

**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 the Australian Prudential Regulation Authority (APRA) and the 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 the entity 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 the *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 2023-24 as at Budget May 2023

	<i>2022-23 Estimated actual \$'000</i>	2023-24 Estimate \$'000
Opening balance/cash reserves at 1 July	43,226	36,200
Funds from Government		
Special accounts		
CSC Special Account Departmental	154,766	159,988
Total special accounts	154,766	159,988
Total funds from Government	154,766	159,988
Total net resourcing for Commonwealth Superannuation Corporation	197,992	196,188
	<i>2022-23</i>	<i>2023-24</i>
Average staffing level (a)	459	535

- 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 2023-24 as at Budget May 2023 (continued)**Third party payments from and on behalf of other entities**

	2022-23 Estimated actual \$'000	2023-24 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>	46,950	43,813
<i>Superannuation Act 1976</i>	4,778,136	5,036,496
<i>Superannuation Act 1990</i>	3,550,126	3,710,681
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws - Superannuation) Act 2008</i>	67	69
<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>	30,612	28,636
<i>Defence Force Retirement and Death Benefits Act 1973</i>	1,740,000	1,832,577
<i>Military Superannuation and Benefits Act 1991</i>	1,660,000	1,837,732
<i>Australian Defence Force Cover Act 2015</i>	80,000	128,641
CSC draws on the following Finance Annual Appropriations		
<i>Appropriation Act (No. 1) (a)</i>	500	500
<i>Appropriation Act (No. 1) (b)</i>	798	818
<i>Appropriation Act (No. 2) (b)</i>	1,000	1,000
PNG Scheme		
<i>Administered Appropriation Act</i>	2,919	2,856

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 October 2022-23 Budget 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 measure 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 2021-22 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

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Program 1.1: Superannuation Scheme Governance					
Revenue from Government					
Special accounts					
CSC Special Account	154,604	160,251	161,553	163,355	165,189
Revenues from other independent sources	355	355	355	355	355
Total expenses for Program 1.1 (a)	154,959	160,606	161,908	163,710	165,544
Outcome 1 totals by resource type					
Revenue from Government					
CSC Special Account	154,604	160,251	161,553	163,355	165,189
Revenues from other independent sources	355	355	355	355	355
Total expenses for Outcome 1	154,959	160,606	161,908	163,710	165,544
	2022-23	2023-24			
Average staffing level (b)	459	535			

- 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 for 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 the 2023-24 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 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. 	
Year	Performance measures	Expected Performance Results
Current 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"> • The annual real return target of 3.5% over a rolling three-year period is not expected to be met due to the substantive increases in inflation and market volatility since 2021-22. Rolling three-year returns are however expected to exceed the inflation rate over this period. • The target risk objective of delivering no more than five negative return years out of every 20 years for the default accumulation options is expected to be met. • The target of achieving 90% of each operational objective is expected to be met. • The target of increasing the Net Promoter Score (industry standard satisfaction measure) survey result of +10 for employers is not expected to be met.

Table continues on next page

Table 2.1.2: Performance measure for Outcome 1 (continued)

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.		
Year	Performance measures	Expected Performance Results
Current Year 2022-23 (continued)		<ul style="list-style-type: none"> The target of increasing the Net Promoter Score survey result for Australian Defence Force customers by two points per annum is not expected to be met. The target of increasing the Net Promoter Score survey result for other customers by two points per annum is not expected to be met.
Year	Performance measures	Planned Performance Results
Budget Year 2023-24	<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 2024-27	As per 2023-24	As per 2023-24
Material changes to Program 1.1 resulting from 2023-24 Budget Measures: Nil		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2023-24 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**

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
EXPENSES (a)					
Employee benefits	76,177	85,019	89,797	91,673	93,336
Suppliers	73,746	74,147	68,258	62,977	63,153
Depreciation and amortisation	10,215	9,792	8,999	8,808	8,896
Finance costs	482	431	339	252	159
Total expenses	160,620	169,389	167,393	163,710	165,544
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	154,604	160,251	161,553	163,355	165,189
Interest	355	355	355	355	355
Total own-source revenue	154,959	160,606	161,908	163,710	165,544
Total own-source income	154,959	160,606	161,908	163,710	165,544
Net (cost of)/contribution by services	(5,661)	(8,783)	(5,485)	-	-
Surplus/(deficit) attributable to the Australian Government	(5,661)	(8,783)	(5,485)	-	-
Total comprehensive income/(loss)	(5,661)	(8,783)	(5,485)	-	-
Total comprehensive income/(loss) attributable to the Australian Government	(5,661)	(8,783)	(5,485)	-	-

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**

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Total comprehensive income/(loss)					
- as per statement of					
Comprehensive Income	(5,661)	(8,783)	(5,485)	-	-
plus: depreciation/amortisation expenses for ROU assets (a)	3,951	3,282	3,227	3,227	3,379
less: lease principal repayments (a)	4,487	4,499	4,411	4,570	4,735
Net Cash Operating Surplus/ (Deficit)	(6,197)	(10,000)	(6,669)	(1,343)	(1,356)

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)

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	48,285	41,144	39,499	42,714	46,593
Trade and other receivables	9,868	10,393	10,393	10,393	10,393
Total financial assets	58,153	51,537	49,892	53,107	56,986
Non-financial assets					
Land and buildings	15,367	14,512	9,905	5,298	4,243
Property, plant and equipment	6,008	5,758	5,171	4,552	3,977
Investment property					
Intangibles	11,644	10,601	8,971	7,959	6,497
Other non-financial assets	9,971	10,380	10,380	10,380	10,380
Total non-financial assets	42,990	41,251	34,427	28,189	25,097
Assets held for sale					
Total assets	101,143	92,788	84,319	81,296	82,083
LIABILITIES					
Payables					
Suppliers	8,122	8,602	8,602	8,602	8,602
Other payables	2,758	2,665	2,572	2,479	2,479
Total payables	10,880	11,267	11,174	11,081	11,081
Interest bearing liabilities					
Leases	14,376	13,184	8,773	4,203	3,172
Total interest bearing liabilities	14,376	13,184	8,773	4,203	3,172
Provisions					
Employee provisions	16,400	16,684	16,684	16,684	16,684
Other provisions	2,411	2,026	2,091	2,156	2,221
Total provisions	18,811	18,710	18,775	18,840	18,905
Liabilities included in disposal groups held for sale					
Total liabilities	44,067	43,161	38,722	34,124	33,158
Net assets	57,076	49,627	45,597	47,172	48,925
EQUITY *					
Parent entity interest					
Contributed equity	35,475	35,475	35,475	35,475	35,475
Reserves	7,062	8,396	9,851	11,426	13,179
Retained surplus (accumulated deficit)	14,539	5,756	271	271	271
Total parent entity interest	57,076	49,627	45,597	47,172	48,925
Total equity	57,076	49,627	45,597	47,172	48,925

Prepared on Australian Accounting Standards basis.

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

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2023-24)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2023	14,539	2,594	4,468	35,475	57,076
Comprehensive income					
Surplus/(deficit) for the period	(8,783)	-	-	-	(8,783)
Total comprehensive income	(8,783)	-	-	-	(8,783)
Transfers to/(from) reserves	-	-	1,334	-	1,334
Estimated closing balance as at 30 June 2024	5,756	2,594	5,802	35,475	49,627
Closing balance attributable to the Australian Government	5,756	2,594	5,802	35,475	49,627

Prepared on Australian Accounting Standards basis.

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

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	159,516	164,983	161,460	163,262	165,189
Interest	355	355	355	355	355
Total cash received	159,871	165,338	161,815	163,617	165,544
Cash used					
Employees	77,615	84,735	89,797	91,673	93,336
Suppliers	78,171	79,356	68,258	62,977	63,153
Net GST paid	504	520	-	-	-
Interest payments on lease liability	400	366	274	187	94
Total cash used	156,690	164,977	158,329	154,837	156,583
Net cash from/(used by) operating activities	3,181	361	3,486	8,780	8,961
Cash used					
Purchase of property, plant and equipment and intangibles	7,071	4,337	2,175	2,570	2,100
Total cash used	7,071	4,337	2,175	2,570	2,100
Net cash from/(used by) investing activities	(7,071)	(4,337)	(2,175)	(2,570)	(2,100)
FINANCING ACTIVITIES					
Cash received					
Other	1,246	1,334	1,455	1,575	1,753
Total cash received	1,246	1,334	1,455	1,575	1,753
Cash used					
Principal payments on lease liability	4,487	4,499	4,411	4,570	4,735
Total cash used	4,487	4,499	4,411	4,570	4,735
Net cash from/(used by) financing activities	(3,241)	(3,165)	(2,956)	(2,995)	(2,982)
Net increase/(decrease) in cash held	(7,131)	(7,141)	(1,645)	3,215	3,879
Cash and cash equivalents at the beginning of the reporting period	55,416	48,285	41,144	39,499	42,714
Cash and cash equivalents at the end of the reporting period	48,285	41,144	39,499	42,714	46,593

Prepared on Australian Accounting Standards basis.

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

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	7,071	7,644	2,175	2,570	5,804
TOTAL	7,071	7,644	2,175	2,570	5,804
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	7,071	7,644	2,175	2,570	5,804
less: ROU Additions	-	(3,307)	-	-	(3,704)
Total cash used to acquire assets	7,071	4,337	2,175	2,570	2,100

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of departmental asset movements (Budget year 2023-24)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2023				
Gross book value	7,583	14,333	38,500	60,416
Gross book value - ROU assets	21,575	-	-	21,575
Accumulated depreciation/ amortisation and impairment	(1,380)	(8,325)	(26,856)	(36,561)
Accumulated depreciation/amortisation and impairment - ROU assets	(12,411)	-	-	(12,411)
Opening net book balance	15,367	6,008	11,644	33,019
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	500	2,595	1,242	4,337
By purchase - other - ROU assets	3,307	-	-	3,307
Total additions	3,807	2,595	1,242	7,644
Other movements				
Depreciation/amortisation expense	(1,380)	(2,845)	(2,285)	(6,510)
Depreciation/amortisation on ROU assets	(3,282)	-	-	(3,282)
Total other movements	(4,662)	(2,845)	(2,285)	(9,792)
As at 30 June 2024				
Gross book value	8,083	16,928	39,742	64,753
Gross book value - ROU assets	24,882	-	-	24,882
Accumulated depreciation/ amortisation and impairment	(2,760)	(11,170)	(29,141)	(43,071)
Accumulated depreciation/amortisation and impairment - ROU assets	(15,693)	-	-	(15,693)
Closing net book balance	14,512	5,758	10,601	30,871

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 2023-24)

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