

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

CSS/PSS BOARD

Estimates 2004-05 –Additional written questions February 2005

Question: F13

Outcome 1, Output 1

Topic: Fund Projections

Written Question on Notice: 21 February 2005

Senator Sherry asked:

Can you make available the projections that you have done on the size of the fund?

Answer:

The internal projections we have undertaken for the “existing” PSS Fund are as follows:

DEFINED BENEFIT		
Yr to 30/06	Open- ing Bal	
2005	6203	7151
2006	7151	8079
2007	8079	9046
2008	9046	10,050
2009	10,050	11,096
2010	11,096	12,183
2011	12,183	13,314
2012	13,314	14,479
2013	14,479	15,679

(Million \$ - Year to 30 June to 2013) October 2004

These projections are based on numerous assumptions, including fund earnings and benefit payments, and should therefore be treated with considerable caution.

In relation to the PSS “accumulation plan”, the projections were prepared before the Minister’s announcement on 18 February 2005 about choice of fund. The projections are thus no longer relevant, and are misleading. They are not being used internally. In essence, any projections about future “accumulation plan” fund size are based on various assumptions including capture rate, salary rates and earning rates.