

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL BUDGET ESTIMATES 2011-2012

Finance and Deregulation Portfolio

Department/Agency: Commonwealth Superannuation Corporation

Outcome/Program:

Topic: Cost of merging

Senator: Cormann

Question reference number: F34

Type of question: Hansard, F&PA Committee, page 6, 14 February 2012

Date set by the committee for the return of answer: Friday, 30 March 2012

Number of pages: 2

Question:

Senator CORMANN: I am talking about costs across all levels. Take it on notice maybe, because it is something that quite seriously I am interested in. What were the costs across all levels? Were they scheme administration costs, or the investment management costs and investment performance? What were your benchmarks when you took over at the time of the merger and what is your expectation of how, across all of those benchmarks, you are going to improve performance and move forward? Because at some point in time you have got to be able to make a judgment as to whether what happened was a good idea or not. Have you kept track of the cost of implementing the merger?

Mr Carrigy-Ryan: The cost of implementing the merger?

Senator CORMANN: The cost of merging the three entities into one.

Mr Carrigy-Ryan: The information on cost is public information, for example, for 2010-11 it is in annual reports that are tabled in parliament. That information is there. I will take on notice the other information you are seeking about benchmarks and targets and things that we are looking to in the future to actually measure. One of the simple ways of measuring will be that public information, which is available in those annual reports to parliament, for 2010-11 compared to what they are in the future.

Senator CORMANN: With all due respect, the reason we are here is to get information that goes beyond what is published in annual reports and budget papers and to test and probe. The government made a series of assertions when this legislation went through the parliament. I understand conceptually where the government was coming from. I think it is important for us to be able to verify to what extent that has eventuated. Just on the cost of the merger, do you have figures at hand about how much it cost to merge the three entities into one?

Answer:

The costs of the merger to date are as follows:

• Name change	
o Corporate signage and stationery	\$16,000
o Public websites (incl visual design guidelines)	\$175,000
o Member forms and fact sheets	\$90,000
o ComSuper system generated standard letters and secure websites	\$213,000
o At Work For You refresh and printing	\$20,000
Total (YTD)	\$514,000

- Staff – no change (no staff redundancies; 8 MSB staff transferred to CSC)
- Accommodation – all CSC Canberra staff co-located in one Canberra office
- Investments – Consultants - \$98,366 (legal) and \$82,600 (investment) YTD

Over time there will be benefits of scale in managing and investing the fund – for example, following the merger of the assets there will be only one custodian, common investment managers and common advisors.

Scheme administration costs will not change as there was no change to scheme rules as a result of the merger.