Australian Government

Commonwealth Superannuation Corporation

ANNUAL REPORT to customers

2020-21

CSC

Commonwealth Superannuation Corporation

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About this report

This is the annual report for the year ended 30 June 2021 to members of the: Public Sector Superannuation Scheme (PSS) ABN: 74 172 177 893 RSE: R1004595 Commonwealth Superannuation Scheme (CSS) ABN: 19 415 776 361 RSE: R1004649 Military Superannuation and Benefits Scheme (MilitarySuper) ABN: 50 925 523 120 RSE: R1000306 Public Sector Superannuation accumulation plan (PSSap) ABN: 65 127 917 725 RSE: R1004601 Commonwealth Superannuation Corporation retirement income (CSCri) ABN: 65 127 917 725 RSE: R1004601 Australian Defence Force Superannuation Scheme (ADF Super) ABN: 90 302 247 344 RSE: R1077063

This report was prepared in September 2021 by Commonwealth Superannuation Corporation (CSC) (ABN: 48 882 817 243 AFSL: 238069 RSEL: L0001397). CSC manages and is responsible for all aspects of PSSap and CSCri, including investment strategy, administration and member communications.

CSC is licensed under the *Corporations Act 2001* and the *Superannuation Industry (Supervision) Act 1993*. CSC is the trustee of five regulated superannuation schemes: CSS, PSS, MilitarySuper, PSSap, ADF Super. CSC also administers six exempt public sector and military schemes.

General advice only

Any financial product advice in this report is general advice only and has been prepared without taking account of your personal objectives, financial situation or needs. Before acting on any such general advice, you should consider the appropriateness of the advice, having regard to your own objectives, financial situation and needs. You may wish to consult a licensed financial adviser. You should obtain a copy of the Product Disclosure Statement (PDS) for the relevant scheme and consider its contents before making any decision regarding your super.

Financial advice for your needs and goals

Obtaining professional advice from an experienced financial planner can help you reach your financial goals. CSC's authorised* financial planners provide 'fee for service' advice, which means you receive a fixed quote upfront. There are no obligations, commissions or hidden fees.

To arrange an initial advice appointment please call **1300 277 777** during business hours. If you wish to find out more, please visit **csc.gov.au**

*CSC's authorised financial planners are authorised to provide advice by Guideway Financial Services (ABN 46 156 498 538, AFSL 420367). Guideway is a licensed financial services business providing CSC financial planners with support to provide members with specialist advice, education and strategies.

REPORT FROM OUR CHAIR

Introduction

Looking back on the 2020–21 year it would be safe to say it was a period full of significant events. The superannuation industry was no exception.

However, it was also a year that saw more stability and less volatility in relation to the COVID-19 pandemic and financial markets.

With the development of COVID-19 vaccines, a better understanding of the virus and governments and the broader population continually getting better at managing and controlling the spread of the disease, the light at the end of the tunnel is slowly getting bigger and brighter.

Of course, the COVID-19 pandemic continued to impact every corner of the globe and it will for some time. The way we work and live, financial markets, travel, trade, international relations and politics have all been impacted and changed to some degree by this pandemic.

For our part, CSC has responded well to the challenges that the pandemic has thrown at us.

Investment performance

Our investment strategy has held firm in the past 12 months. Our investment focus is to secure adequate retirement outcomes for our customers and our capital preservation bias has resulted in minimising the negative impacts on investment returns.

While the pandemic has interrupted our lives and livelihoods, your investments with CSC have grown strongly. Agile management of risks that were building in February 2020 has meant that we avoided the worst of the market drawdown in March and built cash that we have subsequently been able to redeploy into opportunities arising from government policy interventions, market behaviour and real economic conditions.

We remain vigilant to the dynamics in global vaccination distribution, monetary policy, public investment programs in green energy, regulatory interventions and the ever-present penetration of technology. To do this we focus on acquiring high-quality private assets that stand to benefit from some of these themes through time and on managing risks proactively as they begin to change the payoff to risk taking.

As a result of these strategies, our default option added more than 18% to retirement balances for the financial year 2020–21.

We take great care to look after your money responsibly and, in doing so, take a long-term view to protecting your savings into the future. We prepare our portfolios for the unknown by considering scenarios such as higher inflation, market corrections, recovery, escalating climate risk, and growth.

I'm sure you will agree that with all the uncertainty in the world at the moment, a dynamic and resilient investment strategy has never been so important. 2020–21 was a robust test of our investment strategy and we are pleased to be able to report that it worked as it was designed to work – to preserve your savings in very uncertain times and then to acquire quality assets only when our indicators signalled sustainable improvement in the fundamentals.

Our investment returns for the 1, 3, 5, 7, 10 and 15 years to 30 June 2021 for the Default, Balanced and MySuper Balanced options of the various schemes have continued to exceed their objectives. And over the medium and long term, investment returns for the 3, 5, 7, 10 and 15 years to 30 June 2021 for the Default, Balanced and MySuper Balanced options of the various schemes have continued to exceed their objectives.

Table 1. Investment returns to 30 June 2021 for CSC's Default, Balanced and MySuper Balanced scheme options

	AUM $billion	1 year (%)	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.	10 years (%) p.a.	15 years (%) p.a.
Inflation		3.8	1.7	1.8	1.7	1.8	2.2
Investment option							
CSS Default	1.66	18.4	8.2	8.7	8.2	8.5	6.6
PSS Default	23.07	18.3	8.0	8.6	8.1	8.4	6.5
MilitarySuper Balanced	10.71	18.2	8.0	8.6	8.1	7.9	5.7
PSSap MySuper Balanced	15.32	18.2	8.0	8.5	8.0	8.4	6.5
ADF MySuper Balanced	0.74	17.9	7.8	8.4			
Target return		7.3	5.2	5.3	5.2	5.3	5.7

Note: Performance is presented net of fees and taxes.

CSC's primary investment objective is to maximise long-term, real (that is, above inflation) returns for customers, with a target of 3.5% p.a. over rolling three-year periods for our Default, Balanced and MySuper Balanced options, while keeping risk to an acceptable level (defined as a probability of loss in no more than three to four years out of 20). This investment objective is designed to provide adequacy in retirement for our average customer. 'Adequacy' is defined by the Australian Superannuation Fund Association (ASFA) as a 'comfortable standard', which accounts for post-retirement cost-of-living adjustments.

Managing Climate Change Risk

The past year has seen an increasing focus on how governments and businesses globally are responding to climate change. Climate change is a core component of CSC's approach to environmental, social and governance issues, commonly referred to as ESG.

At CSC, we believe that there is significant embedded value in companies and organisations that operate ethically and sustainably. A variety of ESG metrics, sourced as widely as possible, assist us in assessing companies' development in these areas. As an active owner of the businesses we buy on your behalf, CSC is focused on engaging with companies to promote genuine sustainable impact. We believe that incremental, consistent changes are more effective in supporting robust and smooth transitions to a more sustainable future.

We manage climate investment risk principally in three ways. The first of these is through renewable investments. We invest in renewable-energy assets and strategies because renewable energy is the most likely future of our global energy system. We have a proud record of investing in both public and private assets in a way that has generated robust returns and, in so doing, has a measurable positive impact on the climate in the future.

Secondly, we invest innovation capital into companies that could produce breakthroughs that leapfrog existing climate solutions. Alongside this, we invest in producers of critical inputs into the new-energy supply chain (e.g., rare earth elements needed for battery production).

Finally, we support robust transitions from fossil fuels. As long-term investors, we can support a transition from fossil fuels that respects the practical demands for energy in our country and around the world, that recognises the labour force impacts of the transition and that understands simply divesting is unlikely to reduce climate risk. In this way, we focus our investment exposures in the relatively cleaner producers and, in the case of Australia for example, we are also investing in renewables and operating with relatively high social and community standards.

We measure our success in this regard by the disciplined generation of returns we generate from investing in climate-relevant strategies and by the impact that these initiatives have on our net portfolio climate footprint over time. While we do not have a specific temperature target, we build our portfolio consistent with achieving the targets of the Paris Agreement.

Our most recent material initiatives in 2020–21 to further reduce our climate footprint were three-fold. The first of these was to divest from undiversified 'pure play' coal companies. From 5 March 2021, CSC portfolios started to exclude undiversified companies that derive 70% or more of their revenue from thermal coal production/extraction. We use divestment only when engagement with companies cannot reduce the risks to the long-term viability of the business (e.g., tobacco, since 2013) and/or because the activity is contrary to Australian Government regulations, sanctions, treaties or conventions (e.g., cluster munitions, since 2011).

The second initiative was to actively reduce the ESG risks of investing in companies that misuse scarce natural resources. To implement this, we've appointed Osmosis Investment Management as an Investment Manager. Osmosis has a robust, effective and objective way to reduce ESG risk and aims to optimise our investment exposure to companies that use water and energy efficiently, and reduce waste.

Sustainability means always seeking the most productive ways to use our scarce natural resources. ESG considerations are an essential part of our broad-based risk management strategy. Because risks interact with each other, we're not focusing on just a single environmental risk. Instead, we've adopted sustainable management across multiple key scarce resources.

The third initiative involved the decarbonisation of our international shares index portfolio. Our investment manager now optimises the passive portfolio to reduce carbon exposure relative to the market-capitalisation weighted index. As a result, this portfolio's carbon footprint is 50% lower than the benchmark.

Your Future Your Super – significant super industry reforms

In the 2020–21 Federal Budget, the Government announced a number of significant reforms to super. Called 'Your Future, Your Super', the legislation passed in June 2021 enabled three key measures to be introduced:

- From 1 November 2021, some employees will be 'stapled' to their current super fund for the remainder of their career unless they actively choose another super fund. This measure aims to reduce duplicate super accounts and reduce excess and unnecessary fees.
- A new 'YourSuper' online comparison tool will be available so that people can compare key data on all super funds' MySuper products.
- A new super fund underperformance assessment will be conducted by APRA and published on the ATO's website.

Whilst we believe that the changes will result in fewer Australians having multiple superannuation accounts, there are some risks with the measures that will impact CSC. Firstly, the YourSuper online comparison tool only has very basic information on it when comparing products. It will be important for consumers to supplement this information with further research to be able to make the best decision for them.

Secondly, the underperformance test conducted by APRA only takes into account investment returns and fees. It takes no account of the risk taken to achieve investment returns. Our investment focus is to secure adequate retirement outcomes for our customers and our capital preservation bias has resulted in minimising the negative impacts on investment returns.

We focus on preserving your savings through very poor market environments so that strong market returns can be captured and sustainably built on top of your higher contribution rates.

Changes to PSSap and ADF Super

CSC is always trying to make things better for our customers by advocating for legislative or scheme rule changes and regularly reviewing and looking to improve the products we offer, whether that be super or insurance.

To make the process of transitioning out of the ADF simpler for our customers, we proposed a change to ADF Super to enable those leaving the ADF to retain ADF Super as their superannuation fund of choice, post-service. This resulted in 'ADF Super Choice' being put into place from July 2020, which will allow customers leaving the ADF to keep contributing to ADF Super with their new employer.

In March 2021, we saw changes to PSSap that enable both APS and non-APS employer contributions to be made into a PSSap account at the same time and to make additional contributions regardless of current employment arrangements. The change will also mean PSS or CSS customers can open a PSSap Ancillary account to make personal and non-APS employer contributions and have their super all in one place.

Supporting veterans in their transition from the Defence force

The Australian Government established the Joint Transition Authority (JTA) within the Department of Defence in October 2020. Along with the Department of Veterans' Affairs (DVA), CSC is a partner agency of the JTA. The purpose of the JTA is to better prepare and support ADF personnel as they transition from military to civilian life. Currently the JTA is in an implementation phase, identifying how services can be better connected and improved across the transition ecosystem.

Outside of our work to improve the connections between Defence, DVA and CSC, our primary role in the transition ecosystem is supporting the financial wellbeing of veterans and their families. CSC provides general advice and information on superannuation and retirement planning via public and in-house seminars and webinars, and general advice delivered person-to-person.

CSC has also undertaken a re-design of our internal processes and resourcing, particularly in relation to veterans who have been medically discharged or who are claiming and/or receiving service-related support payments and services. These changes will result in a more streamlined and needs-based approach to supporting veterans who are transitioning into civilian life.

CSC is a safe set of hands when its needed most

As a corporate Commonwealth entity as well as a superannuation provider, CSC is heavily regulated and required to comply with an array of regulatory obligations. While the regulatory mandate can be quite burdensome for us, it can be a good thing for our customers. I mention this because during times of crisis, volatility or uncertainty, people generally seek guidance and leadership from people or institutions they can trust and depend on. CSC provides our customers with market-leading investment expertise, great service and rigorous governance, risk and compliance processes.

Our governance, risk and compliance processes and protocols are among the most comprehensive in the Australian public and private financial services sector, not just the super industry.

Because CSC carries the government crest and the accountabilities that come with that, we are a safe set of hands for our customers’ super.

Listening to our customers - The CSC Compass

The past year saw us further embed and develop our customer listening program, known as the Compass. Through the Compass we actively seek feedback, comments and insights from our customers, and we use that to see how we’ve gone and where we should be heading. The Compass points us in the right direction, making sure we’re on the right track to meeting our customers’ needs.

The Compass is the catalyst to make improvements to our products and services. One such example saw us deliver our customers’ super statements digitally for the first time in late 2020. This was a direct result of our Compass customer listening program. Based on that we will continue to deliver digital statements each year and make improvements as a result of customer feedback.

A niche specialist super fund for the APS and ADF

CSC is unashamedly a niche super provider – we aren’t the biggest and we aren’t for everyone. CSC’s customers in the APS and ADF are unique and so is what we offer them, whether that be our investments, our education and advice offerings, or the empathy and understanding our staff demonstrate every day. No other super fund knows our APS and ADF customers like we do.

CSC’s customer-centric strategy means we are actively and constantly listening to our customers and transforming our service offering and products around their needs. Based on what our customers tell us, we are changing our business model and the processes and systems we use to ensure we are delivering what our customers want and need.

Everyone who works at CSC is proud to serve those who serve.

CSC Board Director and Chair changes

The end of the 2020–21 saw the seven-year term of CSC’s Chair, Patricia Cross, come to an end.

Patricia was an outstanding Chair who led CSC through an incredibly challenging period, which included significant regulatory, market and social change and volatility. Throughout her term, Patricia led CSC with exceptional skill, wisdom and a confident calmness.

Highly regarded and hugely respected, Patricia’s stewardship saw CSC achieve solid and consistent investment performance, while also keeping on top of the broader governance, regulatory, political, social and workplace influences and forces.

I want to thank Patricia for her outstanding leadership of CSC for the past seven years.

I also want to thank Dr Mike Vertigan whose term as a Director on the CSC Board also concluded on 30 June 2021. This was Mike’s second term on the CSC Board and his expertise and deep knowledge of the public service as well as the super industry was greatly valued among his colleagues on the Board.

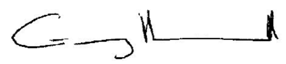
I look forward to welcoming two new directors in the coming months.

Thank you

During the past year CSC has taken great steps towards significantly transforming our business to improve things for our customers. At the same time, we have also continued to efficiently maintain our core functions – investing, paying pensions and allocating super contributions.

There is a huge amount of effort and rigorous process that goes on every week for these functions to run without issue – often it can go unrecognised. The fact that our staff at CSC successfully manage the hundreds of thousands of transactions, processes and customer interactions week-in and week-out is a testament to their skill, teamwork and expertise.

Finally, it is a privilege to be the new Chair of CSC. I would like to thank CSC’s staff and my fellow directors for their continued focus on our customers, their ongoing commitment to continuously improving our business and their passion to serve those who serve our country.



Garry Hounsell

Chair

29 September 2021

ABOUT OUR SCHEMES

CSC is the trustee of five superannuation schemes regulated under the *Superannuation Industry (Supervision) Act 1993*, and we administer six exempt public sector and military schemes. This report provides information on the regulated schemes— i.e. CSS, PSS, MilitarySuper, PSSap, and ADF Super. Information about our exempt public sector and military schemes— including the Defence Force Retirement and Death Benefits (DFRDB) Scheme—is available on our website csc.gov.au

The Public Sector Superannuation Accumulation Plan (PSSap) and the Australian Defence Force Superannuation Scheme (ADF Super) are open to eligible current and former Australian Government employees and members of the Australian Defence Force. These are accumulation funds meaning super accumulates depending on contributions and investment performance. As 'not-for-profit funds' all net investment returns are returned to customers.

Access to insurance through super is a major benefit we offer our customers. Eligible PSSap customers have access to lifePLUS cover and ADF Super customers who have left the ADF (and satisfy eligibility conditions) have access to lifePLUS Protect. This can be a cost effective way to hold Life and Income Protection insurance at rates that are generally lower than what you could get outside super and premiums are paid from your super balance, not your take home pay. Serving ADF members who are eligible for ADF Super are provided Death and Invalidity benefits through ADF Cover.

The Public Sector Superannuation Scheme (PSS) is a defined benefit scheme which is closed to new customers. The Commonwealth Superannuation Scheme (CSS) is a hybrid scheme, being part accumulation and defined benefit. This scheme is also closed to new customers. Eligible PSS and CSS customers can open a PSSap Ancillary account, or access our account based pension product—Commonwealth Superannuation Corporation retirement income (CSCri)—giving them more flexibility to make the most of their super.

A PSSap Ancillary membership provides the opportunity to grow super, access additional investment options, and take out additional insurance—like income protection. CSCri is designed to complement existing benefits by allowing customers to keep some or all of their super invested while also receiving regular income payments in retirement.

Military Superannuation and Benefits Scheme (MilitarySuper) is a hybrid scheme, being part accumulation and defined benefit. This scheme is also closed to new customers.

Our customers

Our customers generally fall into three categories:

Those making superannuation contributions who are either employed by a participating scheme employer (usually an Australian Government entity or the ADF), or customers who were formerly employed by a participating scheme employer, and who elected to continue to contribute to PSSap or ADF Super with their new employer.

Those with preserved or deferred benefits who are no longer able to contribute to their scheme, because they no longer work for a participating employer, or are no longer ADF members. We continue to maintain accounts for these customers and they can generally start making contributions again if they join a participating employer or re-join the ADF.

Those receiving a pension who have retired. Some ex-military members receiving a pension may start making contributions again, if they re-enter the ADF for a period of more than 12 months.

CSC customers also include former spouses, following a family law split; spouses and eligible children of deceased customers; and customers who have multiple superannuation accounts with us.

OUR VISION

Our vision is to build, support and protect better retirement outcomes for all our customers and their families

HIGHLIGHTS OF THE YEAR

CUSTOMER EDUCATION

231
seminars delivered

285
customers were provided Personal financial advice

2400
customer met with Financial planning team

FINANCIALS

3.4 billion
of super contributions allocated to customers

CUSTOMER COMMUNICATIONS

More than
217,630
phone calls answered

Replied to
108,368
emails

More than
484,500
customer statements dispatched

More than
15,100
customer self-service transcations completed

Around
569,300
times, customers logged into our online service portals

YOUR INVESTMENTS

Our investment philosophy

Our investment purpose is to provide sustainable retirement outcomes to Australian public service and defence customers, and your families.

Our investment objectives

We aim to achieve consistent long-term returns within a structured risk framework. To achieve this, we manage and invest each scheme's investment option to enable its stated investment objective within strictly defined risk limits. Each scheme is also managed in a way that allows for payment of monies to meet customer benefit payments, and to achieve equity among all customers, as well as exercising care and diligence to maintain and grow the assets of the schemes.

CSC jointly invests the assets of CSS, PSS, MilitarySuper, PSSap and ADF Super, providing economy-of-scale benefits to customers in each regulated scheme. We partner with professional external investment managers for their specialised expertise in the implementation and operational management of CSC's individual investments. This means that CSC's investment options in each scheme benefit from tailored oversight of their exposures, despite the fact that they span a very broad and diversified range of asset classes. Asset allocation and rebalancing ranges are set, fit for the purpose of each of CSC's investment options.

Our strategy

Today, our average defined contribution customer across all cohorts has accumulated savings that are expected to be on track to deliver a retirement income equivalent to almost 30% more than the ASFA comfortable retirement standard*. CSC's investment strategy is designed to help all of our customers achieve a standard of living in retirement that is 'comfortable', as defined by ASFA, regardless of whether they retire in strong or weak conditions. We expect every investment risk we take to improve the probability that our customers' balances will meet the ASFA standard by the time they retire at an assumed age of 65.

On the long-term horizon, for customers in our balanced option, we expect to deliver competitive returns with greater certainty of income-sufficiency at retirement.

Our income-focused and aggressive funds are expected to deliver competitive returns consistently as their risk appetite is more directly comparable to that of other funds.

Our investment performance

Investment performance for each option is calculated after fees and taxes (please note that past performance is no indication of future performance).

Performance is calculated based on the actual value of investment option assets as at the end of the quoted performance period (which is 1 July 2020 to 30 June 2021 for this report) and is indicative only of the returns that a customer achieves on their investment.

Earning rates (for CSS and PSS) and unit prices (for MilitarySuper, PSSap, CSCri and ADF Super) are used for daily customer transactions and will determine the actual performance a customer achieves based on the timing and amount of their individual transactions. The earning rates and unit prices are determined based on the best available information at the time they are declared. Valuations are incorporated into the calculations for earning rates and unit prices as soon as practical after they are received.

Using earning rates or unit prices to calculate investment performance for the 1 July 2020 to 30 June 2021 period will provide similar – but not identical – returns to the investment performance figures published below. Analysis of CSC's investment performance is included in our Chair's report on pages 4–9.

*For retirees aged 65-85 who own their own home outright and are relatively healthy. The Australian Comfortable Retirement Income Standard for couples is higher.

Some of the key portfolio activities in 2020-21 that contributed to our performance include:

1. Diversification of our portfolio's economic risks through innovative investments supported by long-term structural trends across global infrastructure needs, technology adoption, healthcare, agriculture and supply-chain resilience and sustainable resource use. These assets are selected to produce high -quality, often inflation-linked cash flows and still achieve capital growth. For example:
   - Complementing our existing digital-data centre assets— in which we were a first mover in Australia — we acquired an essential governance stake in Telstra's Australian mobile towers network, a fibre optic network business in Europe, data centres and fibre assets in Asia, and a broadband investment in the US. These assets are all expected to benefit from higher average work-from-home practices and the accelerated adoption of digital technology into business models through the pandemic.
   - We also added to our existing wind and solar renewables portfolio with a European owner and operator of hydroelectric facilities, wind farms and solar farms.
   - We invested in an Australian diagnostic imaging business that provides preventative healthcare infrastructure and growth of new clinics in regional areas.
   - We bought a business in the US that specialises in the storage, logistics and preparation of food, contributing to essential food supply chains across the US. This adds to our existing investment in an Australian agricultural business that uses technology to produce food innovatively and prioritises sustainable use of limited natural resources.
2. We continued our private equity program, co-investing in high -quality and targeted opportunities- efficiently but robustly - to ensure that our customers benefited from the past year's very strong returns achieved through initial public offerings (IPOs). IPOs are the process by which private companies are located on public stock exchanges. Many of our private companies have also been acquired by larger companies, for trade premiums, thereby generating exceptional investment returns. Examples include:
   - healthcare and biotech companies that have also contributed to COVID-19 vaccine trials, pathology testing laboratories, FDA-approved allergy immunotherapy treatment and FDA-approved therapy treatment of blood-clotting diseases.
   - palm-oil-free chocolate producer seeking to protect endangered species.
   - maintenance services and commercial cleaning for customers across government, education, healthcare, retail, corporate, entertainment and hospitality —many critical essential services sectors during COVID -19.
   - technology companies that have delivered solutions to encourage exercise with entertainment and efficient and robust cloud- computing services.
3. We re-invested in our innovations. Over the last year, for example, we have:
   - added to our public-market program that seeds new overseas investment management business focussed on generating diversifying active returns; and
   - added to our internal, proprietary strategies for active return generation.

The global investment outlook

The future feels difficult to predict today. Governments are more directly involved in income, health, and industry design within economies across both the developed and developing worlds. Interest rates remain historically low and negative in real terms (after accounting for the erosion of income represented by inflation) in many regions of the world. Central banks admit that policy initiatives may feel experimental as we continue to emerge from the enforced economic lockdowns of the past year. So there is real risk, as described by genuine uncertainty, rather than temporary volatility associated with investment portfolios today.

Resilient portfolios for a wide range of plausible scenarios

By considering a wide range of plausible fundamental developments, we examine what your portfolio needs to be resilient to evolving and perhaps very different market conditions to those prevailing at present. We search for assets capable of dependably generating inflation-linked cash flows without also eroding capital value, and that can therefore benefit from any upside surprises in inflation as central banks target higher wages and prices. We look for high quality assets that are more resilient to temporary collapses in economic growth because they provide essential services or inputs into activity. We look for excellence in the management teams that operate our assets, so that they can agilely position their businesses for comparative advantage; deploy technology smartly; and be proactive about the structural changes underway almost everywhere today.

CSS

Commonwealth Superannuation Scheme

CSS was established on 1 July 1976, and closed to new customers on 30 June 1990. CSS is a hybrid scheme (part accumulation, part defined benefit) where benefits derive from customer and employer-financed benefits. The accumulation benefit is formed by customer and productivity contributions, and fund earnings. The defined benefit is the employer-financed amount, which (in most cases) is paid as a lifetime non-commutable indexed pension.

CSS investment performance summary

Table 2: All CSS options performance over last 15 years to 30 June 2021

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Default Fund	18.4	8.2	8.7	8.2	8.5	6.6
Cash Investment Option	0.1	0.9	1.2	1.4	1.9	2.8
Australian Inflation	3.8	1.7	1.8	1.7	1.8	2.2

Note: All returns are calculated as the annually compounded average rate of earnings after tax and fees. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 3: CSS Default Fund and Cash option performance over last five financial years

Financial year	Default	Cash
2016–17	9.6	1.7
2017–18	9.4	1.5
2018–19	7.9	1.7
2019-20	-0.8	0.9
2020-21	18.4	0.1

Note: All returns are calculated after tax and fees and are for the investment option as a whole; these returns are not your personal investment returns in CSS. Past performance is not indicative of future performance.

About CSS investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond Bank Bill Index by investing 100% in cash assets.

ASSET ALLOCATION

Table 4: CSS Cash option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	0 (0-100)	100	100

Default Fund option

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 5. CSS Default Fund option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	4 (0–65)	9.0	9.4
Fixed interest	18 (0–65)	13.3	9.9
Equities	47 (15–75)	55.5	60.3
Property	8 (5–25)	7.7	6.3
Infrastructure	4 (0–20)	4.1	5.0
Alternatives	19 (0–30)	10.4	9.1

To manage the level of short-term volatility of returns and maintain appropriate levels of liquidity in the Fund, the target asset allocation to illiquid assets is limited to around 25% of the Default Fund's investments, with a rebalancing range of plus or minus 10% around that target.

FUNDS UNDER MANAGEMENT

Table 6: CSS Funds under management

Asset class	At 30 June 2020 ($m)	At 30 June 2021 ($m)
Cash	268.87	131.82
Balanced	1,633.00	1,656.33
Operational Risk Reserve	6.72	6.73
Total	1,908.59	1,794.88

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Other information about our investments

Assets in excess of 5% of the Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2021.

CSS FINANCIAL OVERVIEW 2020–21

Table 46. CSS unaudited financial information for 2020–21

	$'000
Net assets available to pay benefits as at 30 June 2020	1,952,831
Inflows	
Changes in fair value of investments	267,803
Interest	20
Member contributions	25,544
Employer contributions	7,226
Low income superannuation tax offset contributions	3
Government co-contributions	11
Net appropriation from Consolidated Revenue Fund	4,073,867
Outflows[1]	
Benefits and pensions paid	(4,509,255)
Income tax expense	(1,087)
Net assets available to pay benefits as at 30 June 2021	1,816,963
Assets and liabilities as at 30 June 2021[2]	
Investments[3]	1,792,391
Cash	31,522
Other receivables	64
Benefits payable	(5,907)
Other payable	(238)
Tax liabilities	(869)
Net assets as at 30 June 2021	1,816,963

[1]Expenses relating to investment management were borne by the underlying investments of the Scheme. Costs other than those incurred in managing and investing Scheme assets are met by CSC. Administrative fees are paid by employers to meet these costs.

[2]Excludes member benefit liabilities of $61.6 billion, of which $59.8 billion is funded by the Commonwealth Government.

[3]The value of investments shown above reconciles with the total Fund values shown in Table 6 on page 17 as follows:

	$'000
CSS Options	
Default Fund	1,656,328
Cash Investment Option	131,822
Investments backing the operational risk reserve	6,725
Total Fund	1,794,875
Add/(less)	
Adjustment from unit pricing to financial statements valuation basis	(2,484)
	1,792,391

The assets of CSS are invested through the ARIA Investments Trust (AIT), where they are pooled with the investments of CSC's other schemes.

The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by CSS.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including CSS, and daily earning rates based on the unit prices are published on the CSC website. If you would like to see a copy of CSS audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in Parliament in October) at csc.gov.au, send an email to members@css.gov.au, call us on **1300 000 277** or write to CSS, GPO Box 2252, Canberra ACT 2601.

The Scheme holds an operational risk reserve. The purpose of the operational risk reserve (ORR) is to provide adequate financial resources to address potential losses arising from an operational risk event (such as the use of an inaccurate unit price or earning rate to process a transaction that results in losses to the fund or to customers). The operational risk reserve target amount is determined in accordance with CSC's Operational Risk Financial Requirement Strategy, and any accruals to and calls upon the reserve are also managed in accordance with that strategy. The total of the reserve as at 30 June for the past three years was $6.7 million in 2021, $6.7 million in 2020 and $8.9 million in 2019.

PSS

Public Sector Superannuation Scheme

PSS was established on 1 July 1990, and closed to new customers on 30 June 2005. PSS is a defined benefit scheme. On retirement, customers can usually convert 50% or more of their final benefit accrual to a lifetime non-commutable indexed pension, paid by the Australian Government. Any remaining balance, as well as any transfer amounts, will be paid as a lump sum.

PSS investment performance summary

Table 7: All PSS options performance over last 15 years to 30 June 2021

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Default Fund	18.3	8.0	8.6	8.1	8.4	6.5
Cash Investment Option	0.1	0.8	1.1	1.3	1.8	2.8
Australian Inflation	3.8	1.7	1.8	1.7	1.8	2.2

Note: All returns are calculated as the annually compounded average rate of earnings after tax and fees. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 8: PSS Default Fund and Cash options performance over last five financial years

Financial year	Default	Cash
2016–17	9.5	1.6
2017–18	9.3	1.5
2018–19	7.7	1.7
2019-20	-1.1	0.8
2020-21	18.3	0.1

Note: All returns are calculated after tax and fees and are for the investment option as a whole; these returns are not your personal investment returns in PSS. Past performance is not indicative of future performance.

About PSS investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond Bank Bill Index by investing 100% in cash assets.

ASSET ALLOCATION

Table 9: PSS Cash option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	0 (0-100)	100	100

Default Fund option

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 10 PSS Default Fund option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	4 (0–65)	9.0	9.4
Fixed interest	18 (0–65)	13.3	9.9
Equities	47 (15–75)	55.5	60.3
Property	8 (5–25)	7.7	6.3
Infrastructure	4 (0–20)	4.1	5.0
Alternatives	19 (0–30)	10.4	9.1

To manage the level of short-term volatility of returns and maintain appropriate levels of liquidity in the Fund, the target asset allocation to illiquid assets is limited to around 25% of the Default Fund's investments, with a rebalancing range of plus or minus 10% around that target.

FUNDS UNDER MANAGEMENT

Table 11: PSS Funds under management

Asset class	At 30 June 2020 ($m)	At 30 June 2021 ($m)
Cash	64.97	55.15
Balanced	20,235.20	23,066.05
Operational Risk Reserve	73.92	74.58
Total	20,374.09	23,195.78

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Other information about our investments

Assets in excess of 5% of the Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2021.

PSS FINANCIAL OVERVIEW 2020–21

Table 47. PSS unaudited financial information for 2020–21

	$'000
Net assets available to pay benefits as at 30 June 2020	20,382,143
Inflows	
Changes in fair value of investments	3,589,238
Insurance premiums charged to customers	3,424
Other revenue	3,231
Member contributions	578,611
Employer contributions	177,227
Low income superannuation tax offset contributions	252
Government co-contributions	675
Net appropriation from Consolidated Revenue Fund	1,339,580
Outflows[1]	
Benefits and pensions paid	(2,882,242)
Insurance premiums paid	(3,424)
Income tax expense	(26,386)
Net assets available to pay benefits as at 30 June 2021	23,162,329
Assets and liabilities as at 30 June 2021[2]	
Investments[3]	23,161,174
Cash	43,622
Other receivables	1,709
Benefits payable	(21,800)
Other payables	(1,433)
Net tax liabilities	(20,943)
Net assets as at 30 June 2021	23,162,329

[1]Expenses relating to investment management were borne by the underlying investments of the Scheme. Costs other than those incurred in managing and investing Scheme assets are met by CSC. Administrative fees are paid by employers to meet these costs.
[2]Excludes customer benefit liabilities of $94.1 billion, of which $71.0 billion is funded by the Commonwealth Government.
[3]The value of investments shown above reconciles with the total Fund values shown in Table 11 on page 21 as follows:

	$'000
PSS Options	
Default Fund	23,066,047
Cash Investment Option	55,145
Investments backing the operational risk reserve	74,578
Total Fund	23,195,770
Add/(less)	
Adjustment from unit pricing to financial statements valuation basis	(34,596)
	23,161,174

The assets of PSS are invested through the AIT, where they are pooled with the investments of CSC's other schemes.

The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by PSS.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including PSS, and daily earning rates based on the unit prices are published on the CSC website.

If you would like to see a copy of PSS audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in Parliament in October) at **csc.gov.au**, send an email to **members@pss.gov.au**, call us on **1300 000 377** or write to PSS, GPO Box 2252, Canberra ACT 2601.

The Scheme holds an operational risk reserve. The purpose of the operational risk reserve (ORR) is to provide adequate financial resources to address potential losses arising from an operational risk event (such as the use of an inaccurate unit price or earning rate to process a transaction that results in losses to the fund or to customers). The operational risk reserve target amount is determined in accordance with CSC's Operational Risk Financial Requirement Strategy, and any accruals to and calls upon the reserve are also managed in accordance with that strategy. The total of the reserve as at 30 June for the past three years was $74.6 million in 2021, $73.9 million in 2020 and $71.2 million in 2019.

Military Super

Military Superannuation and Benefits Scheme

MilitarySuper was established on 1 October 1991, and closed to new customers on 30 June 2016. MilitarySuper is a hybrid scheme (part accumulation, part defined benefit). MilitarySuper also offers an ancillary benefit (which is also available to eligible DFRDB members) to those who wish to make additional contributions and transfers, such as additional personal, salary sacrifice and spouse contributions.

MilitarySuper investment performance summary

Table 12: All MilitarySuper options performance over last 15 years to 30 June 2021

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Cash	0.0	0.8	1.1	1.3	1.8	2.8
Income Focused	7.8	6.1	6.1	6.2	5.8	4.8
Balanced (Default)	18.2	8.0	8.6	8.1	7.9	5.7
Aggressive	23.7	11.3	11.2	10.4	9.7	6.2
Australian Inflation	3.8	1.7	1.8	1.7	1.8	2.2

Note: All returns are calculated as the annually compounded average rate of earnings after tax and fees. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 13: All MilitarySuper options performance over last 5 financial years

Financial year	Balanced (Default)	Aggressive	Income Focused	Cash
2016–17	9.6	11.8	6.1	1.6
2017–18	9.3	10.5	6.2	1.4
2018–19	7.7	9.5	7.0	1.6
2019-20	-1.1	1.7	3.5	0.7
2020-21	18.2	23.7	7.8	0.0

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

About MilitarySuper investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond Bank Bill Index by investing 100% in cash assets.

ASSET ALLOCATION

Table 14: MilitarySuper Cash option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	0 (0-100)	100	100

Income Focused option

OBJECTIVE

The objective is to outperform the CPI by 2% per annum over 10 years.

ASSET ALLOCATION

Table 15: MilitarySuper Income Focused option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	21 (10–100)	24.9	22.1
Fixed interest	26 (10–100)	24.3	18.2
Equities	16 (0–40)	17.2	23.1
Property	19 (0–35)	16.9	14.0
Infrastructure	6 (0–35)	6.8	8.4
Alternatives	12 (0–70)	9.9	14.2

Balanced (default) option

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 16: MilitarySuper Balanced (default) option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	4 (0-65)	9.0	9.4
Fixed interest	18 (0-65)	13.3	9.9
Equities	47 (15–75)	55.5	60.3
Property	8 (5–25)	7.7	6.3
Infrastructure	4 (0–20)	4.1	5.0
Alternatives	19 (0–30)	10.4	9.1

Aggressive option

OBJECTIVE

The objective is to outperform the CPI by 4.5% per annum over 10 years.

ASSET ALLOCATION

Table 17: MilitarySuper Aggressive option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	2 (0–35)	4.5	1.4
Fixed interest	4 (0–35)	3.9	2.3
Equities	67 (20–95)	71.4	76.1
Property	11.5 (0–50)	8.1	7.4
Infrastructure	5.5 (0–50)	5.5	6.3
Alternatives	10 (0–70)	6.6	6.5

Our investment information

FUNDS UNDER MANAGEMENT

Table 18: MilitarySuper Funds under management

Asset class	At 30 June 2020 ($m)	At 30 June 2021 ($m)
Cash	131.16	90.52
Income Focused	68.5	89.34
Balanced (Default)	9,154.28	10,707.99
Aggressive	935.94	1,325.66
Operational Risk Reserve	39.67	42.30
Total	**10,329.55**	**12,255.81**

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Other information about our investments

Asset in excess of 5% of the Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2021.

Calculation of unit prices

Your investment in MilitarySuper is valued in units. The unit price for an investment option reflects the total value of assets in the investment option (less expenses and taxes), divided by the number of all units issued in the investment option.

MilitarySuper uses units and daily unit prices to process transactions on your account, perform switches between investment options and track the value of your investment in the Fund.

When contributions are paid into your account, that money buys a number of units and the value of each unit (in dollars) is known as the unit price. Each investment option has a different unit price that can change daily, due to changes in investment markets and the value of assets. Investment earnings attributable to your account are reflected in the price of units that you hold.

Generally CSC bases its calculation of the value of assets in each investment option on the latest available market value at the end of each business day. Using these values, CSC will generally calculate the unit price for a given business day on the next business day. For example, CSC will generally calculate the unit price for 1 September (if a business day) and make it available on 2 September (if a business day).

If CSC is unable to determine a unit price for a business day on the following business day due to an unforeseeable event, such as a trading suspension in relevant markets, all reasonable steps will be taken to recommence unit pricing as soon as possible.

For further information, refer to the Fees and other costs booklet, which forms part of the **MilitarySuper Product Disclosure Statement** (PDS), available at **csc.gov.au**

MILITARYSUPER FINANCIAL OVERVIEW 2020–21

Table 48. MilitarySuper unaudited financial information for 2020–21

	$'000
Net assets available to pay benefits as at 30 June 2020	10,312,696
Inflows	
Changes in fair value of investments	1,902,369
Interest	14
Member contributions	253,447
Employer contributions	153,451
Low income superannuation tax offset contributions	256
Government co-contributions	504
Net appropriation from Consolidated Revenue Fund	1,139,007
Outflows[1]	
Benefits and pensions paid	(1,477,680)
Income tax expense	(23,119)
Net assets available to pay benefits as at 30 June 2021	12,260,945
Assets and liabilities as at 30 June 2021[2]	
Investments	12,255,805
Cash	25,763
Other receivables	6,503
Benefits payable	(8,006)
Other payables	(456)
Tax liabilities	(18,664)
Net assets as at 30 June 2021	12,260,945

[1]Expenses relating to investment management were borne by the underlying investments of the Scheme. Costs other than those incurred in managing and investing Scheme assets are met by CSC. Administrative fees are paid by employers to meet these costs.
[2]Excludes customer benefit liabilities of $68.6 billion, of which $56.4 billion is funded by the Commonwealth Government.

The assets of MilitarySuper are invested through the AIT, where they are pooled with the investments of CSC's other schemes.

The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by MilitarySuper.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including MilitarySuper, and daily MilitarySuper unit prices based on the AIT unit prices are published on the CSC website. If you would like to see a copy of MilitarySuper audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in Parliament in October) at **csc.gov.au**, send an email to **members@enq.militarysuper.gov.au**, call us on **1300 006 727** or write to MilitarySuper, GPO Box 2252 Canberra ACT 2601.

The Scheme holds an operational risk reserve. The purpose of the operational risk reserve (ORR) is to provide adequate financial resources to address potential losses arising from an operational risk event (such as the use of an inaccurate unit price or earning rate to process a transaction that results in losses to the fund or to customers). The operational risk reserve target amount is determined in accordance with CSC's Operational Risk Financial Requirement Strategy, and any accruals to and calls upon the reserve are also managed in accordance with that strategy. The total of the reserve as at 30 June for the past three years was $42.3million in 2021, $39.7 million in 2020 and $36.2 million in 2019.

PSSap

Public Sector Superannuation accumulation plan

PSSap was established on 1 July 2005 and is an open accumulation scheme. PSSap is generally available to current and former Australian Government employees (with some qualifying conditions). For PSSap members, the employer will contribute at a rate of 15.4%

PSSap offers an account-based pension product known as CSCri (Commonwealth Superannuation Corporation retirement income), to eligible customers.

Eligible CSS and PSS customers are also able to take up an ancillary membership PSSap.

PSSap investment performance summary

Table 19: All PSSap options performance over last 15 years to 30 June 2021

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Cash	0.0	0.8	1.1	1.3	1.8	2.8
Income Focused	7.9	6.2	6.1	6.2	6.3	5.5
MySuper Balanced (Default)	18.2	8.0	8.5	8.0	8.4	6.5
Balanced (Ancillary members only)	18.2	8.0	8.5	8.0	8.4	6.8
Aggressive	23.7	11.3	11.2	10.4	10.3	7.6
Australian Inflation	3.8	1.7	1.8	1.7	1.8	2.2

Note: All returns are calculated as the annually compounded average rate of earnings after fees and taxes. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 20: All PSSap options performance over last 5 financial years

Financial year	Balanced (Default)	Aggressive	Balanced (Ancillary)	Income Focused	Cash
2016–17	9.4	11.6	9.4	5.8	1.6
2017–18	9.3	10.5	9.2	6.2	1.4
2018–19	7.7	9.5	7.7	7.1	1.6
2019-20	-1.1	1.9	-1.1	3.6	0.7
2020-21	18.2	23.7	18.2	7.9	0.0

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

Table 21: All CSCri options performance over last 8 years to 30 June 2021

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	8 yrs (% pa)
Cash	0.0	0.9	1.3	1.6	1.7
Income Focused (Default)	8.9	7.0	6.7	6.8	6.5
Balanced	15.5	7.6	8.5	8.3	8.8
Aggressive	24.0	12.0	12.0	11.3	12.1
Australian Inflation	3.8	1.7	1.8	1.7	1.8

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 22: All CSCri options performance over last 5 financial years

Financial year	Balanced	Aggressive	Income Focused (Default)	Cash
2016–17	9.9	12.4	5.9	1.9
2017–18	9.8	11.6	6.5	1.7
2018–19	8.2	10.6	7.7	1.9
2019-20	-0.3	2.5	4.4	0.9
2020-21	15.5	24.0	8.9	0.0

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

Table 23: All CSCri TRIS options performance over last 4 years to 30 June 2021

Option	1 yr (%)	3 yrs (% pa)	4 yrs (% pa)
Cash	0.0	0.8	0.9
Income Focused	8.1	6.3	6.4
Balanced (Default)	18.4	8.1	8.5
Aggressive	24.1	11.5	11.4
Australian Inflation	3.8	1.7	1.8

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 24: All CSCri TRIS options performance over last 3 financial years

Financial year	Balanced	Aggressive	Income Focused	Cash
2017–18	9.5	10.9	6.7	1.4
2018–19	7.7	9.5	7.2	1.6
2019-20	-1.0	2.1	3.6	0.7
2020-21	18.4	24.1	8.1	0.0

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

About PSSap, CSCri and CSCri TRIS investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond Bank Bill Index by investing 100% in cash assets.

ASSET ALLOCATION

Table 25: PSSap & CSCri Cash options asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	0 (0-100)	100	100

Income Focused option

OBJECTIVE

The objective is to outperform the CPI by 2% per annum over 10 years.

ASSET ALLOCATION

Table 26: PSSap Income Focused option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	21 (10–100)	24.9	22.1
Fixed interest	26 (10–100)	24.3	18.2
Equities	16 (0–40)	17.2	23.1
Property	19 (0–35)	16.9	14.0
Infrastructure	6 (0–35)	6.8	8.4
Alternatives	12 (0–70)	9.9	14.2

Table 27: CSCri Income Focused option asset allocation

Asset class	Target (%range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	30 (10–100)	28.6	27.5
Fixed interest	23 (10–100)	23.6	18.2
Equities	12 (0–40)	17.3	20.5
Property	19 (0–35)	16.1	13.9
Infrastructure	6 (0–35)	6.5	8.3
Alternatives	10 (0–70)	7.9	11.6

Table 28: CSCri TRIS Income Focused option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	21 (10–100)	24.9	22.1
Fixed interest	26 (10–100)	24.3	18.2
Equities	16 (0–40)	17.2	23.1
Property	19 (0–35)	16.9	14.0
Infrastructure	6 (0–35)	6.8	8.4
Alternatives	12 (0–70)	9.9	14.2

PSSap MySuper Balanced (default) and Balanced (PSSap Ancillary and CSCri) options

PSSap's default investment option is called MySuper Balanced (default). PSSap Ancillary and CSCri customers can also invest in a 'balanced' option (called the Balanced option).

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 29: PSSap MySuper Balanced (default) option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	4 (0–65)	9.0	9.4
Fixed interest	18 (0–65)	13.3	9.9
Equities	47 (15–75)	55.5	60.3
Property	8 (5–25)	7.7	6.3
Infrastructure	4 (0–20)	4.1	5.0
Alternatives	19 (0–30)	10.4	9.1

Table 30: Balanced option (PSSap Ancillary members only) asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	4 (0–65)	9.0	9.4
Fixed interest	18 (0–65)	13.3	9.9
Equities	47 (15–75)	55.5	60.3
Property	8 (5–25)	7.7	6.3
Infrastructure	4 (0–20)	4.1	5.0
Alternatives	19 (0–30)	10.4	9.1

Table 31: CSCri Balanced option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	15 (0–65)	16.9	16.2
Fixed interest	15 (0–65)	19.6	16.5
Equities	40 (15–75)	41.3	44.9
Property	8 (5–25)	7.5	7.1
Infrastructure	4 (0–20)	4.1	5.1
Alternatives	18 (0–30)	10.6	10.2

Table 32: CSCri TRIS Balanced option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	4 (0–65)	9.0	9.4
Fixed interest	18 (0–65)	13.3	9.9
Equities	47 (15–75)	55.5	60.3
Property	8 (5–25)	7.7	6.3
Infrastructure	4 (0–20)	4.1	5.0
Alternatives	19 (0–30)	10.4	9.1

Aggressive option

OBJECTIVE

The objective is to outperform the CPI by 4.5% per annum over 10 years.

ASSET ALLOCATION

Table 33: PSSap Aggressive option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	2 (0–35)	4.5	1.4
Fixed interest	4 (0–35)	3.9	2.3
Equities	67 (20–95)	71.4	76.1
Property	11.5 (0–50)	8.1	7.4
Infrastructure	5.5 (0–50)	5.5	6.3
Alternatives	10 (0–70)	6.6	6.5

Table 34: CSCri Aggressive option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	2 (0–35)	4.9	2.4
Fixed interest	6 (0–35)	7.4	4.2
Equities	60 (20–95)	60.2	64.7
Property	11.5 (0–50)	9.9	8.9
Infrastructure	5.5 (0–50)	5.9	6.7
Alternatives	15 (0–70)	11.7	13.1

Table 35: CSCri TRIS Aggressive option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	2 (0–35)	4.5	1.4
Fixed interest	4 (0–35)	3.9	2.3
Equities	67 (20–95)	71.4	76.1
Property	11.5 (0–50)	8.1	7.4
Infrastructure	5.5 (0–50)	5.5	6.3
Alternatives	10 (0–70)	6.6	6.5

FUNDS UNDER MANAGEMENT

Table 36: PSSap Funds under management

Asset class	At 30 June 2020 $(m)	At 30 June 2021 $(m)
Cash	481.94	284.33
Income Focused	364.40	431.30
MySuper Balanced	12,333.94	15,315.89
Balanced (Default)	154.20	202.99
Aggressive	1,554.15	2,389.12
Operational Risk Reserve	57.34	64.58
Total	**14,945.97**	**18,688.21**

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Table 37: CSCri Funds under management

Asset class	At 30 June 2020 $(m)	At 30 June 2021 $(m)
Cash	32.37	23.94
Income Focused (Default)	177.55	215.60
Balanced	130.79	175.29
Aggressive	24.83	40.02
Operational Risk Reserve	1.41	1.59
Total	**366.95**	**456.44**

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Table 38: CSCri TRIS Funds under management

Asset class	At 30 June 2020 $(m)	At 30 June 2021 $(m)
Cash	6.01	3.60
Income Focused	22.61	20.87
Balanced (Default)	21.73	22.95
Aggressive	3.89	6.26
Operational Risk Reserve	0.21	0.24
Total	**54.45**	**53.92**

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Other information about our investments

Assets in excess of 5% of Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2021.

Calculation of unit prices

Your investment in PSSap is valued in units. The unit price for an investment option reflects the total value of assets in the investment option (less expense and taxes other than those deducted directly from your account), divided by the number of all units issued in the investment option.

PSSap uses units and daily unit prices to process transactions on your account, perform switches between investment options and track the value of your investment in the Fund.

When contributions are paid into your account, that money buys a number of units and the value of each unit (in dollars) is known as the unit price. Each investment option has a different unit price that can change daily, due to changes in investment markets and the value of assets. Investment earnings attributable to your account are reflected in the price of units that you hold.

Generally CSC bases its calculation of the value of assets in each investment option on the latest available market value at the end of each business day. Using these values, CSC will generally calculate the unit price for a given business day on the next business day. For example, CSC will generally calculate the unit price for 1 September (if a business day) and make it available on 2 September (if a business day).

If CSC is unable to determine a unit price for a business day on the following business day due to an unforeseeable event, such as a trading suspension in relevant markets, all reasonable steps will be taken to recommence unit pricing as soon as possible. The costs associated with the purchase or sale of fund investments are reflected in the unit price for the relevant investment option through a buy-sell spread. For further information, refer to the Fees and other costs booklet, which forms part of the PSSap Product Disclosure Statement (PDS), available at **csc.gov.au**

PSSAP FINANCIAL OVERVIEW 2020–21

Table 49. PSSap unaudited financial information for 2020–21

	$'000
Net assets available to pay benefits as at 30 June 2020	15,358,503
Revenue	
Interest	87
Changes in fair value of investments	2,826,553
Employer contributions	1,432,262
Member contributions	90,831
Transfers from other funds	455,057
Government co-contributions	240
Low income superannuation tax offset contributions	2,569
Insurance claims received and other revenue	37,398
Total revenue	4,844,997
Insurance premium expense	(104,059)
Other administration expenses	(13,280)
Benefits, transfers and pensions paid and payable	(695,142)
Total expenses[1]	(812,481)
Income tax expense	(202,976)
Net increase in net assets available to pay benefits	3,829,540
Net assets available to pay benefits as at 30 June 2021	19,188,043
Assets and liabilities as at 30 June 2021[1]	
Investments [2]	19,170,418
Cash	191,048
Other assets	1,870
Total assets	19,363,336
Liabilities	
Benefits and pensions payable	(1,579)
Other payables	(10,653)
Current tax liabilities	(163,061)
Total liabilities	(175,293)
Net assets available to pay benefits as at 30 June 2021	19,188,043

[1]Expenses relating to investment management were borne by the underlying investments of the Plan. Costs other than those incurred in managing and investing Plan assets are met by CSC and are disclosed as 'other administration expenses' above. Administration fees are paid by members to cover these costs.
[2]The value of investments shown above reconciles with the total Fund values shown in tables 37 and 38 on page 36 as follows:

	$'000
PSSap options	
Cash	284,328
Income Focused	431,301
MySuper Balanced	15,315,889
Balanced	202,989
Aggressive	2,389,124
CSCri options	
Cash	23,943
Income Focused	215,599
Balanced	175,293
Aggressive	40,016
Cash – TRIS	3,601
Income Focused – TRIS	20,867
Balanced – TRIS	22,952
Aggressive – TRIS	6,255
Investments backing the operational risk reserve	66,413
Total Fund	19,198,570
Add/(less)	
Adjustment from unit pricing to financial statements valuation basis	(28,152)
	19,170,418

The assets of PSSap are invested in the AIT, where they are pooled with the investments of CSC's other schemes. The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by PSSap.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including PSSap, and daily PSSap unit prices based on the AIT unit prices are published on the CSC website. If you would like to see a copy of the PSSap audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in the Parliament in October) at **csc.gov.au**, send an email to **members@pssap.com.au**, call us on **1300 725 171** or write to PSSap, Locked Bag 9300, Wollongong DC NSW 2500.

The Plan holds specific reserves including an operational risk reserve and an administration reserve. The administration reserve was established during 2020-21 financial year. The purpose of the operational risk reserve (ORR) is to provide adequate financial resources to address potential losses arising from an operational risk event (such as the use of an inaccurate unit price to process a transaction that results in losses to the fund or to customers). The operational risk reserve target amount is determined in accordance with CSC's Operational Risk Financial Requirement Strategy, and any accruals to and calls upon the reserve are also managed in accordance with that strategy. The purpose of the administration reserve is to pay for non-recurring expenses of the Plan relating to legislative change, enhancements to member services, extensions to the product range of the Plan, changes to achieve operational efficiencies or to enable the Plan to sustain operations through delays in payments of committed funding. The administration reserve was funded from unallocated interest income held in fund bank accounts on establishment. No further funds will be transferred to the administration reserve, nor will interest accrue to the administration reserve. The use and management of the administration reserve is conducted in accordance with CSC's Administration Reserve Strategy. The total of the reserves as at 30 June for the past three years was $78.9 million in 2021, $59.0 million in 2020 and $50.9 million in 2019

ADF Super

Australian Defence Force Superannuation Scheme

ADF Super was established on 1 July 2016 and is an open accumulation scheme. ADF Super is generally available to current and former members of the Australian Defence Force (subject to conditions), including reservists who are in full-time continuous service.

ADF Super investment performance summary

Table 39: All ADF Super investment options performance over last 5 years to 30 June 2021

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)
Cash	0.0	0.8	1.1
Income Focused	7.8	6.0	6.0
Balanced (Default)	17.9	7.8	8.4
Aggressive	23.4	11.2	11.2
Australian Inflation	3.8	1.7	1.8

Note: All returns are calculated as the annually compounded average rate of earnings after tax and fees. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Investment performance

Table 40: All ADF Super options performance over last five financial years

Financial year	Balanced (Default)	Aggressive	Income Focused	Cash
2016–17	9.4	11.6	5.9	1.6
2017–18	9.3	10.6	6.2	1.5
2018–19	7.6	9.4	7.0	1.6
2019-20	-1.3	1.8	3.4	0.7
2020-21	17.9	23.4	7.8	0.0

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

About ADF Super investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond bank bill index by investing 100% in cash assets.

ASSET ALLOCATION

Table 41: ADF Super Cash option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	0 (0-100)	100	100

Income Focused option

OBJECTIVE

To outperform the CPI by 2% per annum over 10 years.

ASSET ALLOCATION

Table 42: ADF Super Income Focused option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	21 (10–100)	24.9	22.1
Fixed interest	26 (10–100)	24.3	18.2
Equities	16 (0–40)	17.2	23.1
Property	19 (0–35)	16.9	14.0
Infrastructure	6 (0–35)	6.8	8.4
Alternatives	12 (0–70)	9.9	14.2

MySuper Balanced (default) option

The ADF Super default option is called the MySuper Balanced option.

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 43: ADF Super MySuper Balanced (default) option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	4 (0–65)	9.0	9.4
Fixed interest	18 (0–65)	13.3	9.9
Equities	47 (15–75)	55.5	60.3
Property	8 (5–25)	7.7	6.3
Infrastructure	4 (0–20)	4.1	5.0
Alternatives	19 (0–30)	10.4	9.1

Aggressive option

OBJECTIVE

The objective is to outperform the CPI by 4.5% per annum over 10 years.

ASSET ALLOCATION

Table 44: ADF Super Aggressive option asset allocation

Asset class	Target (% range)	Actual at 30 June 2020 (%)	Actual at 30 June 2021 (%)
Cash	2 (0–35)	4.5	1.4
Fixed interest	4 (0–35)	3.9	2.3
Equities	67 (20–95)	71.4	76.1
Property	11.5 (0–50)	8.1	7.4
Infrastructure	5.5 (0–50)	5.5	6.3
Alternatives	10 (0–70)	6.6	6.5

FUNDS UNDER MANAGEMENT

Table 45: ADF Super Funds under management

Asset class	Actual at 30 June 2020 $(m)	Actual at 30 June 2021 $(m)
Cash	3.57	2.75
Income Focused	2.61	4.23
Balanced (Default)	434.24	742.15
Aggressive	33.56	83.06
Operational Risk Reserve	0.40	0.67
Total	**474.38**	**832.86**

Other information about our investments

Assets in excess of 5% of the Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2021.

Calculation of unit prices

Your investment in ADF Super is valued in units. The unit price for an investment option reflects the total value of assets in the investment option (less expense and taxes other than those deducted directly from your account), divided by the number of all units issued in the investment option.

ADF Super uses units and daily unit prices to process transactions on your account, perform switches between investment options and track the value of your investment in the Fund.

When contributions are paid into your account, that money buys a number of units and the value of each unit (in dollars) is known as the unit price. Each investment option has a different unit price that can change daily, due to changes in investment markets and the value of assets. Investment earnings attributable to your account are reflected in the price of units that you hold.

Generally CSC bases its calculation of the value of assets in each investment option on the latest available market value at the end of each business day. Using these values, CSC will generally calculate the unit price for a given business day on the next business day. For example, CSC will generally calculate the unit price for 1 September (if a business day) and make it available on 2 September (if a business day).

If CSC is unable to determine a unit price for a business day on the following business day due to an unforeseeable event, such as a trading suspension in relevant markets, all reasonable steps will be taken to recommence unit pricing as soon as possible. The costs associated with the purchase or sale of fund investments are reflected in the unit price for the relevant investment option through a buy-sell spread. For further information, refer to the Fees and other costs booklet, which forms part of the ADF Super Product Disclosure Statement (PDS), available at csc.gov.au

ADF SUPER FINANCIAL OVERVIEW 2020–21

Table 50. ADF Super unaudited financial information for 2020–21

	$'000
Net assets available to pay benefits as at 30 June 2020	474,476
Revenue	
Interest	12
Changes in fair value of investments	109,488
Employer contributions	239,177
Member contributions	5,030
Transfers from other funds	59,811
Government co-contributions	86
Low income superannuation tax offset contributions	869
Other revenue	24
Total revenue	414,497
Administration and other expenses	(2,036)
Insurance premiums paid to insurer	(30)
Benefits and transfers paid and payable	(18,363)
Total expenses[1]	(20,429)
Income tax expense	(35,959)
Net increase in net assets available to pay benefits	358,109
Net assets available to pay benefits as at 30 June 2021	832,585
Assets and liabilities as at 30 June 2021[2]	
Investments[2]	831,605
Cash	29,170
Other assets	72
Total assets	860,847
Liabilities	
Benefit payables	(4)
Other payables	(194)
Current tax liabilities	(28,064)
Total liabilities	(28,262)
Net assets available to pay benefits	832,585

[1] Expenses relating to investment management were borne by the underlying investments of the Scheme. Costs other than those incurred in managing and investing Scheme assets are met by CSC and are disclosed as 'other administration expenses' above. Administration fees are paid by customers to cover these costs. As the Scheme is yet to reach the sufficient scale required to cover its total administration costs from the administration fees paid by customers, the Department of Defence has also contributed further administration funding;

[2] The value of investments shown above reconciles with the total Fund values shown on table 45 on page 43 as follows:

ADF Super options	
Cash	2,749
Income Focused	4,226
MySuper Balanced	742,147
Aggressive	83,060
Assets backing the operational risk reserve	667
Total Fund	832,85
Add/(less)	
Adjustment from unit pricing to financial statements valuation basis	(1,244)
Net assets available to pay benefits	831,605

The assets of ADF Super are invested in the AIT, where they are pooled with the investments of CSC's other schemes. The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by ADF Super.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including ADF Super, and daily ADF Super unit prices based on the AIT unit prices are published on the CSC website. If you would like to see a copy of the ADF Super audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in the Parliament in October) at **csc.gov.au**, send an email to **members@adfsuper.gov.au**, call us on **1300 203 3439** or write to ADF Super, Locked Bag 9400, Wollongong DC NSW 2500.

The Scheme holds specific reserves including an operational risk reserve and an administration reserve. The administration reserve was established during 2020-21 financial year. The purpose of the operational risk reserve (ORR) is to provide adequate financial resources to address potential losses arising from an operational risk event (such as the use of an inaccurate unit price to process a transaction that results in losses to the fund or to customers). The operational risk reserve target amount is determined in accordance with CSC's Operational Risk Financial Requirement Strategy, and any accruals to and calls upon the reserve are also managed in accordance with that strategy. The purpose of the administration reserve is to pay for non-recurring expenses of the Scheme relating to legislative change, enhancements to member services, extensions to the product range of the Scheme, changes to achieve operational efficiencies or to enable the Scheme to sustain operations through delays in payments of committed funding. The administration reserve was funded from unallocated interest income held in fund bank accounts on establishment. No further funds will be transferred to the administration reserve, nor will interest accrue to the administration reserve. The use and management of the administration reserve is conducted in accordance with CSC's Administration Reserve Strategy. The total of the reserves as at 30 June for the past three years was $0.9 million in 2021, $0.4 million in 2020 and $0.2 million in 2019.

Our investment management

Listed below are the investment managers appointed to invest assets, as well as specialist investment funds and portfolios. Investments that represent less than 0.5% of CSC's funds under management as at 30 June 2021 are not included.

- Airlie Funds Management Pty Limited
- Anchorage Capital Partners Pty Limited
- Antipodes Partners Limited
- Arcadia Funds Management Limited
- AXA Investment Managers
- Bridgewater Associates, Inc
- Capital Today
- Eley Griffiths Group Pty Limited
- Harbourvest
- HRL Morrison & Co (Australia) Pty Limited
- Jennison Associates LLC
- Luxor Capital Group, LP
- Macquarie Investment Management Global Limited
- Magellan Asset Management Limited
- One Equity Partners LP
- Paradice Investment Management Pty Limited
- PGIM, Inc
- Pharo Management (UK) LLP
- Platinum Investment Management Limited
- Schroder Investment Management Australia Limited
- Osmosis Investment Management UK Limited
- Sequoia Capital
- State Street Global Advisors, Australia, Limited
- Steadfast Financial LP
- Stonepeak Infrastructure Partners
- Sunley House Capital Fund Limited
- T. Rowe Price International Ltd
- Wellington Management Australia Pty Limited
- Yarra Funds Management Limited

Our derivatives policy

Investment managers who enter into an investment management agreement with CSC may use derivative securities (known as 'derivatives') to facilitate increases or decreases in the Fund's exposure to different investment markets.

Derivatives are financial instruments whose value changes in response to the changes in underlying variables. Examples include futures, options and forward exchange contracts.

Derivatives within investment mandates are mainly used to reduce risk for customers. CSC's investment managers are not permitted to use derivative securities for gearing the Fund or any part of the Fund, or for placing the Fund in a position where it is short in an asset class.

Any investment mandates which permit an investment manager to use derivatives reflect the derivatives policy of the Fund as a whole. If CSC's investment managers are permitted to use derivatives, the limits will be clearly set out in the mandate. CSC's internal investment and operations teams (and custodian) monitor whether derivatives use is consistent with CSC's policy.

Payment of surcharge liability

Surcharge is a tax on surchargeable superannuation contributions. It was abolished in July 2005 but still applies if a customer's adjusted taxable income prior to 2005-06 exceeded a certain amount. If we are informed by the Australian Taxation Office (ATO) that a customer's is assessed as having a surcharge liability, the customer can either have the amount deducted from their final benefit before it is paid, or pay some or all of their surcharge debt at any time before their benefit is payable.

Each scheme maintains a surcharge debt account for each customer to record any surcharge assessments from the ATO, together with any payments made by the customer and any interest required to be imposed.

OUR BOARD

In 2020–21 the Board consisted of an independent Chair and eight other directors. The Minister for Finance (the Minister) chooses four directors in consultation with the Minister for Defence. Of the remaining directors, two are nominated by the President of the Australian Council of Trade Unions (ACTU) and two are nominated by the Chief of the Defence Force. The Minister appoints all directors.

The Chair is appointed by the Minister after consultation with the Minister for Defence, and after the Board has agreed to the person proposed by the Minister.

All directors must meet the fitness and proprietary standards under the *SIS Act*. Director biographies are available at csc.gov.au

Mrs Patrica Cross

Appointed 1 July 2014; re-appointed 1 July 2017 to 30 June 2020 and 1 July 2020 to 30 June 2021

- Chair of the Board
- Member of the Board Governance Committee
- Member of the Remuneration and HR Committee
- Director of ARIA Co Pty Ltd

Mrs Ariane Barker

Appointed 13 September 2016 to 12 September 2019; re-appointed 13 September 2019 to 30 June 2022

- Member of the Board Governance Committee
- Member of the Risk Committee
- Member of the Member Outcomes Committee
- Chair of ARIA Co Pty Ltd

The Hon. Chris Ellison

Appointed 1 July 2014; re-appointed 1 July 2017 to 30 June 2020; re- appointed 1 July 2020 to 30 June 2023

- Chair of the Remuneration and HR Committee
- Chair of the APS Reconsideration Committee
- Member of the Members Outcome Committee
- Director of ARIA Co Pty Ltd

Ms Melissa Donnelly

Appointed 1 July 2020 to 30 June 2023

- Member of the Board Governance Committee
- Member of the Remuneration and HR Committee
- Director of ARIA Co Pty Ltd.

Mr Garry Hounsell

Appointed 1 July 2016 to 30 June 2019; re-appointed 1 July 2019 to 30 June 2022, appointed as Chair on 1 July 2021

- Chair of the Audit Committee
- Member of the Risk Committee
- Member of the Board Governance Committee
- Director of ARIA Co Pty Ltd

Air Vice-Marshal Tony Needham, AM

Appointed 1 July 2016 to 30 June 2019; re-appointed 1 July 2019 to 30 June 2022

- Nominee of the Chief of the Defence Force
- Chair of the Member Outcomes Committee
- Member of the Remuneration and HR Committee
- Deputy Chair of the MilitarySuper Reconsideration Committee
- Deputy Chair of the Defence Force Case Assessment Panel
- Director of ARIA Co Pty Ltd

Air Vice-Marshal Margaret Staib, AM, CSC, FAICD

Appointed 2 May 2014; re-appointed 2 May 2017 to 1 May 2020; re- appointed 2 May 2020 to 1 May 2023

- Nominee of the Chief of the Defence Force
- Chair of the MilitarySuper Reconsideration Committee
- Chair of the Defence Force Case Assessment Panel
- Chair of the Risk Committee
- Member of the Audit Committee
- Director of ARIA Co Pty Ltd

Dr Michael John Vertigan, AC

Director from 1 July 2011 to 2016. Re -Appointed from 1 July 2017 to 30 June 2020; re-appointed 1 July 2020 to 30 June 2021

- Chair of the Board Governance Committee
- Member of the Audit Committee
- Member of the Risk Committee
- Director of ARIA Co Pty Ltd

Mr Alistair Waters

Appointed 25 February 2020 to 24 February 2023

- Member of the Audit Committee
- Member of the Risk Committee
- Member of the APS Reconsideration Committee
- Member of the Member Outcomes Committee
- Director of ARIA Co Pty Ltd

Director indemnity

The director or a delegate of the Board, acting in good faith, will not be subject to any action, liability, claim or demand, for anything done (or not done) in the performance of their functions under CSC's governing legislation. CSC, however, may be subject to an action, liability, claim or demand.

As well as legislative indemnity for directors and delegates of the Board, CSC holds trustee liability and comprehensive crime insurance which complies with the *Corporations Act 2001*. CSC has provided all directors with a deed of indemnity, insurance and access.

CONTACT US

For all the information you need to make smart choices about your super, visit **csc.gov.au**

On our website you'll find:

- the **CSS, PSS, MilitarySuper, PSSap, CSCri and ADF Super Product Disclosure Statements**
- forms and publications to help you manage your account
- news and information
- dates and locations for CSC's free **At Work for You** superannuation seminars
- **Customer Services Online**

If you haven't registered yet, or forgot your password, you can register or reset your password online.
If you need help, please contact us.

CSS — **Commonwealth Superannuation Scheme**

EMAIL members@css.gov.au
PHONE 1300 000 277
FAX (02) 6275 7010
MAIL CSS
GPO Box 2252,
Canberra, ACT, 2601
WEB csc.gov.au

PSS — **Public Sector Superannuation Scheme**

EMAIL members@pss.gov.au
PHONE 1300 000 377
FAX (02) 6275 7010
MAIL PSS
GPO Box 2252,
Canberra, ACT, 2601
WEB csc.gov.au

Military Super — **Military Superannuation & Benefits Scheme**

EMAIL members@enq.militarysuper.gov.au
PHONE 1300 006 727
FAX (02) 6275 7010
MAIL MilitarySuper
GPO Box 2252
Canberra, ACT, 2601
WEB csc.gov.au

PSSap — **Public Sector Superannuation accumulation plan**

EMAIL members@pssap.com.au
PHONE 1300 725 171
FAX 1300 364 144
MAIL PSSap
Locked Bag 9300,
Wollongong DC, NSW, 2500
WEB csc.gov.au

ADF Super — **Australian Defence Force Superannuation**

EMAIL members@adfsuper.gov.au
PHONE 1300 203 439
FAX 1300 204 314
MAIL ADF Super
Locked Bag 9400, Wollongong DC, NSW, 2500
WEB csc.gov.au

If you would like more information about your Fund's investments and governance, you can also contact CSC in one of the following ways:

EMAIL	secretary@csc.gov.au
PHONE	1300 001 777
FAX	02 6275 7010
MAIL	CSC GPO Box 2252 Canberra ACT 2601
STREET ADDRESS	7 London Circuit Canberra, ACT, 2600
WEB	csc.gov.au