

**COMMONWEALTH
SUPERANNUATION CORPORATION**

**ENTITY RESOURCES AND PLANNED
PERFORMANCE**

COMMONWEALTH SUPERANNUATION CORPORATION

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COMMONWEALTH SUPERANNUATION CORPORATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Commonwealth Superannuation Corporation (CSC) is responsible for the investment of funds and administration of the Public Superannuation Scheme Accumulation Plan (PSSap); the Public Sector Superannuation Scheme (PSS); the Commonwealth Superannuation Scheme (CSS); the Military Superannuation and Benefits Scheme (MSBS); and the Australian Defence Force Superannuation Scheme (ADF Super). In addition, CSC administers six 'unfunded' superannuation schemes: the Defence Forces Retirement Benefits Scheme (DFRB), the Defence Force Retirement and Death Benefits Scheme (DFRDB), the Defence Force (Superannuation) (Productivity Benefit) Scheme (DFSPB), the 1922 Scheme, the Papua New Guinea Scheme (PNG) and the Australian Defence Force Cover Scheme (ADF Cover).

CSC seeks to achieve its outcome agreed with the government by delivering consistently competitive and risk-managed investment performance, efficient scheme administration for contributors and beneficiaries and effective interaction with its other stakeholders.

CSC aspires to maintain its leadership position as a superannuation provider of choice in the Commonwealth sector. CSC will work with the government to improve or modernise scheme design and will work to improve service to members.

As a holder of licences from both Australian Prudential Regulation Authority (APRA) and Australian Securities and Investments Commission (ASIC), CSC will continue to ensure the highest standards are maintained and will seek to meet all compliance obligations.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to CSC for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for CSC's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Commonwealth Superannuation Corporation resource statement — Budget estimates for 2018-19 as at Budget May 2018

	2017-18 Estimated actual \$'000	2018-19 Estimate \$'000
Opening balance/cash reserves at 1 July	44,685	29,577
Funds from Government		
Special accounts		
CSC Special Account Departmental	91,396	73,068
Services for Other Entities and Trust Moneys CSC Special Account	130,474	131,474
Administered		
Total special accounts	221,870	204,542
Total funds from Government	221,870	204,542
Funds from other sources		
Interest	132	132
Sale of goods and services	38,427	30,656
Total funds from other sources	38,559	30,788
Total net resourcing for Commonwealth Superannuation Corporation	305,114	264,907
	2017-18	2018-19
Average staffing level (number) (a)	466	476

(a) Average staffing levels reflect all staff involved in the investment and administration of the schemes. All employee expenses are paid by CSC and CSC on-charges the scheme for the portion of expenses that are referable to the investment of the scheme funds.

Table 1.1: Commonwealth Superannuation Corporation resource statement — Budget estimates for 2018-19 as at Budget May 2018 (continued)
Third party payments from and on behalf of other entities

	2017-18 <i>estimated actual</i> \$'000	2018-19 estimate \$'000
Payments made on behalf of another entity (as disclosed in the respective entity's resource statement)		
Finance Superannuation Special Appropriations:		
<i>Superannuation Act 1922</i>	74,802	69,188
<i>Superannuation Act 1976</i>	4,430,703	4,515,281
<i>Superannuation Act 1990</i>	2,088,975	2,129,139
<i>Same-Sex Relationships Act 2008</i> (Equal Treatment in Commonwealth Laws - Superannuation)	64	66
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	1,000	1,000
Defence Superannuation Special Appropriations:		
<i>Defence Forces Retirement Benefits Act 1948</i>	43,124	39,132
<i>Defence Force Retirement and Death Benefits Act 1973</i>	1,614,241	1,613,340
<i>Military Superannuation and Benefits Act 1991</i>	777,110	783,704
<i>Australian Defence Force Cover Act 2015</i>	1,789	8,051
CSC draws on the following Finance Annual Appropriations		
<i>Appropriation Act (No. 1) (a)</i>	500	500
<i>Appropriation Act (No. 1) (b)</i>	309	391
<i>Appropriation Act (No.2) (b)</i>	992	987
PNG Scheme		
<i>Administered Appropriation Act</i>	6,181	5,587
(a) Compensation and Legal Payments		
(b) Act of Grace Payments		

Prepared on a resourcing (i.e. appropriations available) basis.

1.3 BUDGET MEASURES

No budget measures have been announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO) that impact CSC.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for CSC can be found at:
<http://www.csc.gov.au/about-us/governance/>.

The most recent annual performance statement can be found at:
<http://www.csc.gov.au/reports-and-information/annual-reports/>.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force, through investment and administration of their superannuation funds and schemes.

Linked programs

Department of Finance
Programs <ul style="list-style-type: none">• Program 2.7 – Public Sector Superannuation
Department of Defence
Programs <ul style="list-style-type: none">• Program 2.14 – Defence Force Superannuation Benefits• Program 2.15 – Defence Force Superannuation Nominal Interest
Contribution to Outcome 1 made by linked programs <p>The Department of Finance and Department of Defence provide funding through third party access arrangements to Commonwealth Superannuation Corporation for the purpose of providing payments of retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force.</p>

Budgeted expenses for Outcome 1

This table shows how much CSC intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

Outcome 1: Retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force, through investment and administration of their superannuation funds and schemes.

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
Program 1.1: Superannuation Scheme Governance					
Revenue from Government					
Special accounts					
CSC Special Account	112,892	107,754	102,417	103,702	105,464
Revenues from other independent sources	132	132	132	132	132
Total expenses for Program 1.1 (a)	113,024	107,886	102,549	103,834	105,596
Outcome 1 totals by resource type					
Revenue from Government					
Special accounts	112,892	107,754	102,417	103,702	105,464
Revenues from other independent sources	132	132	132	132	132
Total expenses for Outcome 1	113,024	107,886	102,549	103,834	105,596

	2017-18	2018-19
Average staffing level (number) (b)	466	476

(a) Expenses reflect only the cost paid by CSC and do not reflect the total cost involved in the investment of funds and administration of the schemes.

(b) Average staffing levels reflect all staff involved in the investment and administration of the schemes. All employee expenses are paid by CSC and CSC on-charges the scheme for the portion of expenses that are referable to the investment of the scheme funds.

Table 2.1.2: Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force, through investment and administration of their superannuation funds and schemes.		
Program 1.1 – Superannuation Scheme Governance		
Delivery	<ul style="list-style-type: none"> • Risk managed investment of member's superannuation balances. • Meeting licence obligations set out by APRA and ASIC. • Development and implementation of industry standard administration services. • Provision of information for scheme members including responding to member enquiries and publications, websites and seminars. 	
Performance information: Program 1.1 – Superannuation Scheme Governance		
Year	Performance criteria	Targets
2017-18	<ul style="list-style-type: none"> • CSC's investment performance for its default accumulation option over a rolling three-year period. • CSC's investment portfolio is maintained within Board approved risk parameters, such that negative returns are expected in no more than 4 out of every 20 years for the default accumulation option. • Achievement of operational objectives for benefit payments, pension and contributions processing and the dispatch of members' statements. • Adequate satisfaction level of members, beneficiaries and employers with the service provided. 	<ul style="list-style-type: none"> • Over the rolling three-year period to June 2018, CSC's default accumulation option is estimated to meet its annual return target of 3.5% within Board approved risk parameters. • It is estimated that the target of achieving negative returns in no more than 4 out of every 20 years for the default accumulation option will be met. • It is estimated that the target of achieving 90% of each operational objective will be met. • It is estimated that the target of achieving a Net Promoter Score (industry standard satisfaction measure) survey result of +10 will not be met.

Table continues on next page

Table 2.1.2: Performance criteria for Outcome 1 (continued)

Performance information: Program 1.1 – Superannuation Scheme Governance		
Year	Performance criteria	Targets
2018-19	<ul style="list-style-type: none"> • CSC's investment performance for its default options over a rolling three-year period. • CSC's investment portfolio is maintained within Board approved risk parameters, such that negative returns are expected in no more than four out of every 20 years for the default options. 	<ul style="list-style-type: none"> • Default option annual real return of 3.5% over a rolling three-year period. • Negative returns in no more than 4 out of every 20 years for the default options.
	<ul style="list-style-type: none"> • Achievement of operational objectives for contributions processing and benefit/pension payments. • Adequate satisfaction level of members, beneficiaries and employers with the service provided. 	<ul style="list-style-type: none"> • 90% of each operational objective achieved. • Net Promoter Score (industry standard satisfaction measure) survey result of +10 for employers. • Annual increase in NPS survey result for members/beneficiaries of 4 points.
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purpose (a)	CSC's purpose is to build, support and protect better retirement outcomes for all our members (being current and former Australian Government employees and members of the Australian Defence Force) and their families.	

(a) Refers to CSC's purpose from the 2017-18 Corporate Plan.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

No material differences exist between entity resourcing and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

CSC is the trustee for the PSSap, PSS, CSS, MSBS and ADF Super regulated superannuation schemes and six 'unfunded' superannuation schemes. The governance arrangements of these schemes are set out in the Governance of Australian Government Superannuation Schemes Act 2011 and various scheme specific Acts, Trust Deeds, legislation, rules and determinations. These requirements prescribe which costs are to be paid from scheme funds and which costs are to be borne by the fees levied upon Commonwealth entities.

CSC receives revenue through fees paid by Commonwealth entities and some entities with residual membership in the schemes, such as the Northern Territory and Australian Capital Territory governments. All CSC fee revenue from Commonwealth entities is managed through a Special Account.

CSC's budgeted departmental expenses shown in this document reflect only the costs paid and income received, by CSC into its Special Account and does not reflect the total cost involved in the investment of funds and administration of the schemes.

3.2. BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2017-18	2018-19	2019-20	2020-21	2021-22
	Estimated actual	Budget	Forw ard estimate	Forw ard estimate	Forw ard estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES (a)					
Employee benefits	60,287	60,223	61,073	61,937	62,867
Suppliers	45,122	41,853	35,666	36,508	37,340
Depreciation and amortisation	7,597	5,792	5,792	5,371	5,371
Finance costs	12	12	12	12	12
Write-down and impairment of assets	6	6	6	6	6
Total expenses	113,024	107,886	102,549	103,834	105,596
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	112,892	107,754	102,417	103,702	105,464
Interest	132	132	132	132	132
Total own-source revenue	113,024	107,886	102,549	103,834	105,596
Total own-source income	113,024	107,886	102,549	103,834	105,596
Net (cost of)/contribution by services	-	-	-	-	-
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	-	-	-	-	-

Note: Impact of net cash appropriation arrangements

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less heritage and cultural depreciation expenses previously funded through revenue appropriations (a)					
Total comprehensive income/(loss) - as per the Statement of comprehensive income	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

(a) Expenses reflect only the cost paid by CSC and do not reflect the total cost involved in the investment of funds and administration of the schemes.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	34,645	27,573	25,140	23,050	21,292
Trade and other receivables	8,162	8,162	8,162	8,162	8,162
Total financial assets	42,807	35,735	33,302	31,212	29,454
Non-financial assets					
Land and buildings	16,816	15,707	14,598	13,489	12,380
Property, plant and equipment	3,966	5,075	6,184	7,293	8,402
Intangibles	19,902	19,902	19,902	19,902	19,902
Other non-financial assets	3,015	3,018	3,018	3,018	3,018
Total non-financial assets	43,699	43,702	43,702	43,702	43,702
Total assets	86,506	79,437	77,004	74,914	73,156
LIABILITIES					
Payables					
Suppliers	13,560	13,184	12,405	11,573	10,578
Other payables	5,517	1,493	1,493	1,493	1,493
Total payables	19,077	14,677	13,898	13,066	12,071
Provisions					
Employee provisions	12,784	12,784	12,784	12,784	12,784
Other provisions	12,790	9,521	6,967	4,409	1,846
Total provisions	25,574	22,305	19,751	17,193	14,630
Total liabilities	44,651	36,982	33,649	30,259	26,701
Net assets	41,855	42,455	43,355	44,655	46,455
EQUITY*					
Parent entity interest					
Contributed equity	35,475	35,475	35,475	35,475	35,475
Reserves	979	1,579	2,479	3,779	5,579
Retained surplus	5,401	5,401	5,401	5,401	5,401
Total parent entity interest	41,855	42,455	43,355	44,655	46,455
Total equity	41,855	42,455	43,355	44,655	46,455

Prepared on Australian Accounting Standards basis.

*Equity is the residual interest in assets after deduction of liabilities.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018					
Balance carried forward from previous period	5,401	479	500	35,475	41,855
Adjusted opening balance	5,401	479	500	35,475	41,855
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Transfers to/(from) reserves	-	-	600	-	600
Estimated closing balance as at 30 June 2019	5,401	479	1,100	35,475	42,455
Closing balance attributable to the Australian Government	5,401	479	1,100	35,475	42,455

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	107,498	103,724	102,411	103,696	105,458
Interest	131	132	132	132	132
Total cash received	107,629	103,856	102,543	103,828	105,590
Cash used					
Employees	59,870	60,223	61,073	61,937	62,867
Suppliers	45,297	42,232	36,445	37,340	38,335
Other	1,439	3,281	2,566	2,570	2,575
Total cash used	106,606	105,736	100,084	101,847	103,777
Net cash from/(used by) operating activities	1,023	(1,880)	2,459	1,981	1,813
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	18,061	5,792	5,792	5,371	5,371
Total cash used	18,061	5,792	5,792	5,371	5,371
Net cash from/(used by) investing activities	(18,061)	(5,792)	(5,792)	(5,371)	(5,371)
FINANCING ACTIVITIES					
Cash received					
Transfers to operational risk reserve	370	600	900	1,300	1,800
Total cash received	370	600	900	1,300	1,800
Net cash from/(used by) financing activities	370	600	900	1,300	1,800
Net increase/(decrease) in cash held	(16,668)	(7,072)	(2,433)	(2,090)	(1,758)
Cash and cash equivalents at the beginning of the reporting period	51,313	34,645	27,573	25,140	23,050
Cash and cash equivalents at the end of the reporting period	34,645	27,573	25,140	23,050	21,292

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	18,061	5,792	5,792	5,371	5,371
TOTAL	18,061	5,792	5,792	5,371	5,371
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	18,061	5,792	5,792	5,371	5,371
Total cash used to acquire assets	18,061	5,792	5,792	5,371	5,371

Prepared on Australian Accounting Standards basis

Table 3.6: Statement of asset movements (Budget year 2018-19)

	Leasehold Improvements \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2018				
Gross book value	24,701	7,711	30,926	63,338
Accumulated depreciation/ amortisation and impairment	(7,885)	(3,745)	(11,024)	(22,654)
Opening net book balance	16,816	3,966	19,902	40,684
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	200	2,510	3,082	5,792
Total additions	200	2,510	3,082	5,792
Other movements				
Depreciation/amortisation expense	(1,309)	(1,401)	(3,082)	(5,792)
Total other movements	(1,309)	(1,401)	(3,082)	(5,792)
As at 30 June 2019				
Gross book value	24,901	10,221	34,008	69,130
Accumulated depreciation/ amortisation and impairment	(9,194)	(5,146)	(14,106)	(28,446)
Closing net book balance	15,707	5,075	19,902	40,684

Prepared on Australian Accounting Standards basis.

CSC Budget Statements

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

CSC has no budgeted income and expenses administered on behalf of the Government.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

CSC has no budgeted assets and liabilities administered on behalf of the Government.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

CSC has no budgeted cash flows administered on behalf of the Government.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

CSC has no budgeted capital administered on behalf of the Government.

Table 3.11: Statement of administered asset movements (Budget year 2018-19)

CSC has no budgeted non-financial assets administered on behalf of the Government.