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Overview

Table 4: Overview of the CSS

Established	The CSS was established on 1 July 1976 by the <i>Superannuation Act 1976</i> and closed to new members on 1 July 1990
Type	Combination of accumulation and defined benefit plans
Funds under management as at 30 June 2006	\$6.3 billion+
Members as at 30 June 2006	44 000+
Employer agencies as at 30 June 2006	223

Description of the Scheme

The CSS is a split-benefit superannuation scheme, with benefits generally being made up of two components:

1. A member-financed component
 - This benefit is based on the contributions paid by the member into the Fund plus earnings. Investment earnings are allocated to members accounts when they cease membership and claim a benefit.
2. An employer-financed component, which includes two parts:
 - The first part, which in most circumstances is paid as a non-commutable indexed pension out of Consolidated Revenue, is a defined amount. The amount payable depends on the reason for exit and has regard to several factors including final salary, age and length of contributory membership.
 - The second part of the employer component is the superannuation productivity benefit, which comprises employer contributions and earnings.

SIS compliance

The CSS is a complying fund under the *Superannuation Industry (Supervision) Act 1993* (SIS) and so continues to be eligible to have tax payable on net income of the Fund assessed at the concessional rate of 15%.

Actuarial review

The most recent actuarial review of the CSS was completed by Mercer Human Resource Consulting Pty Ltd during 2005/06. The CSS results were included in the 2005 PSS and CSS Long Term Cost Report tabled in Parliament on 14 June 2006 (a copy of the actuarial review is available at http://www.finance.gov.au/super/docs/PSS__CSS_LTCR_2005.pdf).

The results of the 2005 review and the previous two reviews are summarised below.

Table 5: Results of actuarial reviews

	30 June 2005	30 June 2002	30 June 1999
Net assets	\$6.0b	\$5.3b	\$5.6b
Unfunded liability	\$50.6b	\$49.3b	\$40.3b
Notional Commonwealth employer contribution rate (including 3% productivity contribution) as a percentage of salaries	28.2%	28.3%	21.9%

The notional employer contribution rates are the employer contribution rates necessary to ensure that employer financed benefits payable from the CSS would remain fully funded in three years time, if they were fully funded at the time of actuarial review.



The Australian Government's outlay on the CSS in any year is equal to the total benefit paid to existing members in that year, less the accumulated balance of member and productivity contributions of those members plus actual productivity superannuation contributions made by the Australian Government to the CSS Fund.

The 2005 review provided the following actuarial projection of the Australian Government's estimated costs for the CSS over the three years to 30 June 2008 (adjusted to 2005 dollars using a discount rate of 6%).

Table 6: Actuarial projections

Year ending 30 June	Estimated Australian Government CSS Costs \$m
2006	2 601
2007	2 512
2008	2 455

Further projections of estimated costs are included in the 2005 PSS and CSS Long Term Cost Report.

Functional chart

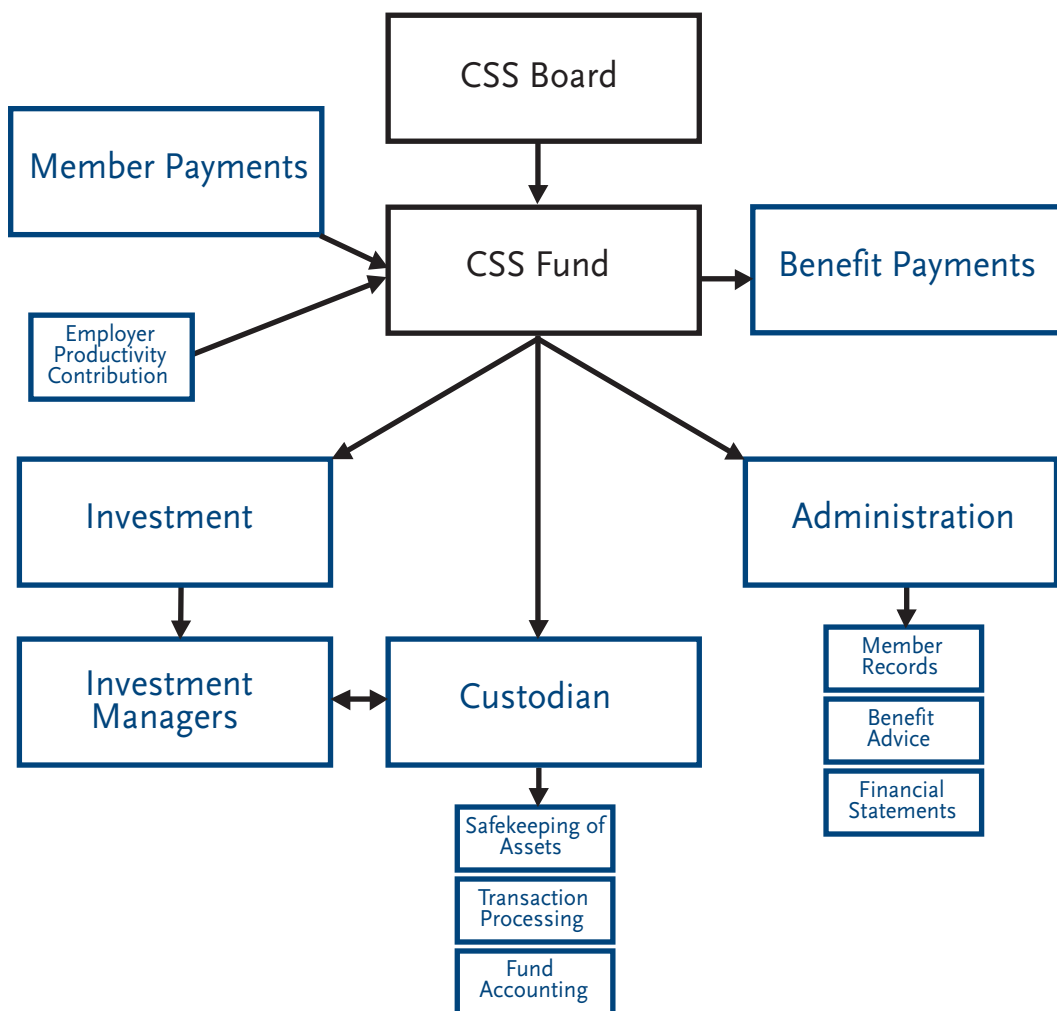


Illustration 1: Functional chart