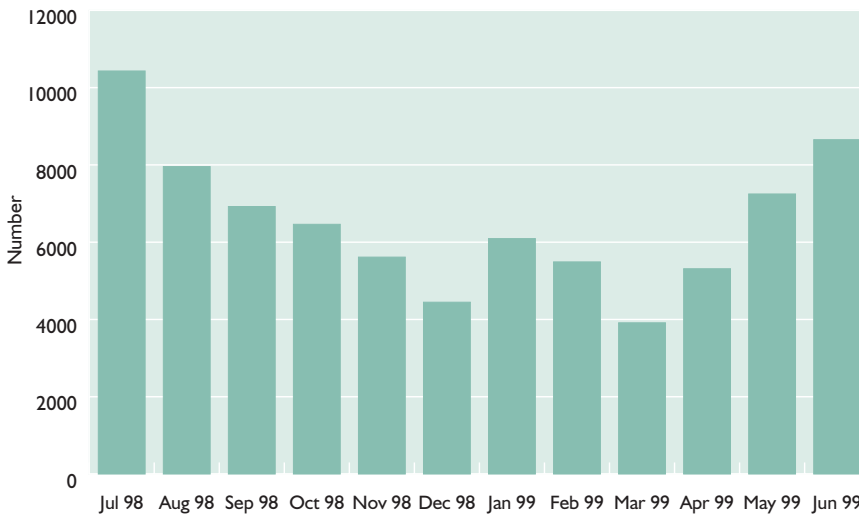
‡ this standard was introduced from February 1999

## Counselling and inquiry service

Staff of ComSuper's Retired Member Advisory Service assist pensioners to understand their superannuation entitlements and maintain their pension accounts in accordance with the service standards agreed between ComSuper and the Authority.

Advisory officers can be contacted by telephone (through a dedicated call centre), by letter, facsimile or by e-mail. Pensioners with hearing impairments can use a special teletypewriter (TTY) facility. Advisory officers are available for personal counselling at ComSuper's office. Pensioners who use the Internet can get information from the ComSuper web site. Chart 7 shows the number of telephone inquiries received by the Retired Member Advisory Service during 1998–99.

**Chart 7: Telephone calls received by the Retired Member Advisory Service 1998–99**



## Pension increase

<b>SERVICE</b>			
ComSuper undertakes to process the annual pension increase in accordance with the legislation.			
<b>STANDARD</b>	<b>OUTCOMES</b>		
Process the annual pension increase on the first payday on or after 1 July each year.	This standard was met for 1998–99.		
<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; padding: 5px;">Annual pension advices and group certificates</td> <td style="width: 50%; padding: 5px;">to be sent out before the first pension payday in July each year</td> </tr> </table>	Annual pension advices and group certificates	to be sent out before the first pension payday in July each year	Pension advice letters were sent to pensioners before the first pension payday in July.
Annual pension advices and group certificates	to be sent out before the first pension payday in July each year		

Each year, pensions that are subject to adjustment, are increased in line with upwards movements in the Consumer Price Index (CPI). The increase is paid on the first pension payday in July. The DFRDB legislation provides for an increase to pensions on the first payday in July if the CPI number for the preceding 31 March exceeds the previous highest March CPI number.

For 1998, the 31 March CPI number did not exceed the previous highest number, and hence no increase was payable. All pensioners were advised in late June 1998 that their pensions would not be increased in July 1998.

In 1998–99, the Australian Bureau of Statistics announced a CPI change of 1.2 per cent for the March to March quarter. Because of last year's negative CPI figure (–0.2 per cent), under the calculation method in the DFRDB Act, this year's pension adjustment resulted in pensions being increased by 1.1 per cent.

Pensioners were advised of the adjustment to their pensions in the annual pension advice letter that is sent to them each year, together with their income tax group certificate and other relevant information.

## Dispute Resolution

### Avenues of review

DFRDB members can seek reconsideration of decisions made under the DFRDB Act by delegates and authorised ComSuper officers. In such cases decisions are reviewed by the Authority itself. A decision of the Authority may subsequently be appealed to the Administrative Appeals Tribunal (AAT) from which an appeal may also be made to the Federal Court on a point of law. Members also have rights of review under the *Administrative Decisions (Judicial Review) Act 1977*.

### Internal reconsideration

#### SERVICE

ComSuper undertakes to investigate requests for reconsideration in a thorough, objective and cost effective manner in accordance with any guidelines issued by the Authority.

#### STANDARD

<b>100 or less combined Military schemes reconsideration requests received in the financial year</b>	<b>Proportion completed</b>
within six months	50%
within nine months	75%
within twelve months	90%
<b>More than 100 combined Military schemes reconsideration requests received in the financial year</b>	<b>Proportion completed</b>
within six months	40%
within nine months	65%
within twelve months	80%

#### OUTCOMES

Fifty-six DFRDB cases, as well as seventy-three MSB cases, (a total of 129) were received during the financial year. Accordingly, the applicable standards were 40 per cent to be completed in six months, 65 per cent to be completed in nine months and 80 per cent to be completed in twelve months.

<b>Received</b>	56
<b>Processed</b>	59
<b>Completed in six months</b>	62%
<b>Completed in nine months</b>	70%
<b>Completed in twelve months</b>	77%

As evidenced in the table above, the standards for DFRDB cases were achieved in two categories, with only those completed in twelve months slightly below target. The Authority regularly monitored outstanding cases, in particular those cases remaining unresolved more than twelve months after having been received.



A person affected by a decision of the Authority, a delegate or authorised ComSuper officer may request the Authority to reconsider that decision. 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 that was before the Authority, contains the reasons for the decision and also advises about appeal rights to the AAT.

Fifty-six requests for reconsideration were received from DFRDB members during the year, a decrease of twelve from last year, adding to the sixty-two cases carried over from 1997–98. Of the fifty-nine cases finalised during the year, the Authority confirmed twenty-seven cases on reconsideration, while eighteen cases were varied in favour of the applicants. Another fourteen lapsed because the applicant failed to pursue the matter. Fifty-nine requests remained under investigation at 30 June 1999.

Most requests for reconsideration (some 77 per cent in 1998–99) concern the amount of invalidity benefit payable, either on discharge or at subsequent reviews. The amount of benefit varies depending upon the former member's assessed level of physical or mental incapacity to undertake suitable civilian employment. Other typical matters included determination of grounds for retirement, recognition of prior service, widows' entitlements, restoration of widows' pension and extensions of time to reconsider previous decisions.

ComSuper's Schemes Administration Services Group undertakes the preliminary investigation of cases with the reconsideration process normally involving the assembly of information additional to that available to the delegate who made the primary decision. Consequently, the process can be protracted. This is particularly the case where delays occur in obtaining information, such as in medical cases where specialist opinion is required. In spite of this, the majority of cases (77 per cent) were completed within twelve months.

## External appeals

The DFRDB Act provides that applications may be made to the 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 in the 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.

### SERVICE

ComSuper undertakes to do all things necessary to facilitate the expeditious processing of matters that go to the Administrative Appeals Tribunal, the Federal Court and other jurisdictions such as the Human Rights and Equal Opportunity Commission.

### STANDARD

Process all external review cases objectively and expeditiously.

### OUTCOMES

	1994–95	1995–96	1996–97	1997–98	1998–99
Decisions Affirmed	2	1	4	4	4
Decisions set aside/conceded	9	3	3	2	3
Applications dismissed	10	3	5	6	4
Extension of time denied	–	1	1	–	–
<b>Total</b>	<b>21</b>	<b>8</b>	<b>13</b>	<b>12</b>	<b>11</b>

## Administrative Appeals Tribunal

During 1998–99, fourteen applications for review were lodged with the AAT in addition to the ten that were carried over from the previous year. Of the eleven applications resolved during the year, the Authority's decision was affirmed in four cases while two cases were decided in the Applicant's favour. The Authority conceded one case on the basis of new evidence which was not available at the time it reconsidered the matter. Four cases were dismissed by the AAT following the applicant's withdrawal of their application for review. Thirteen cases were outstanding as at 30 June 1999.

## **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. No AAT decisions were appealed by the applicant to the Federal Court during 1998–99.

## **Judicial review**

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, 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 and no requests for a statement of reasons under the AD (JR) Act in respect of decisions made under either the DFRB or DFRDB Acts during 1998–99.

## Complaints

### SERVICE

ComSuper will maintain systems for dealing with complaints and representations made by Parliamentarians and the Ombudsman.

ComSuper will also maintain systems for dealing with requests under the Freedom of Information Act.

Systems will also be maintained to monitor inquiries directed to the Authority.

### STANDARD

Parliamentarian and Ombudsman representations and Freedom of Information requests will be dealt with within thirty calendar days. A substantive response to 80 per cent of complaints (excluding requests for internal review) will be provided within fifteen working days.

### OUTCOMES

The standard for processing Parliamentarian and Ombudsman representations and Freedom of Information requests was achieved in 100% of cases. The standard achieved for processing complaints was 65 per cent within fifteen working days.

ComSuper has established procedures for dealing with members' complaints. The aim is to provide a substantive response to 80 per cent of complaints within 15 working days.

In 1998–99 seventeen complaints and two ministerials were received by ComSuper. In addition, twenty-one ministerials were received and responded to within the Department of Defence without referral to ComSuper.

The subject of complaints were varied, and pointed to no particular problem issues.

Table 4 shows the time taken to respond to a complaint or ministerial/ombudsman enquiry.

**Table 4: Complaints and ministerials processing times 1998–99**

	Less than 15 days		15–30 days		30–90 days		Greater than 90 days	
	#	%	#	%	#	%	#	%
<b>Complaints</b>	11	65	3	18	2	11	1	6
<b>Ministerials</b>	2	100						

## Freedom of information

All requests for documents and amendments to 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 39 of this report. 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 74 requests for access to documents, compared with 160 requests in 1997–98. No requests were brought forward from last year and none were outstanding at 30 June 1999. All the requests received were for documents of a personal nature, most being requests for access to medical reports.

## Disclosure

Of the requests received, seventy-two were granted in full, none withdrawn and two refused. The average time taken to finalise a request was 9.1 days, compared with 7.5 days during 1997–98.

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 \$2,220 were waived pursuant to section 30A of the FOI Act.

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

## **Inquiries**

Inquiries 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 6509  
Telephone: (02) 6252 7514  
TTY: (02) 6253 2911  
Internet: [www.comsuper.gov.au](http://www.comsuper.gov.au)

## Accounting Services

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SERVICE	
<p>ComSuper will provide the Authority with the opportunity to participate in the development of ComSuper's annual internal audit program to identify areas of mutual interest and to examine reports of specific internal audits where there is a coincidence of interest.</p>	
STANDARD	OUTCOMES
<p>ComSuper undertakes to deliver the Authority's annual report within the statutory time limits.</p>	<p>The <i>Defence Force Retirement and Death Benefits Authority Annual Report 1997–98</i> was presented to the President of the Senate on 28 October 1998. The Senate Foreign Affairs, Defence and Trade Legislation Committee noted, in its <i>Scrutiny of Annual Reports No. 1 1999</i>, that the Authority had produced an informative document that is clearly written and well supported by tables and charts.</p>

## 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.

## Debtors

At 30 June 1999, \$318,452 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. During the year debts totalling \$7,695 were written-off (in twenty-three cases) and \$4,256 was waived (two cases).

## Appendix A: Publications

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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?*
- *Dependants' Benefits*
- *Invalidity Benefits*
- *Preserved Benefits*
- *Retirement Benefits*
- *Taxation of Benefits*

All of these publications can be obtained from members' Pay Offices, directly from National Mailing and Marketing on telephone: (02) 6299 5193, facsimile: (02) 6299 6040, or from ComSuper's web site ([www.comsuper.gov.au](http://www.comsuper.gov.au)).



## **Appendix B: Legislation**

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### **Changes to the DFRDB Act**

During 1998–99 the DFRDB Act was amended by the *Financial Sector Reform (Amendments and Transitional Provisions) Act (No. 1) 1999*. This Act made minor amendments to the DFRDB Act relating to the definitions of ‘bank’ and ‘financial institution’.

## Appendix C: Contact Officer

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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:

*Postal address:* Ministerial Liaison Officer  
ComSuper  
PO Box 22  
Belconnen ACT 2616

*Street address:* Unit 1, Cameron Offices  
Chandler Street  
Belconnen ACT 2617

*Telephone:* (02) 6252 5893

*Facsimile:* (02) 6253 1116

*TTY:* (02) 6253 2911

*E-mail:* [military.members@comsuper.gov.au](mailto:military.members@comsuper.gov.au)

## Appendix D: Glossary

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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
FOI	Freedom of Information
Gratuity	a one-off bonus payment paid to some members on resignation. It is usually only paid to 'other rank' members
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 incapacity 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
Superannuation Guarantee	arrangements which mean that a member who receives a refund entitlement 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

## Appendix E: Compliance Details

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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 1998–99*. Annual reporting requirements that are met in the Commissioner for Superannuation's report are indicated below by an asterisk.

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Organisation chart	*
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Staffing overview	*
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## **Appendix F: DFRDB Service Charter**

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In the latter part of 1998 a Service Charter for DFRDB contributors and retired members was developed and copies issued to members of the Scheme in accordance with Government policy.

The following extract lists the principle standards described in those Service Charters.

### **Contributors**

#### **Service Standard**

##### **Telephone inquiries to the Military Advisory Service between 9 am and 5 pm Eastern time**

The call will normally be answered within ninety seconds.

Requests for benefit estimates will, where possible, be provided at the time of the call.

**Outcome:** See page 17

##### **Visits to ComSuper between the hours of 9.00 am to 5.00 pm, Eastern Time**

Where no appointment has been made, we will see you as soon as possible.

Where an appointment has been made, a ComSuper staff member will be ready to meet you at the agreed time.

**Outcome:** See page 18

##### **Written inquiries**

Written inquiries will usually be answered within ten working days of receipt.

**Outcome:** See page 16

### **Annual member statements**

Before 31 October each year, ComSuper will send an annual statement setting out members' equity in the Scheme as at 30 June. Where there is a problem with a member's record, a manual statement will be sent before 31 December.

**Outcome:** See page 17

### **When members leave the Australian Defence Force**

ComSuper will process a lump sum benefit within five working days of the date of receipt of the application or the date of exit, whichever is the later, subject to all necessary information being received.

Pension benefits will be paid on the next available pension payday once all necessary information is received.

**Outcome:** See pages 20 and 27

### **Retirement on the ground of invalidity**

An assessment of the degree of a member's incapacity will be made within ten working days of receipt of all necessary paperwork (including medical assessments that may subsequently be arranged by ComSuper).

Once a decision on the level of incapacity has been made, payment will then be made within the time frames outlined under 'When members leave the Australian Defence Force'.

**Outcome:** See page 24

### **Notification of the death of a member where he/she is survived by an eligible spouse and/or eligible children**

ComSuper will send a benefit application form with explanatory notes, an information leaflet and a covering letter to a member's spouse and/or to the guardian of the child/children immediately upon being advised of the death of a member.

**Outcome:** See pages 20 and 28

**Death of a member where he/she is not survived by any dependants**

A benefit will be paid to a member's estate within ten working days of all necessary documentation being received.

**Outcome:** See page 27

**Retired members**

**Service standard**

**Variations to fortnightly benefit payments**

Any changes to the way benefits are paid will usually be made by the next pension payday.

**Outcome:** See page 27

**Notification of a change of address**

The change will usually be made by the next available pension payday.

**Outcome:** See page 27

**Written inquiries**

Written inquiries will be responded to within ten working days of receipt.

**Outcome:** See page 30

**Notification of the death of a member**

ComSuper will forward a benefit application form to the spouse of a member, an eligible child or children or a guardian within twenty-four hours of receiving notification of the death of a member.

Upon receipt of a correctly completed benefit application form, and where an entitlement is automatic, we will arrange for the benefit to be paid by the next available pension payday.



Where an entitlement is not automatic, ComSuper will write to the member's spouse and advise what needs to be done within seven days of receiving an application form.

**Outcome:** See page 28

#### **Telephone inquiries—Retired Member Advisory Service**

Calls to the Advisory Service will usually be answered within sixty seconds.

**Outcome:** See page 30

#### **Visits to ComSuper between the hours of 9 am and 5 pm, Eastern Standard Time**

ComSuper staff will see you within five minutes of your arrival. However, where an appointment is made, members' concerns can generally be resolved more quickly.

**Outcome:** See page 31

#### **Annual pension advice letters**

The pension increase (if applicable) will be paid on the first pension payday in July.

An advice letter will be sent to members usually before the first pension payday in July.

**Outcome:** See page 32

#### **Income tax group certificates**

Group certificates will be sent with the annual pension advice letter, usually before the first pension payday in July.

**Outcome:** See page 32

#### **Income tax concession information**

Information to help members determine if they are eligible for a superannuation tax concession will be sent with the annual pension advice letter in July each year.

**Outcome:** See page 32

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## DFRDB in Brief

<b>Scheme Statistics</b>			
	at 30 June 1998	at 30 June 1999	Increase (Decrease)
<b>CONTRIBUTORS</b>			
Males	16,079	14,295	(11.1%)
Females	801	697	(13.0%)
<b>Total</b>	<b>16,880</b>	<b>14,992</b>	<b>(11.2%)</b>
	at 30 June 1998	at 30 June 1999	Increase (Decrease)
<b>PENSIONS IN FORCE</b>			
Age Retirement	40,630	41,807	2.9%
Invalidity	2,979	3,016	1.2%
Dependants	6,960	7,129	2.4%
Act of Grace	1	1	–
<b>Total</b>	<b>50,570</b>	<b>51,953</b>	<b>2.7%</b>
	1997–98	1998–99	Increase (Decrease)
<b>EXITS</b>			
Retirement	1,419	1,501	5.8%
Resignation	267	182	(3.2%)
Invalidity	76	115	51.3%
Death	8	0	(100%)
<b>Total</b>	<b>1,770</b>	<b>1,798</b>	<b>1.6%</b>
	1997–98	1998–99	Increase (Decrease)
<b>OTHER</b>			
Member Contributions Received	45,541,000	42,034,134	(7.7%)
Total Benefits Paid	953,236,000	987,102,568	3.6%
Total Pensions Paid	806,863,000	825,675,558	2.3%
Average Annual Pension	15,955	15,964	–

A comprehensive compendium of statistical tables can be obtained by contacting the ComSuper office, or from the ComSuper internet site, [www.comsuper.gov.au](http://www.comsuper.gov.au).