

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2017-18

Finance Portfolio
24-25 May 2017

Department/Agency: CSC
Outcome/Program: General
Topic: Pillar Administration – delayed payments

Senator: McAllister

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Question:

Senator McALLISTER: Back to The Canberra Times again. On 9 May there was a report that thousands of public servants had not been paid their super on 9 March, 23 March or 6 April and that the money was not allocated until 10 April. That same media report says that Pillar Administration, who it said is contracted by you to manage the payments, is responsible for that. I wonder if you can explain why those payments were delayed.

...

Senator McALLISTER: When were you first made aware that there was a problem?

Mr Carrigy-Ryan: I will take that on notice and get back to you. My involvement with this issue is from March-April this year, but some of my people may have been advised that there were some issues of a more minor note of the same ilk earlier on, and I will need to check that out.

Senator McALLISTER: Yes. It is quite an important question. I am interested in understanding. There were three problems, on 9 March, 23 March and 6 April, and it is not resolved until 10 April. I am interested to understand when Pillar first uncovered the problem and when they advised you, and any actions that you subsequently undertook having been advised. For example—let's stick with your involvement rather than the involvement of your organisation—I think you said you were first advised in late March or early April?

Mr Carrigy-Ryan: I would need to check my notes on that. What I have been getting for the last month or more is a daily report on the remediation of all of those. I have been in constant contact with the chief executive of Mercer in the Asia-Pacific on the issue. We have had numerous meetings with Pillar to remediate the issues, so there has been a lot of activity going on. I think I said to you before that, on the accounts, the position has been resolved. These issues have been resolved.

Senator McALLISTER: Did you advise the minister when you learned of the delayed accounts?

Mr Carrigy-Ryan: Yes, we advised the minister. I cannot tell you the exact date.

Senator Cormann: I remember that I was advised. I will get the date.

Senator McALLISTER: Did you advise the members of the delay to their payments?

Mr Carrigy-Ryan: Yes, there is material—there is advice that was put on the website. Again, I will get you the date that that was put on the website.

Senator McALLISTER: You did not email them or anything?

Mr Carrigy-Ryan: No, but I will find that out. You ask me. I have a lot of staff who deal with this. I also have an organisation that I am contracted with to find out. I will find it out. I cannot tell you off the top of my head.

Senator McALLISTER: Ms McNaughton, have you got any idea about whether anything—any communication in addition to placing a note on a website—was issued to members?

Ms McNaughton: I would have to check. I cannot tell you off the top of my head.

Senator Cormann: We have already taken it on notice.

Senator McALLISTER: Okay. One of your spokespeople has said publicly that since transition there have been some issues allocating contribution payments to members' accounts. Have there been any issues other than the ones we have canvassed in the last few minutes?

Mr Carrigy-Ryan: I will need to take that on notice and get back to you. Obviously you are talking about issues of major import. The only other issue that I am aware of—but I will check every issue for your edification—is in a few insurance premiums. There was some issue with a few insurance premiums and the correct deductions being made for that insurance premium. But I will get the detail and provide it to you.

Answer:

Pillar (now Mercer) and CSC were aware of delays in the processing of contributions from the time of Mercer's transition to its new scheme administration platform (November 2016). There was a 'blackout' period in November to allow time to transition processes, as is normal practice in transitions of this kind. CSC was kept informed through weekly reporting of aggregate levels of unallocated contributions and worked closely with Mercer at an operational level throughout the transition.

On 27 April, CSC filed a breach report with APRA when it had become clear that allocation of some contributions to member accounts was beyond what is reasonable administrative practice even in the context of a complex system transition. During April, CSC's engagement with Mercer was escalated to daily meetings and communication with operational, management and executive staff.

On 28 April 2017, CSC advised the secretaries of ABS, DFAT, DHS and Defence of the issues.

On 28 April, CSC responded to all questions about this issue that were asked by a journalist.

On 1 May 2017, CSC advised the Minister about the issues.

As of 22 May 2017 all aged contributions for ABS, DFAT, DHS and Defence had been allocated.

Members were advised of the transition and potential impacts ahead of time in a Significant Event Notice, sent to members in July 2016 and available on CSC's website.

On 28 April a notice explaining the issue was published on CSC's website. That notice explained that "member accounts will reflect contributions and earnings from when contributions should have been allocated".

On 29 May, an updated notice about the issue was published on CSC's website. That notice also said that CSC would ensure that member accounts reflected contributions and earnings from when contributions should have been allocated.

Both notices were removed from the website once they were no longer relevant.

The only other significant issue of which we are aware that occurred around the time of the transition was incorrect insurance premiums being charged and incorrect levels of cover being disclosed (via the member online portal). This resulted from an IT system error which has now been rectified. This error was also reported to APRA. No member has been paid an incorrect insurance benefit as a result of the issue.