

EDR Review Secretariat
The Treasury
Langton Crescent
Parkes, ACT 2600

Email: EDRreview@treasury.gov.au

11 October 2016

Via Email

Thank you for the opportunity to provide comment on the Issues Paper 'Review of the Financial System External Dispute Resolution Framework'.

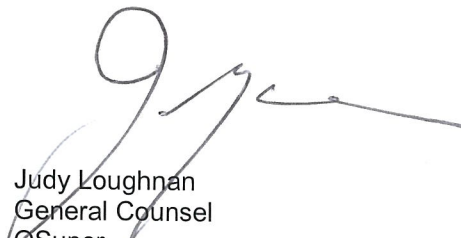
For over 100 years, QSuper has been the trusted partner and default superannuation fund of the Queensland Government, helping public sector employees and their spouses create a better financial future. QSuper is one of the country's largest and most trusted superannuation funds with a membership of over 550,000, more than \$65 billion in funds under management and more than \$93 billion in accounts under administration.

Please find attached a short submission outlining QSuper's views on issues relating to the current External Dispute Resolution framework.

As always, QSuper is committed to working actively and constructively with Treasury to enhance Australia's superannuation system.

We would welcome the opportunity to discuss our submission and to assist further. In the first instance, please contact Irene Diocares, Divisional Analyst, on 07 3239 1731 or irene.diocares@qsuper.qld.gov.au.

Yours sincerely



Judy Loughnan
General Counsel
QSuper

QSuper Submission

Performance of the Superannuation Complaints Tribunal (SCT)

QSuper is supportive of the SCT and the valuable work it does in providing a complaint resolution service at no cost to members.

Over the last few years, QSuper has observed the time taken between lodgement of a complaint and resolution has increased significantly resulting in additional cost and frustration for parties involved.

While an increase in time between lodgement and resolution can be attributed to an increase in volume and complexity of complaints, QSuper believes a review of the level of resourcing required to meet the cases presented to the SCT is necessary.

Further, QSuper believes it would be beneficial to examine SCT processes and procedures to see if there is any opportunity to improve efficiency of processing complaints.

QSuper appreciates that it is necessary to meticulously and methodically work through the evidence for each complaint. However, there are some matters which could be fast tracked where, for example, they are outside the SCT jurisdiction, outside Insurance Terms, or where the facts are not contested and clearly support the claim by the member or the position of the Fund.

A recent example saw a claim ultimately dismissed after a period of 21 months and a substantial amount of work for the SCT, in conciliation conference and subsequent determination, on critical facts that were available and uncontested at the time of lodgement.

QSuper supports quality external dispute resolution bodies that provide a low cost alternative to the Courts. One of the aims of the SCT stated on its website is to provide “a free user-friendly alternative to the court system”. Unfortunately delays in progressing superannuation complaints in a timely manner have resulted in plaintiff legal firms increasingly using the court system to resolve TPD insurance disputes. In our experience, litigated matters are also likely to take a considerable period of time between commencement and final determination. The biggest difference is in the costs, which are significant for both the member and the Fund regardless of the outcome of the dispute.

QSuper believes that a well-resourced SCT with a triage and fast-track process will reduce response times and may restore confidence in the SCT and reduce the number of claimants resorting to the Court system.

Amalgamation of External Review Bodies and Triage Body

As a statutory tribunal, the SCT is very different to the other financial services External Dispute Resolution (EDR) bodies. Superannuation and Life Insurance are more complex and generally higher value than other transactional financial products.

It is not clear what benefits would arise for superannuation fund members from an amalgamation of the EDR schemes.

If an amalgamation were to occur, in our view, it will be necessary to maintain a team of dedicated superannuation specialists to hear and determine superannuation complaints, with different terms of reference, processes, response times, remedies, powers (including different caps than other financial services) as well as funding models.

The superannuation sector has a large number of participants that are not-for-profit funds, which means that the funding model needs to be carefully considered, as any fees or funding can only come from retirement savings of fund members.

QSuper believes that there is merit in creating a triage service as discussed in the issues paper which would overlay the existing appeal schemes.

This would allow a one-stop shop to provide a single point of entry to assist consumers for dispute resolution. This would reduce consumer confusion about where to lodge a financial services dispute, would give consumers information about how to conduct their complaint and potentially arm consumers with the confidence to pursue the complaint without incurring unnecessary legal costs.