

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 the entity'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 2022-23 as at Budget March 2022

	2021-22 Estimated actual \$'000	2022-23 Estimate \$'000
Opening balance/cash reserves at 1 July	47,592	44,897
Special accounts		
CSC Special Account Departmental	148,450	151,770
Total special accounts	148,450	151,770
Total funds from Government	148,450	151,770
Total net resourcing for Commonwealth Superannuation Corporation	196,042	196,667
	2021-22	2022-23
Average staffing level (a)	458	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 2022-23 as at Budget March 2022 (continued)**Third party payments from and on behalf of other entities**

	2021-22 <i>Estimated actual</i> \$'000	2022-23 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>	51,765	45,615
<i>Superannuation Act 1976</i>	4,801,455	4,770,586
<i>Superannuation Act 1990</i>	3,138,964	3,307,931
<i>Same-Sex Relationships Act 2008</i> (Equal Treatment in Commonwealth Laws - Superannuation)	69	71
<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>	33,867	29,677
<i>Defence Force Retirement and Death Benefits Act 1973</i>	1,681,870	1,665,335
<i>Military Superannuation and Benefits Act 1991</i>	1,585,532	1,421,304
<i>Australian Defence Force Cover Act 2015</i>	44,245	92,706
CSC draws on the following Finance Annual Appropriations		
<i>Appropriation Act (No.1) (a)</i>	500	500
<i>Appropriation Act (No.1) (b)</i>	892	915
<i>Appropriation Act (No.2) (b)</i>	1,000	1,000
PNG Scheme		
<i>Administered Appropriation Act</i>	3,434	3,277

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

(a) Compensation and Legal Payments

(b) Act of Grace Payments

1.3 Budget measures

No budget measures have been announced since the 2021-22 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 PGPA Act. 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 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 2020-21 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.

Budgeted expenses for Outcome 1

This table shows how much the entity 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.

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
Program 1.1: Superannuation Scheme Governance					
Revenue from Government					
Special accounts					
CSC Special Account	149,826	151,946	152,128	153,883	155,625
Revenues from other independent sources	23	23	23	23	23
Total expenses for Program 1.1 (a)	149,849	151,969	152,151	153,906	155,648
Outcome 1 totals by resource type					
Revenue from Government					
Special accounts					
CSC Special Account	149,826	151,946	152,128	153,883	155,625
Revenues from other independent sources	23	23	23	23	23
Total expenses for Outcome 1	149,849	151,969	152,151	153,906	155,648

	2021-22	2022-23
Average staffing level (b)	458	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 measure for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current corporate plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of 2022-23 Budget measures that have created new programs or materially changed existing programs are provided.

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 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.		
Key Activities	<ul style="list-style-type: none"> • Risk managed investment of member's 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. 	
Year	Performance measures	Expected Performance Results
Current year 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 benefits/pension payments. • Adequate satisfaction levels of customers and employers with the service provided. 	<ul style="list-style-type: none"> • Should market conditions as at March 2022 continue to worsen until the end of the financial year, it is estimated that the annual real return target of 3.5% over a rolling three-year period may not be met. Should market conditions stabilise or improve then CSC's default accumulation option is estimated to meet its return target. • It is estimated that the target of achieving negative returns in no more than 4 out of every 20 years for the default accumulation options 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.

Table 2.1.2: Performance measure for Outcome 1 (continued)

Performance information: Program 1.1 – Superannuation Scheme Governance		
Current year 2021-22 (continued)		<ul style="list-style-type: none"> It is estimated that the target of increasing the Net Promoter Score survey result for Australian Defence Force customers by 2 points per annum is likely to be met. It is estimated that the target of increasing the Net Promoter Score survey result for other customers by 2 points per annum is unlikely to be met.
Year	Performance measures	Planned Performance Results
Budget Year 2022-23	<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 five out of every 20 years for the default accumulation options. Achievement of operational objectives for contributions processing and benefits/pension payments. Adequate satisfaction levels of customers and employers with the service provided. 	<ul style="list-style-type: none"> Default accumulation options annual real return of 3.5% over a rolling three-year period. Negative returns in no more than five 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.
Forward Estimates 2023-26	As per 2022-23.	As per 2022-23.
Material changes to Program 1.1 resulting from 2022-23 Budget Measures: Nil		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2022-23 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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
EXPENSES (a)					
Employee benefits	80,118	81,440	83,068	84,726	86,419
Suppliers	63,943	68,659	67,951	60,365	60,740
Depreciation and amortisation	10,747	10,738	8,787	8,523	8,197
Finance costs	496	412	378	286	199
Write-down and impairment of assets	6	6	6	6	6
Total expenses	155,310	161,255	160,190	153,906	155,561
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	149,826	151,946	152,128	153,883	155,625
Interest	23	23	23	23	23
Total own-source revenue	149,849	151,969	152,151	153,906	155,648
Total own-source income	149,849	151,969	152,151	153,906	155,648
Net (cost of)/contribution by services	(5,461)	(9,286)	(8,039)	-	87
Surplus/(deficit) attributable to the Australian Government	(5,461)	(9,286)	(8,039)	-	87
Total comprehensive income/(loss) attributable to the Australian Government	(5,461)	(9,286)	(8,039)	-	87

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 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)**Note: Impact of net cash appropriation arrangements**

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
Total comprehensive income/(loss)					
- as per statement of					
Comprehensive Income	(5,461)	(9,286)	(8,039)	-	(87)
plus: depreciation/amortisation					
expenses for ROU assets (a)	3,592	3,592	3,307	3,963	3,963
less: lease principal repayments (a)	4,047	4,306	4,600	4,917	5,502
Net Cash Operating Surplus/ (Deficit)	(5,916)	(10,000)	(9,332)	(954)	(1,626)

Prepared on Australian Accounting Standards basis.

(a) Applies to leases under AASB 16 Leases.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	56,372	50,615	45,309	47,652	48,616
Trade and other receivables	8,311	8,411	8,961	8,961	8,961
Total financial assets	64,683	59,026	54,270	56,613	57,577
Non-financial assets					
Leasehold improvements	28,363	23,572	22,991	18,129	13,502
Property, plant and equipment	5,625	6,100	4,805	4,668	4,629
Intangibles	7,560	5,738	4,184	3,285	3,054
Other non-financial assets	6,687	6,841	7,250	7,250	7,250
Total non-financial assets	48,235	42,251	39,230	33,332	28,435
Total assets	112,918	101,277	93,500	89,945	86,012
LIABILITIES					
Payables					
Suppliers	6,140	6,659	6,689	6,689	6,689
Other payables	2,601	2,508	2,415	2,322	2,229
Total payables	8,741	9,167	9,104	9,011	8,918
Interest bearing liabilities					
Leases	27,021	22,715	21,422	16,505	11,003
Total interest bearing liabilities	27,021	22,715	21,422	16,505	11,003
Provisions					
Employee provisions	15,793	16,072	16,356	16,356	16,356
Other provisions	2,193	2,193	2,193	2,193	2,193
Total provisions	17,986	18,265	18,549	18,549	18,549
Total liabilities	53,748	50,147	49,075	44,065	38,470
Net assets	59,170	51,130	44,425	45,880	47,542
EQUITY*					
Parent entity interest					
Contributed equity	35,475	35,475	35,475	35,475	35,475
Reserves	5,384	6,630	7,964	9,419	10,994
Retained surplus	18,311	9,025	986	986	1,073
Total parent entity interest	59,170	51,130	44,425	45,880	47,542
Total equity	59,170	51,130	44,425	45,880	47,542

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 2022-23)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2022					
Balance carried forward from previous period	18,311	2,093	3,291	35,475	59,170
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	18,311	2,093	3,291	35,475	59,170
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus/(deficit) for the period	(9,286)	-	-	-	(9,286)
Total comprehensive income	(9,286)	-	-	-	(9,286)
Transfers to/(from) reserves	-	-	1,246	-	1,246
Estimated closing balance as at 30 June 2023	9,025	2,093	4,537	35,475	51,130
Closing balance attributable to the Australian Government	9,025	2,093	4,537	35,475	51,130

Prepared on Australian Accounting Standards basis.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	153,382	156,852	156,829	153,784	155,526
Interest	23	23	23	23	23
Total cash received	153,405	156,875	156,852	153,807	155,549
Cash used					
Employees	79,845	81,161	82,784	84,726	86,419
Suppliers	67,694	72,895	73,160	60,365	60,740
Borrowing costs	12	12	12	12	12
Net GST paid	407	504	520	-	-
Interest payments on lease liability	484	400	366	274	187
Total cash used	148,442	154,972	156,842	145,377	147,358
Net cash from/(used by) operating activities	4,963	1,903	10	8,430	8,191
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment, leasehold improvements and intangibles	4,363	4,600	2,050	2,625	3,300
Total cash used	4,363	4,600	2,050	2,625	3,300
Net cash from/(used by) investing activities	(4,363)	(4,600)	(2,050)	(2,625)	(3,300)
FINANCING ACTIVITIES					
Cash received					
Other	1,209	1,246	1,334	1,455	1,575
Total cash received	1,209	1,246	1,334	1,455	1,575
Cash used					
Principal payments on lease liability	4,047	4,306	4,600	4,917	5,502
Total cash used	4,047	4,306	4,600	4,917	5,502
Net cash from/(used by) financing activities	(2,838)	(3,060)	(3,266)	(3,462)	(3,927)
Net increase/(decrease) in cash held	(2,238)	(5,757)	(5,306)	2,343	964
Cash and cash equivalents at the beginning of the reporting period	58,610	56,372	50,615	45,309	47,652
Cash and cash equivalents at the end of the reporting period	56,372	50,615	45,309	47,652	48,616

Prepared on Australian Accounting Standards basis.

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

	2021-22	2022-23	2023-24	2024-25	2025-26
	Estimated	Budget	Forward	Forward	Forward
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	4,363	4,600	2,050	2,625	3,300
TOTAL	4,363	4,600	2,050	2,625	3,300
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	4,363	4,600	2,050	2,625	3,300
Total cash used to acquire assets	4,363	4,600	2,050	2,625	3,300

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of departmental asset movements (Budget year 2022-23)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2022				
Gross book value	12,765	11,769	32,444	56,978
Gross book value - ROU assets	31,407	143	-	31,550
Accumulated depreciation/amortisation and impairment	(5,661)	(6,224)	(24,884)	(36,769)
Accumulated depreciation/amortisation and impairment - ROU assets	(10,148)	(63)	-	(10,211)
Opening net book balance	28,363	5,625	7,560	41,548
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	-	4,100	500	4,600
Total additions	-	4,100	500	4,600
Other movements				
Depreciation/amortisation expense	(1,199)	(3,625)	(2,322)	(7,146)
Depreciation/amortisation on ROU assets	(3,592)	-	-	(3,592)
Total other movements	(4,791)	(3,625)	(2,322)	(10,738)
As at 30 June 2023				
Gross book value	12,765	15,869	32,944	61,578
Gross book value - ROU assets	31,407	143	-	31,550
Accumulated depreciation/amortisation and impairment	(6,860)	(9,849)	(27,206)	(43,915)
Accumulated depreciation/amortisation and impairment - ROU assets	(13,740)	(63)	-	(13,803)
Closing net book balance	23,572	6,100	5,738	35,410

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)

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: Schedule of 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 2022-23)

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