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## **CSC Annual Member Meeting 2023: Fund Update, Damian Hill CEO**

Good evening, and welcome to our 2023 Annual Member Meeting. In what is our third iteration of this event, it gives me great pride to see so many of you attending online from many different corners of Australia, and in fact, the world. This reflects our diverse and engaged customer base, and it is really great to see you all here with us this evening.

In reflecting on the financial year just gone, it's no secret that we are, collectively, facing many challenges as a society. While we are now embedded in our post-covid social recovery, a handful of wider economic challenges are loudly making their presence felt around us. These range from climate and broader environmental change to higher interest rates and cost of living pressures. There are also various geopolitical issues at play. One thing I know is that you can only control the controllable, and here at CSC that's what we are all about—doing all we can, regardless of all and any outside noise, to provide the best retirement outcome for you.

I've now been at CSC for almost three and a half years. When I arrived here, I determined with the Board that in order to achieve the best results for customers in the long-term, we would need to transform parts of our business. Large scale transformations like these can be difficult to appreciate from a customer perspective. Initially, a lot of work goes on behind the scenes, and some of the more tangible outcomes can take time to become evident—Approaching the three year mark of this transformation, I'm pleased to be in a position to reflect on some of the things that have been achieved, and are now visible, as part of our transformation.

In March this year, our Health and Claims redesign was launched. We are acutely aware that making an invalidity claim involves a stressful and emotional part of someone's life. Our overarching goal has been to help ease this burden, and make the process less stressful. Our new streamlined process means that those of you who make an invalidity claim will always have a single point of contact, working alongside one of our highly skilled case managers. These Case Managers are your guide in this time of great change, helping to ease the mental load and act as an intermediary as you go through the different stages of making a claim. The end result is a more streamlined and less stressful process, where you are supported by one individual every step of the way.

Earlier this year also saw the launch of our new member services online portal, the CSC Navigator. We are always driven by your feedback, and we know from that feedback that you had long desired a one-stop-online-shop for your CSC superannuation accounts. The CSC Navigator delivers on this promise, allowing you to access all your accounts with just the one login. Now, an operation such as this, which essentially involves rehoming the online environment for all our customers, does not come without its challenges, and the launch of the CSC Navigator certainly hasn't all been smooth sailing. Again, driven by your feedback, our transformation team has worked tirelessly in the background to make many adjustments and updates, continually improving the Navigator's functionality. And we can see the results of this. Whilst there was some increase in customer calls in the early days, over the past few



months, calls to our Customer Team about the CSC Navigator have dropped substantially, and we now have almost a quarter of a million of you signed up. I have no doubt the CSC Navigator will continue to evolve to provide an outstanding experience for all customers.

While we continue to make strides on the technology side of things, our aim, always, is to guide our members to a comfortable retirement. And when we talk about a 'comfortable' retirement, we refer to the definitions set by the Australian Superannuation Fund Association (ASFA). Currently, ASFA benchmarks the income and lump sum superannuation balances required to achieve a comfortable retirement at age 67 (as \$70,482 p.a. or a lump sum of \$690,000) for those in a couple, (or \$50,004 p.a. or a lumpsum of \$595,000) for those who are single.

ASFA estimates that 50% of retirees will have income at or above the Comfortable Retirement Standards for couples by 2050 (estimate is around 25-30% currently).

At CSC, we estimate that well over 90% of our DB members and 66% of our Defined contribution customers (PSSap and ADF Super) will meet the Comfortable Retirement Standards (for singles) at their retirement, based on data as at June 2023. One of the reasons for the difference between them is that the DC schemes are new and we don't necessarily have all of a customer's super balances.

This is no more evident than through the ongoing work we are doing with our Retirement Income Strategy, otherwise known as RIS. As part of our RIS, we are in the midst of developing retirement income products and solutions tailored to different customers' needs. These needs have been determined by extensive research, which has involved grouping our customers into retirement profiles. All the work we are doing is driven by our goal to enhance the support and guidance solutions we provide to you before and after retirement, so you are able to make informed decisions. There is a lot going on behind the scenes, and you will be able to see the tangible outcomes of this work in the near future. At the heart of it, it all aligns with our focus on helping you achieve comfort in retirement.

As a business, we remain committed to our sustainability principles, and our sustainability strategy is helping us refine our business practices as we work to support a sustainable future. For a business such as ours, the key initiatives are basically reducing flights in favour of virtual meetings (though there is a balance here with investment due diligence), and energy efficiency in our offices (e.g. LED and sensor lights etc). There are other approaches such as using 100 percent recycled paper and more novel approaches, such as keep cups for our people to reduce waste to landfill and beehives on the roof of our Canberra office to help our bee population (and produce honey). This is to be joined by a worm farm (to further reduce waste).

Turning to our stewardship of customer investment portfolios: We were the first Australian super fund to open our portfolio for carbon footprint assessment by the Climate Change Institute. We view investing for the future, including ESG opportunities and risks, as integral to sustainable retirements for our customers.



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We proactively invest customer savings in the infrastructure, technologies and innovations of the future. Case studies include biotech and pharmaceutical solutions, healthcare services, data centres, telecommunication satellites, affordable and reliable access to water and sanitation, energy and education.

Rather than just trading existing assets, we continuously look for opportunities to add to the net new supply of renewable energy. We believe in being active owners of equity where it is impactful and cost-effective. We use a variety of mechanisms to determine whether we engage and how. Under our prioritised engagement framework, we work to understand the strategic challenges faced by our larger public company investments and the best practices that can be identified across their peer groups around the world.

Our aim is for all of these initiatives to generate the financial returns capable of supporting customers in their retirement, whilst contributing positively to the environment and society at the total portfolio level overall.

I did touch briefly on challenges earlier, and now it's time to talk more about the external environment, and the impact it is having on us. Our Net Promoter Score, otherwise known as NPS, measures our reputation by customer loyalty and word of mouth. It is important to us, as it allows us to see what is affecting our members. In the 2021-22 financial year, our NPS score was -7, an increase of 5 points from our score in June 2021. Across all customers, our NPS fell by five points over the last financial year. We're introspective when it comes to results such as these and can see a handful of contributing factors. We recognise that the shaky wider economic conditions have impacted customers' confidence in recommending financial services. Along with this, I've already touched on the challenges involved with the launch of the CSC Navigator, while changes to the access of our i-estimator, our online retirement calculator also created some unease within our customer base.

We also measure NPS across a range of experiences our customers have with us, and these results were positive. Our Financial Advice and Education Services scored extremely well, at +66 and +78, respectively. We are proud to share that our retirement journey score increased by 9 points to +43. We also started measuring the experience of customers making a claim, which had a +10 NPS score, and customers calling us for information, which had an NPS of +34. In fact, almost all of our results had improved in the financial year and demonstrate that when we are supporting our customers through a life event, or providing help or information, we are getting it right, and our customer value our expertise and the helpfulness of our staff.

We know that another concern of our customers is cybersecurity. The nature of our business, and the reputation we hold by carrying the Government crest, makes us a potential target to cyber criminals. The security of our members' details is of critical importance to us, and our people have undergone training, and our systems undergone testing, to ensure all our controls meet regulatory requirements. This includes enhanced security features such as multiple factor authentication in CSC Navigator. We continue to invest heavily in this area.



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We also perform security threat intelligence monitoring and proactive scanning of the dark web, looking for account names and passwords that may have been stolen from members. This monitoring has led to us contacting more than 160 members to warn them their CSC credentials have been exposed. It is important to note that this stolen information is most likely coming from hacked member personal devices—there is no evidence of leaks from, or breaches to, CSC computer systems.

We know that when we engage with our customers, they are more likely to recommend CSC. Our challenge is to engage all our customers in the way they want, and to continually improve that experience. We realise that it takes every single one of our people working together to contribute to a positive customer experience, and that is what we are wholeheartedly committed to. This is because you, our customers are at the heart of everything we do, and we all take great pride in serving those who serve. And while things may be rocky in the external environment, please be assured that with us, your retirement savings sit in a secure set of hands.

I would like to thank you all for your attendance this evening, and I look forward to taking part in the Q&A session later this evening. Thank you.