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ASFA Submission - ASIC Consultation Paper 102: Dispute resolution – review of RG 139 and RG 165.

The Association of Superannuation Funds of Australia Ltd (ASFA) is pleased to make this submission to the Australian Securities and Investments Commission (ASIC) on Consultation Paper 102 Dispute Resolution – Review of RG 139 and RG 165.

ASFA is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. Our members, which include corporate, public sector, industry and retail superannuation funds, account for more than 5.7 million member accounts and over 80% of superannuation savings.

Scope of the submission

The Consultation Paper contained numerous proposals for both internal and external dispute resolution schemes.

ASFA however, seeks to make comment on only the issues surrounding the adoption of the definition of “complaint” in the new Australian Standard on complaints handling AS ISO 10002, and the implementation issues associated with adopting that definition into the internal dispute resolution mechanisms of superannuation funds.

New definition of complaint

The definition of complaint as contained in AS ISO 10002 reads –

“An expression of dissatisfaction made to an organisation, related to its products or services, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.”

ASFA supports the adoption of the proposed definition. However, we believe that the adoption of this definition raises two issues:

1. It removes the onus on superannuation fund members to explicitly state that they are making a complaint; and
2. Even where the matter is resolved immediately and to the superannuation fund member's satisfaction, it is still regarded as a complaint.

Although the adoption of this definition may add a layer of consistency to how complaints are treated, it has the consequence of creating a large additional workload for superannuation funds. Ultimately superannuation fund members will bear the cost of this additional workload.

Additional Workloads and Costs

The adoption of a broad definition of complaint based on client dissatisfaction and a requirement for every complaint to be recorded has significant workload and cost implications for funds. Specifically, ASFA's concerns regard Section 8.1 of the proposed standard – Collection of Information (see Proposal C2 of Consultation Paper 102). Section 8.1 reads in part –

“The organisation should establish and implement procedures for recording complaints and responses and for using these records and managing them”

ASFA's concern goes to requiring all funds to record data relating to each and every complaint, even where that complaint has been resolved after it had been brought to the attention of the fund, for example, where a member advises that they have not received a periodic statement that is then dispatched to the member. A similar scenario will occur in relation to calls received by funds that express dissatisfaction with investment returns or even taxation issues such as contributions tax levels.

Superannuation fund trustees have an over arching responsibility to act in the best interests of the fund's members. While a robust and effective complaints handling mechanism is part of this responsibility, it needs to be appreciated that a number of superannuation funds do not currently record and track all complaints in the manner alluded to by the new definition. The development of such a capability in this regard would be extremely costly, and that cost would ultimately be borne by fund members.

ASFA understands that some enquiries do turn into complaints at a later time and some seemingly resolved issues do come back. However it is unreasonable to expect that all enquiries are logged individually just in case they turn into complaints. Nevertheless, ASFA appreciates the policy objective of identifying and responding to complaints quickly and effectively as this improves both member satisfaction and provides superannuation funds with useful data to improve its overall operations.

ASFA's recommendation

In keeping with ASFA's objective of a workable and pragmatic outcome, ASFA's recommendations are as follows:

1. That ASIC makes a clear statement as to what its expectations are for the record keeping requirements of superannuation funds in implementing the new definition of complaint; and
2. That ASIC works with ASFA in determining a pragmatic approach to implementing the new standard.

If you would like to discuss anything further please feel free to contact either Tony Keir, Senior Policy Adviser on 02 8079 0815 or myself on 02 8079 0810.

Yours sincerely,

Melinda Howes

Director of Policy & Industry Practice