

**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

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. 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 2019-20 as at Budget April 2019

	2018-19 <i>Estimated actual</i> \$'000	2019-20 Estimate \$'000
Opening balance/cash reserves at 1 July	41,179	41,848
Funds from Government		
Special accounts		
CSC Special Account Departmental	74,665	76,482
Services for Other Entities and Trust Moneys CSC Special Account Administered	119,923	119,923
Total special accounts	194,588	196,405
Total funds from Government	194,588	196,405
Funds from other sources		
Interest	132	132
Sale of goods and services	45,642	46,779
Total funds from other sources	45,774	46,911
Total net resourcing for Commonwealth Superannuation Corporation	281,541	285,164
	2018-19	2019-20
Average staffing level (number) (a)	449	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 schemes 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 2019-20 as at Budget April 2019 (continued)
Third party payments from and on behalf of other entities

	2018-19 estimated actual \$'000	2019-20 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>	68,272	62,388
<i>Superannuation Act 1976</i>	4,350,269	4,556,965
<i>Superannuation Act 1990</i>	2,356,012	2,433,761
<i>Same-Sex Relationships Act 2008 (Equal Treatment in Commonwealth Laws - Superannuation)</i>	62	63
<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>	44,257	37,452
<i>Defence Force Retirement and Death Benefits Act 1973</i>	1,668,389	1,643,730
<i>Military Superannuation and Benefits Act 1991</i>	930,252	869,862
<i>Australian Defence Force Cover Act 2015</i>	4,201	12,721
CSC draws on the following Finance Annual Appropriations		
<i>Appropriation Act (No.1) (a)</i>	500	500
<i>Appropriation Act (No.1) (b)</i>	420	535
<i>Appropriation Act (No.2) (b)</i>	402	307
PNG Scheme		
<i>Administered Appropriation Act</i>	5,220	5,118

Prepared on a resourcing (that is, appropriations available) basis.

- (a) Compensation and legal payments.
- (b) Act of grace payments.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

1.3 BUDGET MEASURES

No budget measures have been announced since 2018-19 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:

<https://www.csc.gov.au/Members/About-CSC/Corporate-governance/>

The most recent annual performance statement is included inside CSC's 2017-18 Annual Report to Parliament, which can be found at:

<https://www.csc.gov.au/Members/About-CSC/Corporate-governance/>

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.

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000	2022-23 Forw ard estimate \$'000
Program 1.1: Superannuation Scheme Governance					
Revenue from Government					
Special accounts					
CSC Special Account	117,882	119,837	119,734	121,236	122,778
Revenues from other independent sources	132	132	132	132	132
Total expenses for Program 1.1 (a)	118,014	119,969	119,866	121,368	122,910
Outcome 1 totals by resource type					
Revenue from Government					
Special accounts	117,882	119,837	119,734	121,236	122,778
Revenues from other independent sources	132	132	132	132	132
Total expenses for Outcome 1	118,014	119,969	119,866	121,368	122,910

	2018-19	2019-20
Average staffing level (number) (b)	449	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 schemes 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 2019-20 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
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. • 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"> • Over the rolling three-year period to June 2019, 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 four 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 for employers will not be met. • It is estimated that the target of increasing the Net Promoter Score survey result for members/beneficiaries by four points per annum is unlikely to 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
2019-20	<ul style="list-style-type: none"> • CSC's investment performance for its default accumulation 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 accumulation options. • Achievement of operational objectives for contributions processing and benefit/pension payments. • Adequate satisfaction levels of members, beneficiaries and employers with the service provided. 	<ul style="list-style-type: none"> • Default accumulation option annual real return of 3.5% over a rolling three-year period. • Negative returns in no more than four out of every 20 years for the default accumulation options. • 90% of each operational objective achieved. • Net Promoter Score (industry standard satisfaction measure) survey result of +10 for employers • Annual increases in Net Promoter Score survey results for both ADF members/beneficiaries and other members/beneficiaries of two points each.
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purpose	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.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019-20 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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
EXPENSES (a)					
Employee benefits	64,538	66,471	68,461	70,512	72,626
Suppliers	47,682	47,436	45,294	44,808	44,357
Depreciation and amortisation	5,776	6,044	6,093	6,030	5,909
Finance costs	12	12	12	12	12
Write-down and impairment of assets	6	6	6	6	6
Total expenses	118,014	119,969	119,866	121,368	122,910
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	117,882	119,837	119,734	121,236	122,778
Interest	132	132	132	132	132
Total own-source revenue	118,014	119,969	119,866	121,368	122,910
Total own-source income	118,014	119,969	119,866	121,368	122,910
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

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'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					
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)

	2018-19	2019-20	2020-21	2021-22	2022-23
	Estimated	Budget	Forward	Forward	Forward
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	48,005	46,996	47,544	49,684	52,274
Trade and other receivables	5,903	5,903	5,903	5,903	5,903
Total financial assets	53,908	52,899	53,447	55,587	58,177
Non-financial assets					
Leasehold improvements	9,878	9,015	8,272	6,858	5,622
Property, plant and equipment	3,936	5,065	5,448	4,770	3,653
Intangibles	15,387	13,084	11,031	9,018	7,002
Other non-financial assets	4,116	4,116	4,116	4,116	4,116
Total non-financial assets	33,317	31,280	28,867	24,762	20,393
Total assets	87,225	84,179	82,314	80,349	78,570
LIABILITIES					
Payables					
Suppliers	10,936	10,677	10,200	9,527	7,871
Other payables	1,778	438	438	438	438
Total payables	12,714	11,115	10,638	9,965	8,309
Provisions					
Employee provisions	13,639	14,048	14,470	14,904	15,350
Other provisions	11,437	8,883	6,325	3,762	2,300
Total provisions	25,076	22,931	20,795	18,666	17,650
Total liabilities	37,790	34,046	31,433	28,631	25,959
Net assets	49,435	50,133	50,881	51,718	52,611
EQUITY*					
Parent entity interest					
Contributed equity	35,475	35,475	35,475	35,475	35,475
Reserves	1,249	1,947	2,695	3,532	4,425
Retained surplus	12,711	12,711	12,711	12,711	12,711
Total parent entity interest	49,435	50,133	50,881	51,718	52,611
Total equity	49,435	50,133	50,881	51,718	52,611

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 2019-20)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2019					
Balance carried forward from previous period	12,711	478	771	35,475	49,435
Adjusted opening balance	12,711	478	771	35,475	49,435
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Transfers to/(from) reserves	-	-	698	-	-
Estimated closing balance as at 30 June 2020	12,711	478	1,469	35,475	50,133
Closing balance attributable to the Australian Government	12,711	478	1,469	35,475	50,133

Prepared on Australian Accounting Standards basis.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000	2022-23 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	121,191	123,159	124,540	126,185	127,877
Interest	143	132	132	132	132
Net GST received	779	102	-	-	-
Total cash received	122,113	123,393	124,672	126,317	128,009
Cash used					
Employees	63,714	66,062	68,039	70,078	72,180
Suppliers	56,494	52,465	50,348	50,029	50,614
Net GST paid	-	-	235	407	504
Other	3,281	2,566	2,570	2,575	1,315
Total cash used	123,489	121,093	121,192	123,089	124,613
Net cash from/(used by) operating activities	(1,376)	2,300	3,480	3,228	3,396
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	1,430	4,007	3,680	1,925	1,699
Total cash used	(1,430)	(4,007)	(3,680)	(1,925)	(1,699)
Net cash from/(used by) investing activities	(1,430)	(4,007)	(3,680)	(1,925)	(1,699)
FINANCING ACTIVITIES					
Cash received					
Transfers to operational risk reserve	271	698	748	837	893
Total cash received	271	698	748	837	893
Net cash from/(used by) financing activities	271	698	748	837	893
Net increase/(decrease) in cash held	(2,535)	(1,009)	548	2,140	2,590
Cash and cash equivalents at the beginning of the reporting period	50,540	48,005	46,996	47,544	49,684
Cash and cash equivalents at the end of the reporting period	48,005	46,996	47,544	49,684	52,274

Prepared on Australian Accounting Standards basis.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000	2022-23 Forw ard estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	1,430	4,007	3,680	1,925	1,699
TOTAL	1,430	4,007	3,680	1,925	1,699
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,430	4,007	3,680	1,925	1,699
Total cash used to acquire assets	1,430	4,007	3,680	1,925	1,699

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2019-20)

	Leasehold Improvements \$'000	Other property, plant and equipment \$'000	Computer softw are and intangibles \$'000	Total \$'000
As at 1 July 2019				
Gross book value	12,902	7,824	29,107	49,833
Accumulated depreciation/ amortisation and impairment	(3,024)	(3,888)	(13,720)	(20,632)
Opening net book balance	9,878	3,936	15,387	29,201
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	800	3,007	200	4,007
Total additions	800	3,007	200	4,007
Other movements				
Depreciation/amortisation expense	(1,663)	(1,878)	(2,503)	(6,044)
Total other movements	(1,663)	(1,878)	(2,503)	(6,044)
As at 30 June 2020				
Gross book value	13,702	10,831	29,307	53,840
Accumulated depreciation/ amortisation and impairment	(4,687)	(5,766)	(16,223)	(26,676)
Closing net book balance	9,015	5,065	13,084	27,164

Prepared on Australian Accounting Standards basis.

