

Chairman's report





I am delighted to present the annual report on the performance of the funds and management and administration of the CSS for the last financial year. The Funds investment target is an average real return after tax and fees of no less than 4.5% per annum, which derives from a nominal return of 7% per annum over the long term. In 2005/06 the Fund achieved a return of 13.3%. Over the long-term we have consistently exceeded our target with returns which average 13.7% per annum over three years, 7.4% per annum over five years and 9.2% per annum over ten years.

The significant activity of the Board in the last financial year was the establishment of a single trustee called Australian Reward Investment Alliance (ARIA), which in effect is a merger of the two boards that were previously responsible for the CSS and PSS superannuation schemes. In addition to modernising and strengthening our governance procedures with ARIA, we have established a more rational and effective investment structure for all of the schemes that will benefit all members now and well into the future. I would like to thank the staff and stakeholders who worked so hard to achieve this outcome.

During the year the CSS Board was granted a licence by the Australian Prudential Regulation Authority. A significant amount of work was necessary to satisfy the regulator's requirements for the granting of a licence and significant resources will be required to meet licence conditions.

The changes announced in the 2006 May Budget will, if implemented in the form proposed, have a significant long term impact on the superannuation and retirement industry. The proposals represent a dramatic simplification of the rules applying to superannuation, particularly in relation to taxation, and ARIA will be continuing its discussion with the government to seek the best outcome for all of our members as a result of those changes.

I would like to thank the Minister and his department for their continued assistance throughout the year. I would also like to thank our partners; ComSuper, JPMorgan, JANA Investment Advisors, all of our fund managers and other service providers for their work throughout the year.

Susan Doyle
Chairman
Australian Reward Investment Alliance (ARIA)