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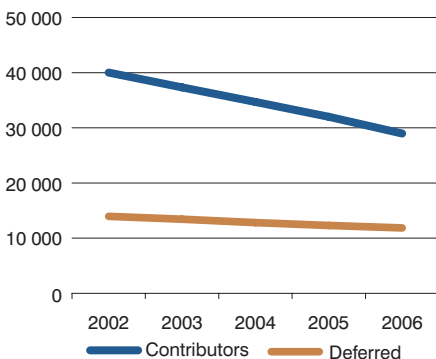


Membership data

Table 14: Membership and contributions for past five years

Year ending 30 June		2002	2003	2004	2005	2006
Contributors	male	27 287	25 396	23 536	21 697	19 551
	female	12 728	11 920	11 148	10 314	9 420
	total	40 015	37 316	34 684	32 011	28 971
	member contributions	\$153m	\$149m	\$144m	\$147m	\$137m
	employer funded contributions	\$49m	\$49m	\$48m	\$48m	\$45m
Deferred benefit members	male	10 351	9 739	9 242	8 794	8 420
	female	3 605	3 690	3 584	3 503	3 428
	total	13 956	13 429	12 826	12 297	11 848
Pensions in force		111 578	116 232	112 319	113 693	114 288
Total members		165 549	166 977	159 829	158 001	155 107

Chart 3: Contributor and deferred membership five-year trend



Scheme administrator

Scheme administration is undertaken by Commonwealth Superannuation Administration on the basis of a statutory mandate.

The scheme administrator's major areas of activity encompass:

- calculating and paying benefits (including invalidity benefits)
- maintaining records of contributors and pensioners
- receiving and accounting for contributions from employing agencies in respect of their employees

- reconsidering and reviewing decisions on entitlements
- providing information to members.

Performance indicators

Indicators of performance are set down in the service level agreement between the Board and the scheme administrator.

In addition to this agreement, the Board annually reviews the effectiveness of all aspects of its scheme administrator's performance in a thorough evaluation.



Surcharge

The *Surcharge Contributions Tax (Assessment and Collection) Act 1997* applies to a tax on employer financed contributions. It specifically targeted high-income earners where it imposed a surcharge of up to 15% on a member's surchargeable contributions, provided the member's adjusted taxable income was greater than the surcharge threshold.

The *Superannuation Laws Amendment (Abolition of Surcharge) Act 2005* was passed. However amendments to the surcharge laws had effectively abolished surcharge from 1 July 2005. Nevertheless, the amendments did not remove the responsibility for reporting information to the Australian Taxation Office. Despite the amendments, the CSS Board is required to maintain surcharge debt accounts for members whose surchargeable contributions attracted the surcharge up to and including the financial year ended 30 June 2005.

The CSS Board is required to impose interest on any amount in a member's surcharge debt account at 30 June in any year. Interest is based on the ten year Treasury bond rate.

A member may choose to acquit the surcharge debt immediately, pay it off in instalments, or have it deducted from his or her benefit on exit.

Table 15: CSS surcharge activity during 2005/06

	Number	\$
Applied surcharge debts reported by the ATO to members' accounts	7 969	\$12 638 402
Received surcharge debt payments from members	2 345	\$7 400 716
Recovered debts from member benefits	889	\$4 912 980
Applied interest to surcharge debts outstanding as at 30 June 2005	12 273	\$3 975 912

Family Law

CSS legislation enables the creation of accounts for non-member spouses in Family Law splitting situations. During the year 84 cases were received, which were processed, and non-member spouse records were created.

Benefit payments

Table 16: Contributor exits and preserved benefits claimed by type 2005/06

	Contributor exits		Preserved claims		Total
	04/05	05/06	04/05	05/06	05/06
Age	820	879	1 962	2 216	3 095
Invalidity	95	88	21	12	100
Death	59	35	54	4	39
Resignation	1 252	1 370	-	-	1 370
Retrenchment	647	951	-	-	951
Total	2 873	3 323	2 037	2 232	5 555

The vast majority of the resignation cases processed during the year were members who resigned just prior to age 55, preserved their benefit and then claimed deferred age retirement benefits after reaching age 55.

The Board requires all applications for benefits from members, preserved benefit members and pensioners to be processed in a timely manner and in accordance with relevant legislation.

Processing of invalidity claims

Members who are totally and permanently incapacitated to the extent that they are unlikely to work again in a position for which they are reasonably qualified by education, training or experience (or could become so after retraining), may be retired on invalidity grounds and become entitled to payment of invalidity benefits.

The invalidity retirement process is designed to ensure a thorough assessment of a person's condition and to fully consider prospects of rehabilitation and/or retraining before the Board issues an invalidity retirement certificate.

Pre-assessment payments

The legislation provides for pre-assessment payments to be made, to ensure that a person, who is (or is likely to become) totally and permanently incapacitated is not left without income while his or her case is assessed.

Applications for the issue of an invalidity retirement certificate are normally made to the scheme administrator through the applicant's employer. Eligibility for pre-assessment payments will be routinely determined by the scheme administrator after consideration of medical evidence which must include a medical report completed by a Health Services Australia Occupation Physician (or other Board approved medical practitioner) who has examined the person and considers that the person is, or is likely to become, totally and permanently incapacitated.

Assessment panel

The invalidity decision-making process requires the Board to engage an assessment panel, experienced in assessing invalidity claims for superannuation purposes, to help the Board determine whether a person is totally and permanently incapacitated. During 2005/06, assessment panel services were provided by Independent Claims Management Pty Ltd (ICM).

Board decisions

The Board decides whether to approve the invalidity retirement and, if so, to issue a certificate having regard to:

- the advice of the panel, and
- the 'practicality' of the person being able to find a job for which he or she is qualified or could become qualified after retraining.

Invalidity summary

Table 17: Invalidity claims 2005/06

Invalidity claims	
received	87
approved	83
withdrawn	2
Pre-assessment claims	
received	52
approved	52
Cases considered by the Assessment panel	
received	87
approved	85
withdrawn	2
Invalidity retirement certificates issued	83
Invalidity retirement certificates fast tracked	13

Pensions

At the end of June 2006 there were 106 606 CSS pensioners.

The CSS keeps them updated with bi-annual mail out consisting of pension increase information, Pension Update and a calendar.

The pensions were increased by 1.6% in December 2005 and 1.4% in June 2006.

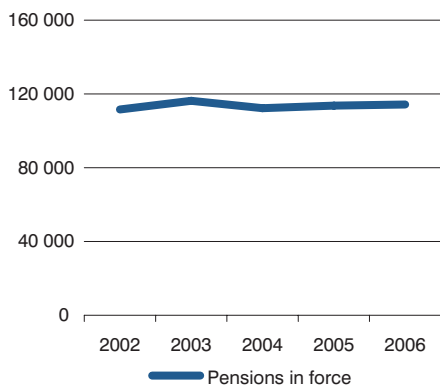
The Pension Update provides information that is important to the CSS for record maintenance and articles that directly relate to superannuation. A Focus group is run to assist in the contents of the Pension Update and it has been very informative.



Table 18: Pensioner summary

Pensions at 30 June	2005	2006	Difference
Age retirement	50 169	51 620	1 451
Involuntary retirement	14 760	14 797	37
Invalidity retirement	20 165	19 343	(822)
Spouse and orphans	28 563	28 528	(35)
Total	113 657	114 288	631
Pensions paid	\$2 514m	\$2 424m	\$90m
Average yearly pension	\$21 977	\$22 975	\$998

Chart 4: Growth in CSS pensioner population past five years



Fact of Death File

Fraud control measures enable us to identify pensioners who have died but whose pension payments are continuing.

The data received is known as the Fact of Death File. It is a subset of the death registrations of each state and territory in Australia.

The data is provided solely for the purpose of matching and ceasing pensions currently being paid to deceased pensioners. A report is produced each month from this data, which summarises the matches found between the Fact of Death File and current pensioners.

Due to the report being checked there has been a reduction in overpayments of pensions.

Dispute resolution

Avenues of review

Decisions of the Board and its delegates are subject to internal reconsideration and external review.

Internal review

A person affected by a decision of the Board or a delegate may apply in writing to have it reconsidered by the Board. A fee applies if the Board itself made the primary decision. If a person is still unhappy with the decision, further reconsideration may be sought but the application must be supported by evidence not previously known to the Board and a fee of \$150 is also applicable. If the appeal is successful or withdrawn, the fee is refunded.

The scheme administrator investigates requests and, where necessary, obtains additional information before referring to the Reconsideration Advisory Committee (RAC). The RAC comprises four members (two independent and two representatives from the scheme administrator) with a quorum of three members, one of whom must be an independent member. The Committee currently comprises:

- Ms Ann Forward and Mr Bill Gray AM as the independent members, and
- any two of five nominated scheme administrator representatives.

The RAC makes a recommendation that the Board considers, along with all the relevant evidence, in deciding whether to affirm or vary the decision, substitute another decision or set aside the decision. The Board can also choose to reconsider a decision on its own motion. Each applicant receives a written statement of reasons for the Board's decision on reconsideration.

Requests for reconsideration are treated as complaints for the purposes of section 101 of the *Superannuation Industry (Supervision) Act 1993* (SIS) and should a person be unhappy with the Board's decision, the matter can be referred to the Superannuation Complaints Tribunal.

The Board requires its scheme administrator to investigate requests for reconsideration of decisions in a thorough, objective and effective manner in accordance with any guidelines issued by the Board.

Applications received

In 2005/06, 16 applications for reconsideration were received, compared with 30 last year.

Of the requests for reconsideration received, four involved benefits payable to spouses or children, two involved the issue of a benefit classification certificate and two involved late elections. The remaining requests concerned various other scheme provisions.

Cases finalised

Nineteen cases were finalised during the year, compared to 27 for the previous year. In only two cases was the original decision varied in favour of the applicant, one on the basis of additional evidence and one as the result of a different interpretation of information provided.

Table 19: Reconsideration applications received and outcomes 2004 to 2006

	2004/05		2005/06	
	Decision of the:			
	Delegate	Board	Delegate	Board
Brought forward	8	0	10	1
Received	28	2	14	2
Withdrawn or lapsed	12	0	6	1
Decisions affirmed	9	1	9	1
Decisions set aside	5	0	2	0
Resolved	26	1	17	2
Carried forward	10	1	7	1

External review

The Board requires its scheme administrator to do all things within its control to facilitate the expeditious processing of matters that go to the Superannuation Complaints Tribunal, the Federal Court and other jurisdictions, such as the Human Rights and Equal Opportunity Commission.

The Board is also kept informed of the outcome of external appeals and of their implications.

Complaints lodged with the SCT

Table 20: Complaints lodged with the SCT

Carried over	Received	Completed	Outstanding
16	16	Withdrawn: 7*	14
		Affirmed: 8	
		Set aside: 3	
		Total: 18	
*3 matters withdrawn by the complainant 4 by the Tribunal			

Federal Court

Determinations of the SCT are reviewable by the Federal Court in its original jurisdiction under section 46 of the *Superannuation (Resolution of Complaints) Act 1993* (the SRC Act). Appeals must be instituted within 28 days of notification of the SCT determination on the grounds of an error of law.

Decisions taken in the administration of the CSS are subject to review by the Federal Court in its original jurisdiction under the *Administrative Decisions (Judicial Review) Act 1977* (the AD(JR) Act). Recourse to the Federal Court under the AD(JR) Act may be based on any of the legal grounds set out in sections 5, 6 and 7 of the AD(JR) Act, including:

- errors of law
- improper exercise of power
- denial of the rules of natural justice
- failure to observe procedures, or
- unreasonable delay in making a decision.



The ambit of decisions which may be reviewed under the AD(JR) Act includes decisions made by the Board and its delegates. During the year there were two CSS appeals reviewed by the Federal Court under the SRC Act and no CSS matters commenced under the AD(JR) Act.

Claims against the Board

During the year, the Board received 12 claims for compensation concerning claimants' benefit entitlements with a further 21 cases still outstanding as at 1 July 2005. The Board and its delegates considered 20 claims during the year with liability accepted in 11 matters. Total compensation payments amounted to \$466 916. Thirteen cases remain outstanding as at 30 June 2006.

Complaints and representations

Exit rate policy, investment choice and taxation rates were the most frequent theme of complaints and representations during the year. Other issues that were the subject of complaints and enquiries included postponed age retirements, debt recovery and the release of information statements. All complaints were able to be resolved within the SIS legislative timeframe of 90 days.

Table 21: Complaints and representations received 2005/06

	2004/05	2005/06
Complaints	119	141
Parliamentary representations	13	16
Total	132	157

Stakeholder Communications

Overview

Communications efforts during the 2005/06 year were focussed on significant regulatory, policy and service initiatives for members, employers and other stakeholders.

Member communications

The Board delivered education and information services to assist members to understand and make informed decisions about:

- changes to the Superannuation Surcharge legislation
- changes to the Government's Transition to Retirement measures
- changes to the Board's interest rate policy, which allows fairer distribution of earnings to all members.

The Board continued to develop its information distribution network in accordance with its Communication Plan, with the introduction of:

- the 'At Work for You' workshop (pilot), which aims to deliver a complete service offering to both members and employers with workshops being held at the members' place of work.
- a new information service for SES level employees and third parties (financial planners, advisers and unions)
- improvements to online information
- new phone and contact details dedicated to CSS members
- regular briefings for stakeholders who are seen by members as sources of information.

Over the next year, communications activities will be focussed on:

- rolling out the 'At Work for You' workshops
- the development of additional online transactions for members
- redevelopment of the CSS website.

Member enquires

Throughout 2005/06, work volumes increased in certain contact channels and decreased in others. The most significant increase was reflected in the number of written items processed which increased by more than 50%. These increases are a result of ongoing media coverage for superannuation. However, the contact centre has comfortably met its service standards for the majority of 2005/06.

New phone numbers were established, which separated the Commonwealth and the Military streams. The new numbers were implemented in October 2005 and are aimed at gaining more accurate information regarding calls received from the PSS/CSS schemes. The written work performed by a separate team has continued to be successful. Staffing levels in the second part of the review period were approximately 10% lower than for the first six months.

Resources dedicated to the provision of seminars and individual consultations remained constant, as did the overall number of services provided. During March and June, resources were also provided for the seminar pilot, which focussed on educating PSS and CSS members at their workplace. This pilot will continue into the new financial year.

The provision of a dedicated service for members at SES level was one initiative which was successfully piloted throughout 2005. With the recognition of the additional complexity inherent in the enquiries of many SES members, this service was staffed with the most experienced staff in the contact centre. The SES line has become a permanent service we provide members. There has been a steady increase in the use of this service. Further, the SES line has been expanded to include a third party referral number, which is dedicated to financial planners and union representatives. It has been successfully implemented with a steady increase in member contact volume. There has been consistent reported satisfaction with this newly provided service.

The review of the structure of the contact centre referred to in last year's report is ongoing with the final implementation due to be completed by December 2006.

The implementation of quality assurance within the contact centre occurred in August 2005. This mainly reviewed email and written correspondence. In May 2006, the quality assurance process also commenced the review of phone enquiries.

In regards to family law enquiries, the undertaking of form 6's was transferred to the administrative area in February 2006.

It should be particularly noted that throughout the review period, our customer satisfaction survey conducted in November 2005 revealed the second highest ever member satisfaction recorded over the past eight years.

Table 22: Enquiry volumes

Enquiry type	Number
Phone calls	42 845
Written enquiries	5 938
Email enquiries	11 443
Family law enquiries	419
Seminars presented	117
Personal counselling interviews	586

Annual Member Statement Pack

The Board's principal means of communicating with members is through its Annual Member Statement Pack, sent to all contributing and deferred benefit members.

The Pack, like every major CSS information service, is user tested by a randomly selected group of members—called a Member Editorial Panel—prior to finalisation to ensure it is useful and relevant. We thank all the members from around Australia who participated in this year's Panel.

SIS legislation requires the Board to distribute annual member statements by 31 December each year. The bulk of 2005 Annual Member Statement Packs were distributed in November 2005.



Due to the requirement for manual calculations, some statements were not able to be distributed until early 2006.

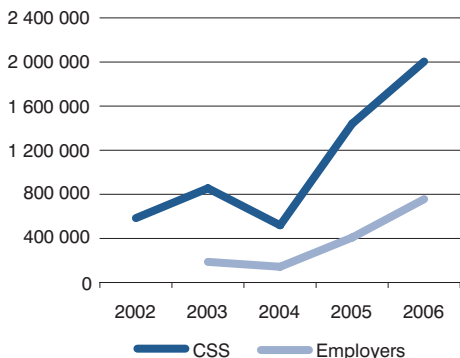
The 2005/06 Annual Member Statement Pack will be issued to members from September 2006 onwards, and all efforts are being made to meet the 31 December deadline.

Online Services

The CSS website (www.css.gov.au) continues to be a primary communications channel between the Board and members, particularly in relation to investment matters. This is reflected in the increase of page views to over 2 million for the year.

The Board remains committed to further enhancing its web presence and the development of online services.

Chart 5: CSS and employer website hits over the past five years



Member access to the website is seasonal in nature, peaking at times when end-of-year financial information becomes available.

Secure website access

Member Services Online provides members with a range of secure services including the calculation of benefits and the ability to view their annual statement online. During the year members accessed their member statements on 49 006 occasions and 79 393 benefit estimates were produced using the i-Estimator.

Performance Indicators

The scheme administrator's, Commonwealth Superannuation Administration (ComSuper), seventeenth semester (S17) client satisfaction survey was conducted between October 2005 and November 2005. The overall Quality Service Index (QSI), a measure of member's satisfaction with services, fell from 86.2% to 84.3%.

Despite the 1.9 percentage point fall from the previous semester, it still stands as the second highest index score recorded to date. The decline in satisfaction was due to the decreases in PSS/CSS member's satisfaction with the benefit payment and written estimates services, along with a smaller decrease in satisfaction with the Phone information service. The decline can be partially counterbalanced by a substantial increase with satisfaction with PSS/CSS seminars. Further, the trend in PSS/CSS members' overall satisfaction with ComSuper services since the commencement of the survey process still remains positive.

Over 93% of members indicated they were satisfied with the Phone information service. This was consistent with results from S16. Overall satisfaction did not fluctuate significantly by the member's scheme or age. Also similar to S16, nearly all members rated the ComSuper Customer Service Representatives very positively across a number of measures. Some key comments were that the information officer they dealt with was polite and courteous; clearly spoken; understanding; and that they resolved their enquiry efficiently.

Over 85% of members were satisfied with the way in which ComSuper processed their CSS benefit payment. Around 85% of members indicated satisfaction with the CSS written estimate service. There was a significant increase in the proportion of members who made the request by email from S16. Results illustrate that email is now the preferred method to request written estimates, followed by Phone.

The most significant increase since S16 is the overall satisfaction with CSS seminars. The QSI increased 3.2 percentage points to 84.0%. This is at its highest level since 1997/98, consistent with a gradual upward trend in satisfaction since 2000. Over 94% of members indicated their satisfaction overall with the seminar they attended. After attending the seminar, 78.8% of members reported having a 'good' understanding of superannuation issues. This signifies an improvement of 49.1 percentage points on their understanding prior to attending the seminar. This is aligned with the improvements in understanding recorded in recent cycles.

Ratings for the ease of understanding the information increased slightly in S17, still continuing the upward trend since T9. Satisfaction with the usefulness of the information (94.9%) and relevance of the subject matter to members' needs (93%) remained fairly stable. In addition, ratings for the performance of the seminar presenters remained very high.

Despite the slight decrease in satisfaction with CSS one-on-one information sessions, 96.8% of the members still indicated their contentment. Members were extremely satisfied with the availability of one-on-one information sessions; the ease of organising information sessions and the timelines in which members were attended to at sessions.

In relation to services accessed through Member Services Online (MSO), results were consistent with S16, which showed that the CSS members were much more likely to access the i-Estimator through MSO than their PSS counterparts. However, usage of MSO to access member statements increased for both schemes in S17, showing an increase of 8.9 percentage points for CSS members. Satisfaction with the i-Estimator increased by 2.3 percentage points for CSS members. Ratings for the usefulness of the i-Estimator were almost unchanged for both schemes in S17, and were consistent with ratings given in S16. Overall satisfaction with the scheme website continued to be high for CSS members, remaining almost identical in S17.

Employer communications

With the introduction of the PSSap and the implementation of the new Employer Services Online (ESO) web based tool from 1 July 2005, the communications with employers in the first half of the year was predominantly around these two topics.

As mentioned in last year's report ESO is a new web based tool which provides employers with a more effective and timely way to submit superannuation data to the administrator. It also allows business rules to be applied so that the quality of the data is improved. The tool also has other functionality to assist employers with the production of reports and an eligibility determiner, which assists employers to commence new employees in the correct fund, particularly where the employee has an existing interest in the PSS or CSS.

Employer Relations also continued its ongoing training program for the 223 employers, particularly for those employers with new personnel/HR staff and those who experienced specific issues with the complex Scheme Rules.

During the latter months of the financial year a new seminar program called 'At Work for You' was piloted with a few of our employing agencies. The concept of the program is to provide three different services to meet the needs of employees and employer at their place of work.

The services provided include:

- Seminar/workshops to members
- One-on-one consultations with members who are within 12 months of ceasing membership; and
- Employer seminars/training to HR/personnel staff on administration issues.

During the first few months of 2006/07 the 'At Work for You' program will continue its pilot phase and the seminars and workshops will be further refined to better meet member needs. In the remaining months of 2006/07 the program will then be rolled out to the majority of employers and then a yearly program will be developed.



During 2005/06 the following communication services were delivered to employers:

Table 23: Employer communications

Type of Service	Number Delivered
Employer training workshops (scheme rules based)	22
Employer site visits (technical)	68
Inbound calls received through employer help desk	6 832
Outbound calls to employers (follow up)	4 624

The inbound calls to the employer help desk increased dramatically during 2005/06 and exceeded the number of calls received in 2004/05 by approximately 4600. The calls received covered a wide range of topics for the PSS, CSS and PSSap and in regard to ESO issues.

Also during 2005/06 nine issues of Employer News were sent to employers. These news bulletins also covered a wide variety of topics, including Transition to Retirement, new rates (i.e. AWOTE, EPSC, MBL's etc) and data reporting requirements.

With the implementation of the PSSap and ESO it was decided not to conduct the annual employer survey because of the additional workloads being placed on employers. However, the survey is scheduled to be undertaken in August/September 2006 and the results will be included in the 2006/07 report.

Regulatory requirements

As regulated superannuation funds under the *Superannuation Industry (Supervision) Act 1993* (SIS), the CSS must comply with all the information disclosure standards set out in the SIS and corporations law. One of the major requirements is to maintain ongoing communication with members, giving assurance that the superannuation industry operates in a fair, honest and open manner.

Member communications are also compliant with the *Spam Act 2004*, the *Privacy Act 1988* and Parliamentary and Australian Government publishing standards.

Enquiries about any of the communications mentioned in this report or the CSS website can be addressed to:

Senior Communications Officer

Australian Reward Investment Alliance (ARIA)

GPO Box 1907

Canberra City ACT 2601

Phone: (02) 6263 6999

Fax: (02) 6263 6900