To:
The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

24th October 2018

I refer to my original submission to the Commission of 16 July 2018 reference PWF.0001.0001.9276.

In that submission I made a number of suggestions that I think could improve the regulation of Defined Benefit Pension (DB) schemes and significantly reduce the time to resolve complaints, in particular where a Trustee of a DB scheme seeks to delay the process through appeals. I have repeated these suggestions at the end of this submission in the hope that they may be considered for discussion in the final report of the Commission.

I am responding to the call for final submissions as a result of further delays in the finalisation of my own claim in relation to the termination of the pension plan of which I was a member. In my case the [redacted] continues to defer the completion of the process required by a determination of the Superannuation Complaints Tribunal even though they exhausted their legal challenges at a Special Leave hearing of the High Court on 18 May 2018. That is over five months have elapsed since then. This is against the background of my first complaint to the Trustee being made in early 2012. In other words, this matter has so far taken nearly seven years and remains unresolved. To highlight the nature of the Trustee's approach I have attached a transcribed copy of a letter dated 27 September 2018 from the Trustee, [redacted] the tone of the letter is patronising, but more importantly, seeks to justify a process which was unnecessary and clearly aimed at delay. I could say more.

I should emphasise that I am not asking the Commission to intervene in any way. I simply wish, once again, to bring to its attention the difficulty of challenging large vertically integrated financial organisations which have no qualms in using significant resources to defend, amongst other things, their business model and their mistakes.

Thank you.

Michael Billinghurst

Suggested Changes from 16 July 2018submission:

1. When the SCT role is transferred to the AFCA there should be stronger powers to enable the Authority to make a binding determination as to the monetary value to settle a claim as opposed to referring the matter back to a Trustee.
2. Appeals from the AFCA should be far more limited in scope than under the SCT legislation and in the interest of time limited to only one appeal to Court.
3. An Actuary or groups or firms of Actuaries should be proscribed from advising a Trustee and a fund sponsor/employer of the same scheme.

4. Some clearer separation of Trustees from other activities within multi service financial groups, such as Investment products and client services, is warranted.
5. DB fund annual valuations should require an additional valuation for an equivalent lump sum cost to provide guidance as to the expected cost of closure of a fund. Perhaps also "going concern" valuations need to be examined. Perhaps only employers with top credit ratings should be able to adopt this practice.
6. Examine the possibility of some sort of insurance scheme to assist beneficiaries of DB schemes where there is a financial failure of the employer and a fund shortfall although this may create issues of moral hazard.
7. Fund Trustees to have an absolute obligation to require a top up of a fund to meet expected liabilities……Via SIS rules perhaps?

LETTER FROM TRUSTEE

27 September 2018

[redacted]