AUSTRALIAN CAPITAL TERRITORY

Submission to the Commonwealth Grants Commission on the Public Sector Superannuation Scheme - 2018 Update

October 2017

Chief Minister, Treasury and Economic Development Directorate

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Contents

1. Summary

As part of the Commonwealth Grants Commission (Commission) Staff Discussion Paper CGC 2017-20-S, titled *New Issues for the 2018 Update* (New Issues Paper), the Commission has identified disability adjustments for the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS) as a topic for discussion as part of the development of the *Report on GST Revenue Sharing Relativities 2018 Update* (2018 Update). As noted in the New Issues Paper, this is in the context of the Australian Capital Territory (ACT) informing the Commission of its intent to pursue an expansion of the CSS disability adjustment for the Commission's assessment of the State and Territory (State) Goods and Services Tax (GST) relativities to include an adjustment for the PSS.

This submission proposes the implementation of a disability adjustment in the Commission's assessment of the State GST Relativities for the PSS through an extension of the disability adjustment for the Commonwealth Superannuation Scheme (CSS). The CSS adjustment was deemed immaterial as part of the *Report on GST Revenue Sharing Relativities 2017 Update* (2017 Update). As the New Issues Paper notes, the Commission had previously considered an adjustment for the PSS during the development of the *Report on State Revenue Sharing Relativities 2004 Review* (2004 Review).

The essence of the ACT's new claim is to challenge the premise of the past decision by the 2004 Commission on two key points, namely:

- The PSS imposes no additional assessable costs to the ACT Government relative to other jurisdictions;
- The PSS did not constitute a disability outside of the ACT Government's control.

New data gathered and analysed by the ACT Treasury indicates that since 2004, a significant difference in notional employer contribution rates (NECR) has emerged between the PSS and other State superannuation schemes. Consequently, a material difference between the NECRs of the different superannuation schemes is now evident in the assessment period for the 2018 Update. Further, data gathered by the ACT Treasury also indicates that there remains a significant proportion of the ACT Public Service (ACTPS) that are members of the PSS as of 30 June 2016 (approximately 36 per cent of the ACTPS).

The ACT contends that it did not have effective policy choice at the time about its employees' ability to continue to access the PSS as a result of two significant developments outside the control of the ACT Government, namely:

- A failure of Commonwealth legislation to close the PSS until 1 July 2005; and
- A direction by the Australian Industrial Relations Commission (AIRC) to the ACT Government to maintain its existing superannuation conditions.

Both developments prevented the ACT from removing employee access to the PSS prior to its eventual closure on 1 July 2005 and the introduction of Choice of Superannuation for Commonwealth employees from 1 July 2006.

The ACT also contends that the proposal is within the scope of what is permitted in the agreed protocol for an Update. The Commission is specifically requested to expand the CSS adjustment to include the PSS as part of the 2018 Update, as the adjustment would maintain the methodology for calculating the CSS disability and the inclusion of the PSS would be the consequence of the availability and analysis of new data on the cost of the PSS to the ACT.

The ACT has estimated that an expansion of the CSS adjustment to include the PSS would have redistributed approximately $54.19 million, or $134.13 per capita in GST to the ACT in the 2016-17 financial year.

2. Background

2.1 The CSS and the PSS

The CSS was a superannuation system established under the *Superannuation Act 1976 (Cwth)* that was available to Commonwealth Government employees. The CSS was a hybrid form of superannuation, including both an accumulation benefit based on employee contributions and a defined benefit, which was calculated based on individual contribution rates, the final average salary of members at retirement and the length of membership. Further defined benefits could be taken in pension form.

Because of its hybrid form, the CSS provided superannuation benefits considerably more generous than private or industry superfunds, which derive their benefits wholly from set contribution amounts and investment returns. Moreover, the CSS provided benefits significantly in excess of similar defined benefit superannuation schemes operated by the State Governments. Thereby, the CSS was also more costly to the Commonwealth Government than alternative superannuation schemes. After the enactment of self-government in 1989, the ACT Government's original employees were transferred to it from the Commonwealth Government. Thus, the ACT Government's original employees were all members of the CSS:

- Section 21 of the *ACT Self-Government (Consequential Provisions) Act 1988 (Cwth)* provides for the ACTPS to be initially staffed by members of the APS. These staff therefore continued to be covered by the *Commonwealth Superannuation Act 1976*, and therefore to be members of the CSS.

- Similarly, relevant ACT authorities and statutory office holders also continued to be members of the CSS.

The CSS closed to new members on 1 July 1990 and was replaced by the PSS. Similar to the CSS, the PSS was a hybrid superannuation scheme which provided benefits to its members based on the length of membership, the member's average salary in the three years prior to retirement and member contributions. PSS members were also given the option of pension benefits. At the time of closure of the CSS by the Commonwealth government, CSS members were given the choice to either:

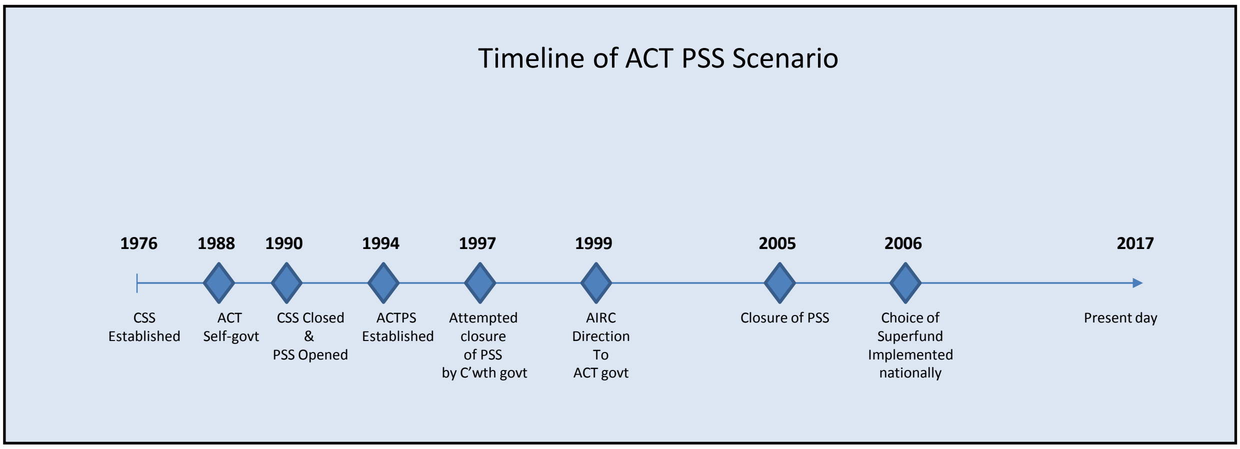
- Remain a member of the CSS; or
- Transfer to the new PSS.

As members of the CSS, existing ACT Government staff were offered this choice. These options were set by the Commonwealth government and there were no other alternatives available. Some of the staff opted to transfer to the PSS. This choice expired in the ACT on 30 June 1991.

- Each ACT Government employee in the lead-up to the establishment of the ACTPS was provided with an information kit titled "*The New ACT Public Service – Everything you always wanted to know about the new service, but didn't know who to ask*".
    - This package outlined that the terms and conditions for working in the ACTPS would not change from working in the APS, including superannuation entitlements.
    - The ACT was classified as an approved authority under the *Superannuation Act 1990 (Cwth),* the governing legislation of the PSS, and thus was legally required to place new employees in the PSS.

After the establishment of the ACTPS on 1 July 1994 and until the closure of the PSS on 1 July 2005, all new hires to the ACTPS automatically became members of the PSS.

These developments occurred against a background of continuing non-acceptance of the self-government framework by a large component of the general population, the presence of anti-self-government elements in the ACT Legislative Assembly itself and apprehension about Commonwealth public servants transferring to the ACTPS. It is clear that any suggestion that, at the time of establishment of the ACTPS or for any reasonable period thereafter, the ACT Government had any choice to change the superannuation entitlements of its embryonic public service is simply devoid of realism.



2.2 The Commonwealth Superannuation Scheme Adjustment

The CSS was regarded by the Commission as a disability for the ACT and the Northern Territory (NT) as part of the outcome of the 2004 Review. During the development of the 2004 Review, the ACT and the NT successfully argued for the disability by citing the greater costs of the CSS against other State run superannuation schemes and the unavoidability of these extra costs due to the inability of the ACT and NT Governments to move employees on the CSS to lower cost superfunds. Because of the disability, the Commission incorporated an adjustment for the CSS into its assessments of the GST relativities. This adjustment increased the relativities of the ACT and the NT in order to compensate them for unavoidably having to provide higher-than-average superannuation payments to employees that were members of the CSS.

The CSS adjustment remained in place until the 2017-18 financial year and the release of the 2017 Update. The Commission had already found the CSS adjustment to no longer be material late during the development of the *Report on GST Revenue Sharing Relativities 2016 Update,* but did not implement it in that Update due to lack of time for consultation with States. The Commission argued in the 2017 Update that as the CSS adjustment was considered a disability separate from the wage costs disability, the CSS adjustment must redistribute at least $30 per capita in GST to at least one State in order to be considered material. As the Commission found that this $30 per capita threshold was not being met by any State for the CSS adjustment, the Commission deemed the CSS adjustment to be not material. Thus, the Commission removed the adjustment from its assessments of the State GST Relativities.

2.3 Historical Argument for a Public Sector Superannuation Scheme Adjustment

As well as arguing for the CSS adjustment, the ACT also argued for the incorporation of a similar adjustment for the PSS as part of the 2004 Review.

The ACT's initial argument was presented in the ACT's *Main Submission to the Commonwealth Grants Commission 2004 Review*, which stated that like the CSS, the PSS was a legacy of Commonwealth administration. Thereby, the ACT had no control over the scheme and it could not compel its employees to change to a lower cost superannuation scheme. Moreover, the ACT also argued that due to its proximity to and direct competition for employees with the Commonwealth Government, the ACT was forced to continue to allow new employees to join the PSS. This was particularly due to the lower salaries offered by the ACTPS compared to the Australian Public Service (APS).

Workplace discussions from 13 to 15 November 2002 between the ACT Government and the Commission further developed the ACT's arguments and provided the Commission opportunity to comment on the ACT's position. The Commission rejected the ACT's claim that the PSS incurred additional superannuation costs for the ACT and the ACT's claim that it must continue to provide the PSS in order to compete with the APS for staff. The Commission argued that the ACT could have established its own superannuation scheme from the time of self government or with the establishment of the ACTPS. The Commission challenged the ACT to explain how it had no choice but to tie its superannuation arrangements to those of the Commonwealth and why it was unable to establish its own superannuation scheme.

The ACT's response during the discussions was to indicate to the Commission that any attempt to move employees to a new superannuation fund would be in contravention of the agreement between the ACT Government and the Commonwealth Government to maintain working conditions of Commonwealth employees transitioning to the ACTPS. This in turn would have compromised mobility between the ACTPS and the APS and reduced the effectiveness of the ACTPS. The ACT also reiterated that removing access to the PSS would reduce the capacity of the ACTPS to compete with the APS for staff. The ACT concluded the discussions by stating that even if the ACT was able to and had introduced its own superannuation scheme, the costs of the PSS for existing members would still remain. This was because employees could not be forced to move from the PSS and, given the more generous benefits of the PSS, employees would be unlikely to move of their own volition.

The ACT further expanded its argument in its *Rejoinder Submission to the Commonwealth Grants Commission 2004 Review* (Rejoinder Submission), specifying arguments addressing the Commission's challenge for the ACT to explain how it had no choice but to tie its superannuation arrangements to those of the Commonwealth. The ACT argued in the Rejoinder Submission that employment conditions for the ACTPS were largely inherited from the APS, as its initial employees were transferred from the APS.

Further, several Commonwealth laws regarding employment conditions were regarded as ACT laws by the legislation for self government. Consequently, the ACT could not alter conditions of employment for the ACTPS from 1988 to 1994.

The ACT further argued that it was agreed in negotiations between the ACT Government, the Commonwealth Government and labour unions that the employment conditions of the APS would be maintained. This was in order to facilitate mobility between the APS and the ACTPS and minimise the resistance of APS employees being transferred to the ACTPS. Thus, a change in superannuation conditions would have been in conflict with this agreement.

The ACT also noted in the Rejoinder Submission that it had commissioned a review of options for closing access to the PSS if legislative changes were made by the Commonwealth. This review concluded that legislative changes would also be required in the ACT Legislative Assembly in order to establish a new superannuation arrangement. Such an alternative was prepared, but it was unable to be progressed due to the failure of Commonwealth legislative changes in the Senate and labour union action in the AIRC. The ACT also reiterated its prior argument that maintaining the PSS was essential for being able to compete for staff with the APS.

On the basis of the two submissions and workplace discussions, a summary of the ACT's position on the PSS adjustment during the 2004 Review was that it should be included in the Commission's assessments of the State GST Relativities. The ACT had been forced to continue to allow its employees to access the PSS in order to compete for staff with the APS and in order to facilitate mobility between the APS and the ACTPS, in accordance with agreements between the ACT Government, Commonwealth Government and labour unions. Further, the ACT had considered options for closing access to the PSS, but was unable to progress them due to industrial action and a failure of Commonwealth legislative change and that even if the ACT had implemented its own superannuation scheme, it would not have reduced the costs of the PSS for existing members.

The Commission presented its overall views on the proposed PSS adjustment in *Draft Assessment Paper 2003/54*, which would go on to form the basis of the Commission's final decision in *2004 Review Working Paper Volume 6*. The Commission disagreed with the conceptual case for a PSS adjustment, arguing that at the time of its conception, the PSS was consistent with standard State superannuation policy and thus did not incur higher costs than State superannuation schemes.

The Commission further argued that the maintenance of the PSS by the ACT was a policy choice, as while the ACT was not in full control of whether to close the PSS, there was no legislation preventing the ACT from removing access to the PSS for new employees and opening its own superannuation scheme. The Commission argued that mobility and competition between the APS and the ACTPS were not points of difference from other States, as all States are required to compete with other employers, including the Commonwealth, through a range of measures including superannuation benefits. On this basis, the proposal for a PSS adjustment commensurate with the CSS adjustment was rejected by the Commission.

The Commission's position on the PSS adjustment can be summarised as that the PSS incurs no additional assessable costs to the ACT Government relative to other jurisdictions. Even if it did, these additional costs were avoidable as there was no legislative restriction on the ACT from removing access to the PSS for new employees. Thus, the PSS does not constitute a disability outside of the ACT Government's control. It is these two points that this submission will address.

3. The ACT's Position

3.1 New Data on Public Sector Superannuation Scheme Membership in the ACT

As part of the ongoing development of the Commission's *Report on State Revenue Sharing Relativities 2020 Review* (2020 Review), the Commission circulated to the States a series of research papers titled *What States Do*. These papers explore in detail the different sources of revenue and expense for the States and the points of differentiation between the States. As part of the *What States Do* process, States are invited by the Commission to comment on the papers with corrections and concerns.

Specifically, each paper issued by the CGC staff to date under the heading of *Seeking State Comments* has invited the States to comment on the CGC Staff findings:

- Has the CGC staff paper described how your State/Territory provides the specific services in question;
- Is there any major activity not covered by the CGC staff paper; and
- Have the CGC Staff missed any issues which might affect your State/Territories' assessed to average ratios or actual to assessed ratios?

In the ACT's experience, this is the first time the Commission staff have undertaken this exercise at the beginning of a formal methodology review. For the record, the ACT has welcomed this initiative and found all the papers to be highly informative, constructive and well researched, a view passed back to the Commission staff on every occasion.

The exercise, in the ACT's view, provides an excellent in-depth comparison between jurisdictions not elsewhere reported, hence the Territory has distributed the papers far and wide within the ACT Government to ensure their accuracy and facilitate ACT officers' understanding of the HFE principle and how it is applied at the service delivery level. The feedback has been very promising, again something the ACT has passed back to Commission staff.

In the process of reviewing the paper on *What States Do – School Education*, the ACT identified a significant issue with the treatment of the legacy costs of ACT Government employees who are members of the CSS and PSS. The ACT informed the Commission that this issue should be re-examined as part of the 2018 Update deliberations.

Data provided to the ACT Treasury by the ACT Education Directorate showed that approximately 25 per cent of teachers in the ACTPS were members of the PSS. Further research into PSS membership in the ACTPS found that a total 7,359 out of 20,324 members, or 36.2 per cent of the ACTPS, being listed as members of the PSS as of 30 June 2016.

Additional research into the PSS in the ACT found that a substantial gap has emerged over the last 14 years between the NECRs[1] of the PSS and both other State defined benefit superannuation schemes and the superannuation guarantee. The current NECR of the PSS in the ACT Government increased from 15.4 per cent in 2002-03 to 19.8 per cent in 2016-17. The 2016-17 NECR is 7.51 percentage points higher than a weighted average of State defined benefit superannuation scheme NECRs and 9.97 percentage points higher than a weighted average of State superannuation guarantee rates.[2] Further, the PSS NECR is currently 3.9 percentage points higher than the CSS NECR.

The ACT notified the Commission of this finding in its response to the *What States Do – School Education* research paper on 6 March 2017. The ACT notes that if this information had been identified earlier, it would have been utilised in consultations for the 2017 Update on the removal of the CSS adjustment.

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[1] The NECR is the notional employer agency contribution rate is determined using the projected unit credit method by calculating the Service Cost, being the value of the benefits that are expected to accrue over the next year of service for current PSS contributory members and expressing the Service Cost as a percentage of salary of contributory members employed by ACT Government agencies. The agency contribution rate may be regarded as being the required contribution rate so that employer financed benefits would remain fully funded in one year's time if they were fully funded now and experience was as expected.

[2] State defined benefit superannuation scheme NECRs based on weighted average of New South Wales (NSW) Defined Benefit and Victorian (VIC) ESSS schemes. State superannuation guarantee rates based on weighted average of NSW, VIC, NT, South Australian, Tasmanian and Queensland defined contribution superannuation rates.

Given these rates and membership figures, it is estimated that the PSS constitutes a significant disability for the ACT. Adjusting the calculated $12 disability of the CSS for the ACT as detailed in the 2017 Update for the higher rates and estimated membership of the PSS as of the 2017-18 financial year, it is estimated that the disability of the PSS would equal approximately $49.34 million to the ACT; a $122.13 per capita disability and well above both the $10 per capita materiality threshold for data issues and the $30 per capita threshold for disabilities. Combining the estimated PSS disability with the CSS disability determined by the Commission in the 2017 Update yields a total redistribution of approximately $54.19 million, or $134.13 per capita in GST to the ACT from the expansion of the CSS disability adjustment to include the PSS. Further details on the ACT's calculations of the estimated disability of the PSS can be found at **Attachment A**.

3.2 Was Maintenance of the PSS Unavoidable for the ACT?

As specified earlier, the Commission determined in the 2004 Review that the ACT's maintenance of access to the PSS was a policy choice. This was on the basis that there was no legislative impediment to the ACT establishing its own superannuation scheme at the time of self-government or the establishment of the ACTPS. However, the ACT considers that this is an oversimplification, as it does not adequately address several key issues that forced the ACT to continue to allow access to the PSS after self-government and the establishment of the ACTPS.

One major issue is that at the time of self-government, agreements were made between the ACT Government, the Commonwealth Government and labour unions to ensure that employment conditions were maintained for employees transferring into the ACT Government. A Commonwealth Cabinet Submission (number can be provided on request) with an attached report titled "*Policy Proposals by the Minister for Territories on the Appropriate Form for an ACT Government, an Implementation Strategy and a Response to the Commonwealth Grants Commission Report 1984 on Financing the ACT*" clearly articulated this principle:

- A separate ACT administration under which the terms and conditions of employment are, as far as practicable, comparable with Commonwealth Government employment and with full reciprocal mobility between the Commonwealth and ACT services.
- The purpose of this was to ensure an adequate degree of independence for an ACT service and responsiveness to local needs, and at the same time compatibility with Commonwealth arrangements.

This principle remains in place today with Commonwealth public servants accepting ACT Government positions retaining their entitlements under pre-existing schemes.

The maintenance of employment conditions necessitated that the ACT maintain access to the PSS for Commonwealth employees moving into the ACT Government. Moreover, these agreements mandated that Commonwealth legislation regarding employment conditions be treated as ACT legislation. Thus, the ACT Government was legislatively unable to prevent its employees from accessing the PSS, at least from the period from 1 July 1990 to 1 July 1994; after self-government and the establishment of the PSS but before the establishment of the ACTPS.

The other major issue is that attempts made by the ACT Government to remove access to the PSS between 1997 and 1999 were thwarted by industrial action by labour unions in the AIRC. The Commonwealth Government had proposed closing the PSS to new members in favour of superannuation choice coupled with the superannuation guarantee on 23 September 1997, with access to new members to cease from 1 July 1998. However, this proposal was met with opposition in the Commonwealth Parliament and failed to pass the Senate.

In response to attempts by the Commonwealth Government to close the PSS, the ACT began to design an alternative superannuation arrangement to replace the PSS in the event that legislation passed in the Commonwealth Parliament to close the PSS. Given the length of time required to develop an alternative superannuation arrangement, work on the alternative was commenced in advance of legislation being passed by the Commonwealth. A review of the ACTPS's superannuation arrangements was commissioned in November 1997 and an initial report was provided to the ACT Government by Towers Perrin in April 1998. In May 1998, the ACT Government announced that superannuation choice arrangements would be implemented and access to the PSS would be closed from 1 July 1999.

However, labour unions reacted to the development of an alternative superannuation arrangement by filing a case with the AIRC. The AIRC subsequently issued a direction on 29 June 1999 ordering the ACT Government to not change any superannuation entitlement arrangements. Thus, the ACT Government was required to cease exploring alternative superannuation arrangements for its employees prior to the closure of the PSS.

Moreover, the nature of the PSS as a defined benefit, compulsory superannuation scheme meant that even upon leaving the APS or ACTPS, former employees still preserved their entitlements under the scheme. Further, the closure of the PSS only removed access to it for new members. It did not prevent the further accrual of benefits to existing members, including former employees who had transitioned from either of the public services to other positions then back into the public services. As an approved authority under the *Superannuation Act 1990 (Cwth)*, the ACT Government is thereby mandated to provide further accrued benefits to members of the PSS, regardless of whether they joined the PSS as employees of the APS or ACTPS.

Thus, even if the ACT Government had removed access to the PSS from the establishment of the ACTPS, it would still have been required to provide accrued benefits to APS employees with PSS entitlements that transferred to the ACTPS.

It is the view of the ACT that these issues were not addressed in the Commission's final decision on the PSS adjustment in the 2004 Review. The ACT notes that the Commission's final decision on the PSS adjustment in the 2004 Review with regard to whether the maintenance of the PSS by the ACT was a policy choice focussed on the legislative capacity of the ACT to remove access to the PSS. Hence, the ACT considers that a greater focus on other sources of restriction on the ACT's ability to close access to the PSS is warranted.

3.3 The Proposal

On the basis of the above estimate of the disability posed by the PSS on the ACT, it is the view of the ACT that while the PSS may not have posed costs in excess of the national average for State superannuation schemes at the time of the 2004 Review, over the following 13 years the divergence of NECRs has led to the development of a material difference in costs between the PSS and State superannuation schemes.

The ACT notes the Commission's position that the ACT did not have any legislative restrictions on removing itself from being an approved authority under the *Superannuation Act 1990 (Cwth)* after self government and the establishment of the ACTPS. However, the ACT considers that it did not have effective control over whether it could close access to the PSS due to a direction from the AIRC with which it was required to comply. Even if it had been able to close access to the PSS for new members, the ACT would still have been required to provide PSS benefits to the original employees of the ACT Government prior to the establishment of the ACTPS and any APS employees on the PSS that took positions in the ACTPS. Thus, the ACT argues that the costs incurred to it by the PSS are not the result of policy choice, but are forced upon it by an independent Commonwealth body, legislative requirements and historical legacies.

On the basis of these two factors, the ACT proposes that an adjustment be made in the Commission's calculations of the State GST Relativities for the PSS. The ACT considers that this adjustment should be in the form of an expansion of the CSS adjustment to include the PSS. This would comprise a reinstatement of the CSS adjustment in addition to the new PSS adjustment and would maintain the methodology of calculating the disability as specified for the CSS adjustment.

The ACT contends that this request to reinstate the CSS adjustment including an extension to incorporate the PSS is wholly consistent with the agreed general criteria for determining what can be done in a *Report on GST Revenue Sharing Relativities Update*.

The essence of the request is that data underpinning the Commission's past deliberations on this matter were premised on data problems which, in the ACT's view, necessitate an immediate change. Reinstatement of an existing disability due to the availability of new data does not constitute a method change; the conceptual arguments for the disability have already been established and the methodology for calculating the disability already exists. Hence, the ACT requests the Commission to proceed with the change on the basis that it has been provided with new, more reliable data which should be used in the first possible Update: the 2018 Update.

The ACT considers that an expansion of the CSS adjustment to incorporate the PSS would appropriately compensate the ACT for the requirement to maintain funding levels to provide the superannuation benefits to CSS and PSS members specified under the two schemes.

4. Attachments

Attachment A – Calculation of estimated disability to the ACT of the Public Sector Superannuation Scheme

Attachment A

Scheme	Type	Is CSS	Figure	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Notes
ACT PSS	Defined Benefit	No	Members	20961	13803	14869	14079	12610	11668	11112	9984	9660	9140	8632	8228	7855	7359	6959	6599	2016-17 and 2017-18 Membership is estimated; actual not yet available
			Rate	15.40%	15.40%	15.40%	15.60%	15.60%	15.60%	16.30%	17.80%	17.80%	17.80%	19.70%	19.70%	19.70%	19.80%	19.80%	19.80%	Figures from 2002-03 to 2008-09 taken from PSS and CSS Long Term Cost Reports
ACT CSS	Defined Benefit	Yes	Members	3210	2953	2696	2397	2070	1774	1571	1384	1222	1075	915	789	652	547	447	347	2016-17 and 2017-18 Membership is estimated; actual not yet available
			Rate	28.30%	28.30%	28.30%	28.20%	28.20%	28.20%	21.40%	19.70%	19.70%	19.70%	18.50%	18.50%	18.50%	15.90%	15.90%	15.90%	Figures from 2002-03 to 2008-09 taken from PSS and CSS Long Term Cost Reports
NSW Defined Contribution	Defined Contribution	No	Members													357254	356502	356878		
			Rate													9.50%	9.50%	9.50%		
NSW Defined Benefit	Defined Benefit	No	Members													36940	36940	36940		
			Rate													10.90%	10.90%	10.90%		2016-17 is assumed to be equal to 2014-15 and 2015-16
VIC Defined Contribution	Defined Contribution	No	Members													235920	243683	239802		
			Rate													9.50%	9.50%	9.50%		
VIC Defined Benefit ESSS	Defined Benefit	No	Members													21471	21471	21471		2015-16 and 2016-17 is assumed to be equal to 2014-15
			Rate													12.00%	12.00%	12.00%		2015-16 and 2016-17 is assumed to be equal to 2014-15
NT Defined Contribution	Defined Contribution	No	Members													16119	16596	16358		
			Rate													9.50%	9.50%	9.50%		
NT CSS	Defined Benefit	Yes	Members													1000	1000	1000		2015-16 and 2016-17 is assumed to be equal to 2014-15
			Rate													18.50%	15.90%	15.90%		Used ACT Rate
SA Defined Contribution	Defined Contribution	No	Members													77838	78225	78206		
			Rate													9.50%	9.50%	9.50%		
TAS Defined Contribution	Defined Contribution	No	Members													18707	19055	19055		
			Rate													9.50%	9.50%	9.50%		
QLD Defined Contribution	Defined Contribution	No	Members													210000	212000	216000		
			Rate													9.75%	10.90%	10.90%		Assumes lowest level of employee contribution

Item	Figure	2014-15	2015-16	2016-17	Notes
Defined Contribution	Total Members	915838	926061	926299	
	Weighted Average Rate	9.56%	9.82%	9.83%	Sum of the products of rates and members divided by total members
Defined Benefit	Total Members	67918	67317	66817	
	Weighted Average Rate	12.45%	12.34%	12.29%	Sum of the products of rates and members divided by total members
Defined Benefit Less CSS	Total Members	66266	65770	65370	
	Weighted Average Rate	12.30%	12.25%	12.21%	Sum of the products of rates and members divided by total members
CSS	Total Members	1652	1547	1447	
	Weighted Average Rate	18.50%	15.90%	15.90%	Sum of the products of rates and members divided by total members
ACT PSS	Total Members	7855	7359	6959	
	Rate	19.70%	19.80%	19.80%	
	Difference with Defined Benefit Weighted Average Rate	7.25%	7.46%	7.51%	
	Difference with Defined Benefit Less CSS Weighted Average Rate	7.40%	7.55%	7.59%	
	Difference with Defined Contribution Weighted Average Rate	10.14%	9.98%	9.97%	
	Difference with CSS	1.20%	3.90%	3.90%	
ACT CSS	Total Members	652	547	447	
	Rate	18.50%	15.90%	15.90%	
	Difference with Defined Benefit Weighted Average Rate	6.05%	3.56%	3.61%	
	Difference with Defined Benefit Less CSS Weighted Average Rate	6.20%	3.65%	3.69%	

	Difference with Defined Contribution Weighted Average Rate	8.94%	6.08%	6.07%	

Item	Value	Row Number	Formula	Notes
2017 Update CSS Disability $ Per Capita	$12.00	1		Taken from 2017 Update
ACT Population	404000	2		Taken from 2017 Update
CSS Total Disability	$4,848,000.00	3	1*2	
PSS Members	6559	4		ACT Estimate 2017-18
CSS Members	725	5		Taken from 2017 Update
PSS Rate	19.80%	6		ACT Data 2017-18
CSS Rate	17.60%	7		Taken from 2017 Update
CSS Disability Per Member	$6,686.90	8	3/5	
Estimated PSS Disability Per Member	$7,522.76	9	8*(6/7)	
Estimated Total PSS Disability	**$49,341,773.79**	10	9*4	
Estimated PSS Per Capita Disability	**$122.13**	11	10/2	
Estimated Total PSS Disability Plus CSS Total Disability	**$54,189,773.79**	12	10+3	
Estimated PSS Disability Plus CSS Total Disability Per Capita	**$134.13**	13	12/2	

The above table serves to show the ACT's rationale for re-assessment of the PSS disability as a part of the 2018 Update.

- The estimated total PSS disability for the ACT is **$49.34 million**, **$122.13 on a per capita basis**.
- The estimated total disability for the ACT of expanding the CSS adjustment to include the PSS is **$54.19 million, $134.13 on a per capita basis.**

A quick summary of the steps performed are as follows:

- Data on CSS disability per capita, ACT population, number of ACT CSS members and CSS rate were taken from the 2017 Update on GST Relativities report.
- Data for the number of PSS members and PSS rate were obtained from the ACT Treasury.
- Rest of the figures were calculated using the formulae shown in column 3 of the table, ultimately leading to the key figures mentioned above.