

Commonwealth Superannuation Corporation

**Entity resources and planned
performance**

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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, 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 2021-22 as at Budget May 2021

	2020-21 <i>Estimated actual</i> \$'000	2021-22 Estimate \$'000
Opening balance/cash reserves at 1 July	42,372	45,351
Funds from Government		
Special accounts		
CSC Special Account Departmental	123,672	124,558
Total special accounts	123,672	124,558
Total funds from Government	123,672	124,558
Total net resourcing for Commonwealth Superannuation Corporation	166,044	169,909
	2020-21	2021-22
Average staffing level (a)	468	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 2021-22 as at Budget May 2021 (continued)
Third party payments from and on behalf of other entities

	2020-21 <i>Estimated actual \$'000</i>	2021-22 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>	58,057	49,896
<i>Superannuation Act 1976</i>	4,716,547	4,901,273
<i>Superannuation Act 1990</i>	2,846,738	3,174,307
<i>Same-Sex Relationships Act 2008</i> (Equal Treatment in Commonwealth Laws - Superannuation)	69	65
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	2,075	1,225
Defence Superannuation Special Appropriations:		
<i>Defence Forces Retirement Benefits Act 1948</i>	37,200	32,721
<i>Defence Force Retirement and Death Benefits Act 1973</i>	1,691,883	1,697,016
<i>Military Superannuation and Benefits Act 1991</i>	1,361,942	1,276,115
<i>Australian Defence Force Cover Act 2015</i>	23,150	63,207
CSC draws on the following Finance Annual Appropriations		
<i>Appropriation Act (No.1) (a)</i>	500	500
<i>Appropriation Act (No.1) (b)</i>	1,138	1,350
<i>Appropriation Act (No.2) (b)</i>	733	536
PNG Scheme		
<i>Administered Appropriation Act</i>	3,897	3,479

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 2020-21 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 Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measures 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 a complete picture of an entity's planned and actual performance.

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 2019-20 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 2.15 – Defence Force Superannuation Benefits • Program 2.16 – 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 the 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>

CSC Budget Statements

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forw ard estimate \$'000	2023-24 Forw ard estimate \$'000	2024-25 Forw ard estimate \$'000
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					
Revenue from Government					
Special accounts					
CSC Special Account	123,200	138,408	136,419	131,800	130,490
Revenues from other independent sources	29	29	29	29	29
Total expenses for Program 1.1	123,229	138,437	136,448	131,829	130,519
Outcome 1 totals by resource type					
Revenue from Government					
Special accounts					
CSC Special Account	123,200	138,408	136,419	131,800	130,490
Revenues from other independent sources	29	29	29	29	29
Total expenses for Outcome 1	123,229	138,437	136,448	131,829	130,519
	2020-21	2021-22			
Average staffing level	468	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 measures for Outcome 1

Table 2.1.2 below details the performance measures for each program associated with Outcome 1. It also summarises how each program is delivered and where 2021-22 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 members' superannuation balances. • Meeting license 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 measure	Actual Achievement/Targets
2020-21	<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 customers and employers with the service provided. 	<ul style="list-style-type: none"> • Over the rolling three-year period to June 2021, 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 increasing the Net Promoter Score (industry standard satisfaction measure) survey result of +10 for employers will be met. • It is estimated that the target of increasing the Net Promoter Score survey result for members/beneficiaries by two points per annum is likely to be met.

Table 2.1.2: Performance measures for Outcome 1 (continued)

Performance information: Program 1.1 – Superannuation Scheme Governance		
Year	Performance measure	Actual Achievement/Targets
2021-22	<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 customers 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 customers and other customers of two points each.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purpose	CSC's purpose is to build, support and protect better retirement outcomes for all our customers (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 2021-22 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.

The projected operating losses reflect the estimated accounting losses associated with the cost of replacing CSC's scheme administration systems for its defined benefit schemes. CSC has sufficient cash reserves to fund the operating losses without impacting on the financial viability of CSC in the future.

3.2. Budgeted financial statements tables

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forw ard estimate \$'000	2023-24 Forw ard estimate \$'000	2024-25 Forw ard estimate \$'000
EXPENSES (a)					
Employee benefits	68,138	69,255	70,636	72,047	73,488
Suppliers	45,758	59,346	56,777	49,438	48,695
Depreciation and amortisation	8,838	9,334	8,617	9,960	8,044
Finance costs	489	496	412	378	286
Write-down and impairment of assets	6	6	6	6	6
Total expenses	123,229	138,437	136,448	131,829	130,519
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	124,135	126,248	127,570	129,309	129,553
Interest	29	29	29	29	29
Total own-source revenue	124,164	126,277	127,599	129,338	129,582
Total own-source income	124,164	126,277	127,599	129,338	129,582
Net (cost of)/contribution by services	935	(12,160)	(8,849)	(2,491)	(937)
Surplus/(deficit) attributable to the Australian Government	935	(12,160)	(8,849)	(2,491)	(937)
Total comprehensive income/(loss)	935	(12,160)	(8,849)	(2,491)	(937)
Total comprehensive income/(loss) attributable to the Australian Government	935	(12,160)	(8,849)	(2,491)	(937)

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)

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forw ard estimate \$'000	2023-24 Forw ard estimate \$'000	2024-25 Forw ard estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	53,516	44,752	39,457	37,899	39,567
Trade and other receivables	6,071	7,321	7,421	7,971	7,971
Total financial assets	59,587	52,073	46,878	45,870	47,538
Non-financial assets					
Leasehold Improvements	22,627	22,328	17,712	17,301	12,296
Property, plant and equipment	5,572	5,102	4,625	4,219	3,768
Intangibles	13,896	11,845	10,671	9,790	9,002
Other non-financial assets	5,241	5,391	5,545	5,954	5,954
Total non-financial assets	47,336	44,666	38,553	37,264	31,020
Assets held for sale					
Total assets	106,923	96,739	85,431	83,134	78,558
LIABILITIES					
Payables					
Suppliers	5,143	6,090	6,609	6,639	6,639
Other payables	2,210	1,747	1,747	1,747	1,747
Total payables	7,353	7,837	8,356	8,386	8,386
Interest bearing liabilities					
Leases	22,180	22,497	18,191	16,898	11,981
Total interest bearing liabilities	22,180	22,497	18,191	16,898	11,981
Provisions					
Employee provisions	13,681	13,954	14,233	14,517	14,517
Other provisions	2,616	2,616	2,616	2,616	2,616
Total provisions	16,297	16,570	16,849	17,133	17,133
Total liabilities	45,830	46,904	43,396	42,417	37,500
Net assets	61,093	49,835	42,035	40,717	41,058
EQUITY*					
Contributed equity	35,475	35,475	35,475	35,475	35,475
Reserves	2,560	3,462	4,511	5,684	6,962
Retained surplus (accumulated deficit)	23,058	10,898	2,049	(442)	(1,379)
Total equity	61,093	49,835	42,035	40,717	41,058

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 2021-22)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2021					
Balance carried forward from previous period	23,058	478	2,082	35,475	61,093
Adjusted opening balance	23,058	478	2,082	35,475	61,093
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus/(deficit) for the period	(12,160)	-	-	-	(12,160)
Total comprehensive income	(12,160)	-	-	-	(12,160)
Transfers to/(from) reserves	-	-	902	-	902
Estimated closing balance as at 30 June 2022	10,898	478	2,984	35,475	49,835
Closing balance attributable to the Australian Government	10,898	478	2,984	35,475	49,835

Prepared on Australian Accounting Standards basis

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forw ard estimate \$'000	2023-24 Forw ard estimate \$'000	2024-25 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	128,455	129,484	132,569	134,103	129,547
Interest	29	29	29	29	29
Total cash received	128,484	129,513	132,598	134,132	129,576
Cash used					
Employees	68,037	68,982	70,357	71,763	73,488
Suppliers	49,566	63,097	61,013	54,647	48,695
Borrowing costs	12	12	12	12	12
Net GST paid	235	407	504	520	-
Interest payments on lease liability	477	484	400	366	274
Total cash used	118,327	132,982	132,286	127,308	122,469
Net cash from/(used by) operating activities	10,157	(3,469)	312	6,824	7,107
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	6,454	2,150	2,350	4,955	1,800
Total cash used	6,454	2,150	2,350	4,955	1,800
Net cash from/(used by) investing activities	(6,454)	(2,150)	(2,350)	(4,955)	(1,800)
FINANCING ACTIVITIES					
Cash received					
Transfers to operational risk reserve	555	902	1,049	1,173	1,278
Total cash received	555	902	1,049	1,173	1,278
Cash used					
Principal payments on lease liability	3,548	4,047	4,306	4,600	4,917
Total cash used	3,548	4,047	4,306	4,600	4,917
Net cash from/(used by) financing activities	(2,993)	(3,145)	(3,257)	(3,427)	(3,639)
Net increase/(decrease) in cash held	710	(8,764)	(5,295)	(1,558)	1,668
Cash and cash equivalents at the beginning of the reporting period	52,806	53,516	44,752	39,457	37,899
Cash and cash equivalents at the end of the reporting period	53,516	44,752	39,457	37,899	39,567

Prepared on Australian Accounting Standards basis.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forw ard estimate \$'000	2023-24 Forw ard estimate \$'000	2024-25 Forw ard estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	6,454	2,150	2,350	4,955	1,800
TOTAL	6,454	2,150	2,350	4,955	1,800
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	6,454	2,150	2,350	4,955	1,800
Total cash used to acquire assets	6,454	2,150	2,350	4,955	1,800

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of departmental asset movements (Budget year 2021-22)

	Leasehold Improvements \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2021				
Gross book value	13,016	12,808	33,871	59,695
Gross book value - ROU assets	22,057	63	-	22,120
Accumulated depreciation/ amortisation and impairment	(6,026)	(7,236)	(19,975)	(33,237)
Accumulated depreciation/amorisation and impairment - ROU assets	(6,420)	(63)	-	(6,483)
Opening net book balance	22,627	5,572	13,896	42,095
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	500	1,650	-	2,150
By purchase - other - ROU assets	4,364	-	-	4,364
Total additions	4,864	1,650	-	6,514
Other movements				
Depreciation/amortisation expense	(1,348)	(2,120)	(2,051)	(5,519)
Depreciation/amortisation on ROU assets	(3,815)	-	-	(3,815)
Total other movements	(5,163)	(2,120)	(2,051)	(9,334)
As at 30 June 2022				
Gross book value	13,516	14,458	33,871	61,845
Gross book value - ROU assets	26,421	63	-	26,484
Accumulated depreciation/ amortisation and impairment	(7,374)	(9,356)	(22,026)	(38,756)
Accumulated depreciation/amortisation and impairment - ROU assets	(10,235)	(63)	-	(10,298)
Closing net book balance	22,328	5,102	11,845	39,275

Prepared on Australian Accounting Standards basis.

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

The 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)

The 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)

The 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)

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

Table 3.11: Statement of administered asset movements (Budget year 2021-22)

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