

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates, 31 May to 2 June 2005

**Question: Bud 81**

**Topic: APRA – Members of Defined Benefit Funds**

**Hansard Page: E42**

Senator Sherry asked:

Senator SHERRY—As at that date. We are talking about 68 defined benefit funds. Approximately how many employees who are members of these 68 defined benefit funds are we talking about?

Answer:

Of the 68 funds with assets short of vested benefits, 2 quite large funds covered Commonwealth government and public service employees. These are not funded as benefits accrue, but adopt a ‘pay as benefits arise’ approach. In view of the valuable covenant underpinned by the sovereign guarantee, the risk of default is assessed as being nil. As at 30 September 2004, the remaining 66 funds had approximately 37,020 members, an average of 561 members per fund, with a range of membership from 5 to 9,385.

It should also be noted that, generally, the investment performance of most super funds which are invested in a well-diversified portfolio across asset classes had improved significantly in 2004 and 2005 to date, and such improvement would (in addition to accelerated contributions) improve the sufficiency of funding.

In relation to Commonwealth government and public service employees, apart from the sovereign covenant, the Government’s intention to ensure 100 per cent vesting over time through the Future Fund provides additional assurance regarding sufficiency being achieved.