



# Statement of Corporate Intent 2022/23

Government Employees Superannuation Board  
March 2022

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## Executive summary

This is the Government Employees Superannuation Board's (GESB's) Statement of Corporate Intent for the 2022/23 financial year. It includes an overview of GESB and its operating environment, key priorities, performance targets and financial forecasts for 2022/23.

As at 30 June 2021, GESB had funds under management (FUM) of \$34.6 billion (bn) with more than 270,000 member accounts for over 245,000 current and former public sector workers<sup>1</sup>.

Our purpose is to *'look after our members' superannuation with excellence'* and our corporate goal is *'improved long-term superannuation benefits for our members'*.

Our purpose, goal, strategic objectives and priorities are determined within the context of our enabling legislation and the Heads of Government Agreement (HoGA) between the State of Western Australia (WA) and the Commonwealth. They are also aligned to the WA Government's Outcomes Based Management (OBM) framework and incorporate Australian Prudential Regulation Authority (APRA) requirements for strategic planning and member outcomes<sup>2</sup>.

We remain committed to continuing to provide high quality, value for money superannuation and retirement products and services that meet our members', employers' and the State's needs.

In 2022/23 we will be focusing resources on addressing the following strategic priorities:

- Implementing relevant Commonwealth Government legislative changes (consistent with the HoGA), in particular the Your Future, Your Super (YFYS) reforms
- Ensuring that our investment performance and strategy meet our objectives and that Environmental, Social and Governance (ESG) factors such as improving corporate disclosure and addressing climate-related risks are considered as part of the investment process
- Continuing to focus on digital strategies to service and engage members and improve the member experience
- Ensuring member outcomes and service standards remain well positioned in comparison to the leading Australian superannuation funds
- Continuing to provide insurance members can rely on, with premiums that don't inappropriately erode member account balances
- Increasing engagement with employers to assist them in effectively and efficiently fulfilling their superannuation obligations
- Ensuring our key service providers are strategically aligned to GESB's objectives and are delivering value for money services to our members
- Retaining high-quality people and maintaining a strong, risk-aware and high-performing culture

Our financial forecasts for 2022/23 show projected fund flows, FUM, budgeted expenses and capital investment required to support the delivery of our strategic priorities. The financial outcomes for future years, including the potential impacts that will flow from the implementation of Commonwealth and State reforms, are in the Strategic Development Plan (SDP).

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<sup>1</sup> GESB membership statistics, June 2021

<sup>2</sup> SPS515 – Strategic Planning and Member Outcomes, APRA, August 2019

## 1. GESB overview

GESB is a statutory authority, responsible for administering the superannuation schemes established and continued under the *State Superannuation Act 2000* (SSA), in addition to a number of other defined benefit schemes on behalf of the State. The responsible Minister for GESB is the Treasurer of WA.

The superannuation schemes administered by GESB are Exempt Public Sector Superannuation Schemes (EPSSS). EPSSSs are deemed to be complying superannuation funds for the purposes of Commonwealth superannuation and taxation legislation. However, the schemes are not directly subject to the *Superannuation Industry (Supervision) Act 1993* (SIS Act) nor is GESB subject to APRA supervision.

GESB's statutory and regulatory framework is principally derived from:

- The SSA and the *State Superannuation Regulations 2001* (SSR)
- Treasurer's Guidelines issued pursuant to the SSA
- The HoGA between the State of WA and the Commonwealth

### 1.1. Our corporate responsibilities, purpose and corporate goal

Operating under the SSA regulatory framework, we manage the GES Fund and deliver cost-effective and trusted products<sup>3</sup> (including insurance) and services to members, employers and the State.

We manage superannuation accounts and investments for over 245,000 current and former WA public sector employees. We manage an investment portfolio of \$34.6bn of which 89% (\$30.9bn) is managed for members in market-linked schemes, where members bear the investment risk, and \$3.7bn is managed for the State to support its defined benefit liabilities (as at 30 June 2021).

We administer the schemes established under the SSA (SSA schemes) and other defined benefit schemes for the State and provide information and assistance to the Treasurer on superannuation matters. In accordance with the SSA, the GESB Board (the Board) also formulates and gives effect to an investment strategy for the fund to achieve prudent diversification and deliver returns that meet investment objectives. Our investment framework operates in accordance with Prudential Guidelines for Investments issued by the Treasurer.

We are primarily a self-funded agency, though we recover the operational costs of administering the State's defined benefit schemes and other Government related activity, including the cost of Government services, from the Consolidated Account.

Our purpose, goal, strategic objectives and priorities are determined within the context of our enabling legislation and the HoGA between the State of WA and the Commonwealth. They reflect State and Commonwealth policy objectives and GESB's statutory obligation to act, as far as practicable, in the best interests of members in performing its functions. They are aligned to the WA Government's OBM framework and contribute to the government goal of sustainable finances (responsible financial management and better service delivery)<sup>4</sup> and will align with State Government policy and reforms where relevant.

<b>Our purpose</b>	To look after our members' superannuation with excellence
<b>Our corporate goal</b>	Improved long-term superannuation benefits for our members
<b>Our focus</b>	Operational excellence and delivery of well-regarded services and products to members and employers

<sup>3</sup> Member satisfaction survey, Research Solutions, 2020/21

<sup>4</sup> Department of Treasury, Government of WA; Outcomes Based Management; Guidelines for use in the WA Public Sector 2017

## 1.2. Objectives and member outcomes

Our strategy is also aligned with the Commonwealth requirements regarding member outcomes<sup>5</sup>.

The Board determines the desired member outcomes and approves strategic objectives that support achieving these outcomes, as well as the sound and prudent management of business operations.

Strategic objectives	Description	GESB member outcomes
<b>1. Financial outcomes for our members</b>	Financial outcomes for members through low fees and delivery of returns that meet investment objectives	Investment returns that meet investment objectives
		Our fees are in the lowest fee quartile of APRA regulated funds and are competitive against our benchmark funds
<b>2. Member experience</b>	A positive experience for our members when they engage with GESB	Members are satisfied when interacting with GESB
	Give primacy to our members' perspective and be their advocate for appropriate outcomes	Members/member representatives are treated fairly and with respect (in a timely manner) and with due regard for their circumstances and the complexity of issues
	Products that meet members' needs	Our membership is satisfied with the financial products offered by GESB
<b>3. Efficient and effective operations</b>	Value for money products and services that meet members' needs	Value for money products and services that meet members' needs
	Insurance members can rely on	Appropriate insurance cover that does not inappropriately erode members' superannuation balances
		Flexible, easy to use, value for money insurance products that members can rely on
	Sufficient scale to support continued achievement of member outcomes	Value for money products and services
	Supporting employers in meeting their superannuation obligations efficiently and effectively	Members are confident their contributions will be paid in a timely manner and benefit payments are accurate
<b>4. Positive culture and stakeholders</b>	A positive and supportive organisational culture underpinned by strong values and highly regarded by stakeholders	Staff are motivated/engaged to deliver member outcomes and members' assets are safe-guarded and protected responsibly

<sup>5</sup>Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Bill 2019, April 2019

### 1.3. Business performance and member outcomes assessment

Aligned to the Commonwealth's accountability and member outcomes measures, the Board conducts an annual business performance review (BPR) and member outcomes assessment (MOA). The BPR assesses our performance against our strategic objectives across our business operations and the MOA assesses whether our members' financial interests are being promoted in the product they hold. Key performance areas include investment performance, fees, services and benefits, insurance cost and product design. Findings in these reports are used as the basis for taking action to improve our member outcomes.

The 2021 BPR and MOA confirmed we achieved our targeted member outcomes for most measures in 2020/21. A summary of the annual MOA was published on the GESB website in March 2022.

Performance against our objectives is reported in the Quarterly Performance Report to the Treasurer.

### 1.4. Achievements 2020/21

Overall, we continue to perform well and are valued by members and employers:

- GESB was recognised as a Top 20 'Best Practice' agency by the Office of the Auditor General for the 2020/21 financial year
- Member satisfaction with the service remained extremely high over the 2020/21 financial year at 91%, with 82% of surveyed members scoring GESB 8 to 10 out of 10<sup>6</sup>
- Employer satisfaction with the service provided by GESB for 2020/21 remained extremely high with 94% rating their satisfaction 6 to 10 out of 10 (84% rating 8 to 10 out of 10)<sup>7</sup>
- Staff satisfaction remained strong at 81%<sup>8</sup>

The following initiatives were successfully implemented during 2020/21:

#### **ESG commitment**

In June 2021, the Board committed to transition the investment portfolio to net zero carbon emissions by 2050, with an interim target to reduce carbon emissions of the listed equity portfolio by 35% by 2030.

#### **Fee reductions – GESB Super members**

As part of our continuing commitment to efficient operations and providing cost-effective products to members, the percentage-based administration fee for GESB Super accounts was reduced from 0.2% p.a. to 0.16% p.a. with effect from 1 October 2021. Our fees are positioned in the lowest fee quartile in the industry<sup>9</sup>.

#### **Fee Rebate – West State Super (WSS) members**

The SSR were amended to allow the Board to transfer amounts from reserves to member accounts to ensure that our reserves are maintained within the parameters set by our reserving policy and consistent with the Treasurer's Guidelines. In November 2021, excess reserves were distributed to WSS members to bring the WSS Accumulation General Reserve (AGR) in line with target levels.

#### **Accessibility**

Our Digital Communications Specialist, Jane Ots, was awarded the 'Accessibility Person of the Year' at the 2021 Australian Access Awards in recognition of her continued commitment to providing our members with access to information about their superannuation options and entitlements, regardless of impairment. GESB was also recognised with nominations for 'Government website of the year' and 'Accessibility initiative of the year' for our 'Selecting your investment plan' tool.

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<sup>6</sup> GESB Member Services Satisfaction Research, Research Solutions, 2020/21

<sup>7</sup> GESB Employer Services Satisfaction Research, Research Solutions, 2020/21

<sup>8</sup> GESB Employee Satisfaction Survey, GESB Human Resources, April 2021

<sup>9</sup> SuperRatings SMART database, February 2022

**Retirement Options Service (ROS) improvements**

In October 2021 we introduced virtual ROS appointments for members who live remotely or who are unable to attend in person. We also reduced the cost to members of a ROS appointment.

**COVID-19 early access to Super**

Members were able to access up to \$10,000 of their super tax free during the second tranche of the Commonwealth COVID-19 early release scheme. During the period 1 July 2020 to 31 December 2020 more than 10,140 members made application for an early release payment, with approximately \$86.5 million in benefits paid out. On average, benefits were paid within 3.5 business days, with 94% of all payments being made within five business days.

**Secure Members Online (MOL) portal rebuild**

Our secure MOL portal is key to achieving our objective of delivering a positive and efficient member experience through digital channels. The MOL portal rebuild project commenced in April 2021, including the procurement of service providers and technology to significantly enhance our online member experience. The planned go-live of our new portal is July 2022.

**Annual member meeting (AMM)**

A requirement of the member outcomes legislation is for funds to hold an AMM to discuss key aspects of the fund and to provide members with a forum to ask questions about the fund's performance and operations. We held our first AMM in November 2021, utilising the June 30 statement mailout (in September 2021) to notify members of the meeting.

**Enhancing insurance**

We negotiated with our Insurer, AIA Australia, to implement a number of enhancements to the insurance we provide to our GESB Super and WSS members. These included extending the age that members can be insured for Salary Continuance Insurance (SCI) and Total and Permanent Disability (TPD) insurance to age 67 years, aligning with Age Pension age.

We also provided special conditions cover to eligible members, the majority of whom were initially employed as 'casual' with their employer and who later became 'non-casual'.

**Financial hardship and compassionate payment requests**

In collaboration with the Link Group (Link) administration team we completed a comprehensive review of our processes, communication materials and forms for financial hardship and compassionate grounds early release applications to make this process easier and more streamlined for members who are already in a situation of considerable distress.

**Binding death nominations (BDNs)**

Regulations providing for GESB to accept BDNs were enacted in 2020/21. GESB implemented non-lapsing nominations in October 2021. Lapsing nominations will be implemented in late 2022.

**Reconciliation Action Plan (RAP)**

In November 2020 we launched our second 'Innovate' RAP. This RAP outlines our efforts to continue developing and strengthening relationships, influencing stakeholders and meeting the needs of Aboriginal and Torres Strait Islander peoples with superannuation programs, work experience and employment opportunities.

In 2020/21 we partnered with Wunan Foundation to deliver resources to regional Aboriginal and Torres Strait Islander students and participated in the Financial Counsellors' Association of WA Kimberley Forum in Broome to provide financial counsellors with relevant information to support our Aboriginal and Torres Strait Islander members who live in the regions. We also partnered with First Nations Foundation to provide our Aboriginal and Torres Strait Islander members with access to a financial literacy program at no charge to them.

## 2. Our strategy - 2022/23

In 2022/23, we remain committed to providing high quality, value for money superannuation and retirement products and services that meet the needs of our members, employers and the State in a responsible manner.

Our strategy focuses on initiatives that enhance our members' experience and consistently deliver quality outcomes for members. We will continue to build our digital capability to improve efficiency and meet the evolving needs and expectations of members and employers.

We will also ensure that we are continuously positioned to be a trusted provider of superannuation products and services to WA public sector employees and a high-quality advisor to the State in relation to superannuation policy.

### 2.1. Key strategic themes (2022/23)

Our strategic themes are reviewed and adjusted annually by the Board following review of industry trends and legislative changes in our operating environment and GESB's forecasts.

Key strategic themes	
<b>Member outcomes</b>	<p>Ensuring we focus on delivery of identified member outcomes is critical, including:</p> <ul style="list-style-type: none"> <li>- investment performance that meets objectives</li> <li>- member services that meet members' continuously evolving expectations</li> <li>- treating members fairly and with respect regardless of channel or reason for engagement</li> </ul>
<b>ESG</b>	<p>We will continue to develop our ESG policy, maintaining focus on members' best financial interests</p>
<b>Culture and governance</b>	<p><b>People and culture:</b> Maintaining a positive, high-performing culture is critical to delivering on our business objectives and member outcomes</p> <p><b>Regulations/legislation:</b> We will review our long-term strategy and future operating model in consultation with key stakeholders in light of the proposed YFYS superannuation reforms</p> <p><b>Third party providers:</b> Strong contract management and cultural alignment with our third-party providers is critical to ensure high quality services are maintained and we continue to deliver value for money to members</p> <p><b>Data and technology:</b> Maintain current focus on monitoring and mitigating risks around data security and cyber fraud</p>

### 2.2. Summary of strategic initiatives

#### Objective 1: Financial outcomes for members

##### 1.1. Financial outcomes for members through low fees and delivery of returns that meet objectives

###### 1.1.1. Investment returns that meet objectives

- **Strategic asset allocation (SAA)**

The main determinant of investment performance is the SAA – the long-term allocation of assets between broad asset classes (equities, cash, property, etc) – for each investment option. This allocation has a major impact on the risk and return profile of each investment option within the fund. SAAs are reviewed on an annual basis.



- **Asset class review**

Regular reviews of each asset class are undertaken, taking into account the appropriateness of the asset class composition, the spread of the risk in the portfolio and the distribution of risk across investment managers and strategies.

- **ESG policy**

ESG factors can impact long-term risk-adjusted returns, so it is important to understand material ESG risks and opportunities and integrate them into the investment process. As such we have integrated ESG considerations throughout our investment process, including consideration of climate-related risks in formulating our investment strategy and asset class structures. A commitment has been made to transition the investment portfolio to net zero carbon emissions by 2050, including a commitment to reducing the carbon intensity of the listed equity portfolio by 35% by 2030. A range of additional ESG initiatives will also be considered, including an ESG-focussed investment choice option.

### 1.1.2. Investment risk management framework

- We have implemented an investment risk management system to assist with the identification, measurement, monitoring and management of investment risks. The key objectives of the system include to better understand the level and composition of key risks within each investment option and the fund's investment portfolio as a whole.

### 1.1.3. Fees below median and charged on a cost recovery basis

- **Pricing reviews**

Pricing for our market-linked superannuation and retirement schemes is determined by the Board based on regular reviews of each scheme's financial position. The aim is to ensure that the level of fees and charges meets our pricing principles, which include providing value for members through fair and equitable pricing while maintaining appropriate levels of reserves, taking into account relevant legislative and regulatory obligations and aiming to minimise cross subsidisation between schemes.

GESB's fees are currently below industry medians. At February 2022 they were:

Plan	GESB fee	Industry median <sup>10</sup>
WSS default plan (\$50,000 balance)	\$321	\$529
GESB Super default plan (\$50,000 balance)	\$411	\$529
Retirement Income Allocated Pension (\$250,000 balance)	\$1,375	\$2,788
Retirement Income Term Allocated Pension (\$200,000 balance)	\$1,420	N/A

## Objective 2: Positive member experience

### 2.1. A positive experience for members when they engage with GESB

#### 2.1.1. Services to members

We recognise that member and community expectations relating to the delivery of superannuation and financial services continue to evolve. We are committed to continuous improvement in our tools, systems and processes to ensure that members can interact with GESB via a range of channels and are serviced in an efficient, timely and informed manner.

We provide a range of member information and support services, for example the GESB website and the MOL secure portal, Insurance Claims Consultants (ICC), Member Services Centre (MSC), Live online chat, ROS, seminars and webinars. The majority of these are provided by GESB's outsourced provider, Link, and service standards and measures have been put in place to ensure the level of service provided remains high.

<sup>10</sup> SuperRatings SMART database, February 2022

- **Service level improvements**

Member expectations regarding responsiveness to requests are increasing. To meet member expectations and ensure we are competitive with respect to services provided across the superannuation industry, we are reviewing processing times for benefit payments with Link with a view to reducing the service standard from ten to five days.

- **2.1.2 Communication**

We will continue to encourage members to engage with their superannuation and make informed choices through targeted, timely and relevant communication that is aligned to their five main superannuation related information needs (insurance, choosing a fund, choosing an investment plan, contributing to your super and retirement).

- **2.1.3 Digital engagement**

A key strategic focus is increasing our use of technology to better engage with and service our members. We will continue to improve the efficiency and effectiveness of the digital channel as a self-service, information distribution and communication tool. This will increase the efficiency of member interactions with GESB and member awareness and engagement with superannuation.

Our vision is to have digital as the first, and often only channel members use to support their information needs, allowing them to transact and interact easily with GESB to improve their long-term superannuation outcomes.

We currently issue member statements and statement summaries electronically by default, and are providing information, forms and online tools such as calculators and videos as part of our digital strategy.

- **New MOL**

The MOL portal is key to achieving our objective of delivering a positive and efficient member experience through digital channels. The aim is for MOL to be the central access point used by members for information, transactions, and communication. This will be achieved by enhancing our systems to include an online document centre, online form capability and more personalised information.

We are currently implementing a new MOL solution to enable us to deliver on members' rising expectations and align with prevailing industry standards.

- **Default eCommunication**

We have implemented electronic communication by default for compliance-related documents, including statements, and are increasingly using electronic delivery for other member correspondence such as confirmations of investment switches and contributions received. The new MOL will include an online document centre and automated eCommunication, and the implementation of online forms will be progressed following the implementation of an authentication tool within MOL.

- **Positioning strategy**

The positioning strategy will determine GESB's overall value proposition and our positioning for different segments and stakeholders. This includes research to identify the attributes most important to members. The aim is to build GESB's reputation and position us as the fund of choice for WA public sector workers, including new and retiring public sector employees.

- **'Voice of the member' program**

We continue to analyse the experience that different cohorts of members have with us to identify service provision enhancements. To identify gaps and service improvement opportunities we are implementing a 'Voice of the member' program and analysing member feedback from a variety of sources, including market research, complaints and 'Contact us' feedback.

## **2.2. Give primacy to our members' perspective and be their advocate for appropriate outcomes**

Our focus is on improving support and services for members when they are in vulnerable positions, for example when making requests on financial hardship and compassionate grounds. We are also committed to ensuring all our information and content is accessible to all members and are building this requirement into all initiatives.

### **2.2.1 Aboriginal and Torres Strait Islander members**

Our vision for reconciliation is to engage with Aboriginal and Torres Strait Islander peoples in ways that will meet their needs and help to improve superannuation outcomes. We recognise that building strong, respectful partnerships with Aboriginal and Torres Strait Islander peoples and communities is essential in achieving reconciliation.

The focus of our 'Innovate' RAP is to work together with Aboriginal and Torres Strait Islander stakeholders to create tangible outcomes in our workplace, our community, our communications and the services we provide.

Key initiatives for this plan include establishing and maintaining mutually beneficial relationships, improving our processes and communications to remove barriers, improving employment outcomes and increasing supplier diversity.

Our next RAP will be developed this year with an aim to achieve Reconciliation Australia's endorsement.

- **Financial counsellors**

We have formed a partnership with the Financial Counsellors' Association of WA, which helps Aboriginal and Torres Strait Islander peoples and others who are experiencing financial difficulty. This partnership helps us understand the issues these members or their representatives face when they interact with us and how we can improve the experience.

### **2.2.2 Complaints**

Although we receive low numbers of complaints, complaints are a key source of information regarding members' experience with GESB. To understand emerging trends and drivers of complaints more fully, we implemented a comprehensive complaints management system in 2021.

### **2.2.3 Diversity and inclusion**

We are committed to providing services to the diverse community of WA, including people with disabilities, Aboriginal and Torres Strait Islander peoples, and culturally and linguistically diverse (CALD) people in a fair and non-discriminatory manner. Our Workforce and Diversity Plan has been developed to align with and support the achievement of our strategic objectives. Initiatives identified in this plan will be implemented throughout the reporting period, including the development of effective tools to provide a regular update to the Board and key stakeholders on our progress in delivering on key outcomes of the plan.

### **2.2.4 Multicultural Access Plan (MAP)**

Our MAP 2020-2023 was developed to provide a framework to support our commitment to multicultural access and inclusion in the way we work and in the outcomes we deliver in line with our purpose and values. An important part of this is ensuring we can engage and communicate effectively with CALD people, both internally and externally. Initiatives identified in this plan will be implemented throughout the reporting period. GESB has reviewed and updated its recruitment process to ensure the process provides opportunities for CALD people to apply. GESB has also increased its visibility by engaging with external community associations via the Office of Multicultural Interests.

### **2.2.5 Financial hardship and compassionate grounds payment requests**

We are continuing the review of our processes, communication materials and forms in collaboration with the Link administration team to streamline financial hardship and compassionate grounds early release applications, to make this an easier process for members who are already under considerable distress. A new compassionate release application pack aimed at simplifying the process for members was implemented in early 2022.

## 2.3. Products that meet members' needs

### Our membership is satisfied with the products offered by GESB

Under our corporate purpose to be an excellent provider of superannuation, we focus on providing high quality, value for money default products and services. Implementation of new products is typically only in response to legislative or regulatory change. However, we do monitor product performance and strategy to ensure we continue to meet member needs and are aligned to Commonwealth retirement income policy.

GESB's default plans for WSS and GESB Super are aligned to the requirements set out in the WA Treasurer's Stronger Super Guidelines, which are due to be updated to reflect the Commonwealth's Improving Accountability and Member Outcomes legislative changes. The annual member outcomes assessment replaced the scale assessment from 2020/21 as part of these member outcomes legislative changes.

- **Binding death nominations (BDNs)**

BDNs allow members to nominate one or more dependents or legal representatives as the beneficiary of their death benefit, without the need for the benefit to transition through their estate. The SSR were amended in 2021 to allow GESB members to nominate death benefit beneficiaries and where no nomination exists, require payment of GESB benefits to the executor or administrator of the member's estate.

We implemented non-lapsing binding death nominations in 2021 and will offer lapsing nominations in October 2022.

## Objective 3: Efficient and effective operations

### 3.1. Value for money products and services that meet members' needs

Provision of cost-effective products and services requires constant improvement in operating efficiency, combined with maintenance of economies of scale. A key focus for GESB is to continue to provide 'value for money' to members and the State Government through a disciplined approach to operating costs.

#### 3.1.1. Management of key services provider contracts

Effective management of the major administration contract with Link is important to ensure GESB's objectives of ensuring 'value to members' and 'maintenance of service levels to members and employers' continue to be realised. Work on reviewing this contract has commenced as it is due to expire on 30 June 2024.

In addition to the administration contract with Link, we have other material supplier contracts for insurance services, asset consulting and global custody services, which are managed efficiently and effectively to deliver value to GESB and our members.

### 3.2. State and Commonwealth reforms

#### 3.2.1. Implementation of relevant State and Commonwealth reforms

The following superannuation reforms have been reviewed with respect to relevant impacts and where appropriate, initiatives will be implemented in response to the reforms. Other Commonwealth and State legislative or regulatory changes will also be assessed regarding potential impacts on GESB.

- YFYS reforms

The YFYS changes implemented by the Federal Government applied to all regulated superannuation funds from 1 July 2021, except for the industry-wide 'stapling' of superannuation accounts to employees, which commenced on 1 November 2021.

We will continue to review the implementation of the YFYS reforms and ensure compliance with measures over time to the extent that they are practical and relevant.

- Treasury Law Amendment (Design and Distribution Obligations (DDO) and Product Intervention) Powers Act (2019)

- Corporate Collective Investment Vehicle Framework and Other Measures Bill 2021 (Retirement Income Covenant) (February 2022)
- Treasury Laws Amendment (Putting Members' Interests First) (PMIF) (2019) and (Protecting Your Superannuation Package) (PYS) (2019)

Relevant State reforms include:

- Integrity Strategy for WA Public Authorities (2020 – 2023)
- Disability Access and Inclusion Plan (DAIP)
- Digital Strategy for WA Government (2021 – 2025)

### 3.3. Administration efficiency

We continue to efficiently manage costs and provide cost-effective products and services to our members. This requires continuous improvement in operating efficiency combined with maintenance of economies of scale.

Our budgeted cost per member to administer the accumulation schemes for 2022/23 is \$175. This is below the median for all superannuation funds and reflects our focus on cost efficiency<sup>11</sup>.

#### 3.3.1. Reserves

An AGR was established in September 2013 to support the costs of strategic development, Commonwealth superannuation reforms and other structural adjustments that are relevant for the accumulation and retirement income schemes.

Net excess income over costs for the market-linked schemes is transferred to the AGR, which in turn is transferred to an Operational Risk Reserve (ORR) when needed to maintain target levels. The ORR was established to be used in the case of an adverse operational event, as per the GESB Reserving Strategy.

An annual review of reserves is undertaken to set prudent target levels, which are incorporated in the annual pricing review to ensure scheme pricing aligns with the target levels of reserves. GESB distributed part of the WSS AGR to members in November 2021, to bring the WSS AGR in line with the target levels.

### 3.4. Insurance members can rely on

We provide Death, SCI and TPD insurance for GESB Super and WSS members as part of their superannuation benefit, through group insurance policies with AIA Australia.

Our focus is on providing appropriate insurance cover that provides flexible, easy to use, value for money insurance products that members can rely on while not inappropriately eroding their superannuation balances.

#### 3.4.1. Insurance rate guarantee expiry

The existing rate guarantee for insurance premiums is expiring on 30 September 2022. Prior to this GESB will negotiate the insurance premiums to apply after the current rate guarantee period and any changes to the insurance terms and conditions with our insurer.

### 3.5. Supporting employers in meeting their superannuation obligations efficiently and effectively

Employers across the WA public sector are key stakeholders in GESB. GESB's Key Account Management (KAM) team actively engages with key stakeholders across all State government agencies to assist employers to meet their superannuation obligations efficiently and to ensure that they remain highly satisfied with the services provided by GESB (including seminars and webinars) and Link<sup>12</sup>.

In 2021 the KAM team worked closely with Link to implement further upgrades to Employer Online (ePass), GESB's secure online employer contributions portal. Phase 2 enhancements will be implemented in 2022.

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<sup>11</sup> SuperRatings Annual Benchmarking Survey, 2021

<sup>12</sup> GESB Employer Services Satisfaction Research, Research Solutions, 2020/21

### **3.3.1. Employer data integrity**

The Employer Data Integrity Project, aimed at improving the integrity of the data provided by employers via a strengthening of validations, errors and warnings within ePass, will be implemented from 2022/23 onwards. The aim is to ensure correct member details, reduce duplicate accounts, timely insurance creation and accuracy of information for Gold State Super (GSS) accounts.

## **Objective 4: Positive culture and stakeholders**

### **4.1. A positive and supportive organisational culture underpinned by strong values**

#### **4.1.1. Highly regarded by stakeholders**

We exercise due care to safeguard and protect members' assets responsibly and uphold the key values of our fund.

We had a very positive experience with staff working from home during COVID-19 restrictions and since then we have seen increased participation in our long-standing home-based work policy. Around 75% of staff now work from home one or two days per week. We employed a market research consultant to conduct qualitative research with staff on the effectiveness and success of our response to COVID-19, to further inform our risk management and business continuity strategies into the future.

#### **4.1.2. Corporate governance**

During 2021 we reviewed the corporate governance framework as part of a standard policy review protocol. A summary of the framework has been distributed across GESB and an online training module has been implemented to ensure it is embedded across the organisation.

GESB is developing an online training module to provide staff with an understanding of how to identify, prevent and report money laundering and terrorism financing.

#### **4.1.3. PeopleStreme performance management**

Our online PeopleStreme module on performance management provides a tool for staff and managers to effectively track their progress and performance in meeting GESB's strategic objectives.

In 2022/23, the performance management module will be further embedded to use it as a reporting tool to the business and board, highlighting staff capability and competence to deliver on outcomes.

#### **4.1.4. Positive culture**

We are committed to developing a safe and productive culture. Utilising results of staff qualitative research, we are designing a new staff attitudes survey that measures culture, the work environment, perceptions of working for GESB, and how well we are achieving our corporate cultural goals.

We are also introducing annual staff sessions on ethical decision making, incorporating GESB's 'moral compass', which describes GESB's expectations and aspirations for our ethical, interpersonal and cultural environment and behaviours.

We will be commencing leadership training for the Executive Management Group (EMG) and senior managers and continue developing our competencies in relationships and interpersonal skills.

Other training identified for 2022 includes:

- Unconscious bias
- Accessibility and inclusion



### 3 Performance and Risk Management

#### 3.1 Performance targets

Our strategic objectives reflect our focus on providing financial outcomes to members, investment returns that meet investment objectives, low fees and improved member engagement with their superannuation. We are also focussed on providing ongoing assistance to employers to fulfil their superannuation obligations effectively and efficiently.

The key indicators in this report measure value delivered to members and the quality of the services delivered. These include key effectiveness and efficiency performance indicators, as required by the *Financial Management Act 2006*.

Key performance measures (2022/23)
<b>Financial outcomes for our members</b>
GSS, GESB Super, WSS and RI Allocated Pension returns v primary objectives
GSS, GESB Super, WSS and RI Allocated Pension returns v benchmark
WSS and GESB Super default plans fee quartile (against industry)
<b>Member experience</b>
Member satisfaction with service
<b>Efficient and effective operations</b>
Administration cost per accumulation and defined benefit account
Employer satisfaction
Funds under management
Net funds flow
Administration expenses
Cost to asset ratio
<b>Positive culture and stakeholders</b>
Staff satisfaction
Unplanned turnover

#### 3.2 Risk management

Our Risk Management Strategy facilitates management of all risks that may adversely impact members, staff, assets, operations and outsourced service providers. The strategy meets the requirements of subsection 52 (8) of the SIS Act and *AS/NZS ISO 31000:2018*.

Key material risks
1. Loss of leadership and key staff adversely impacting capacity and capability
2. Failure to achieve long term investment returns that meet investment objectives
3. Failure to achieve satisfactory outcomes in relation to material outsourced providers
4. Failure to maintain constructive stakeholder relations
5. Material operational risk event
6. Failure to maintain alignment between government policy and GESB's strategic direction
7. Financial crimes against the State or GESB members
8. Impact of the COVID-19 pandemic on GESB's operations and strategic objectives

Note we will continue to review our material risks, with a specific focus on monitoring cyber risk, as it is increasing in materiality.

## 4 Financial forecasts

For the Financial Year Ending 30th June	Reforecast 2021/22 \$'000	Projected 2022/23 \$'000
<b>Statement of Change in Net Assets</b>		
<b>Opening Net Assets</b>	<b>34,626,139</b>	<b>37,111,197</b>
Income from Investments	1,984,643	2,131,114
Superannuation Revenue	4,007,361	3,982,678
Other Income	7,696	7,358
<b>Total Revenue</b>	<b>5,999,699</b>	<b>6,121,150</b>
Superannuation Benefit Payments	3,080,743	3,245,206
Administration Expenses	45,930	47,523
Investment Expenses	78,432	84,087
Other Expenses (incl Tax)	309,536	336,292
<b>Total Expenses</b>	<b>3,514,641</b>	<b>3,713,108</b>
<b>Closing Net Assets</b>	<b>37,111,197</b>	<b>39,519,239</b>
<b>Net Assets by Scheme</b>		
Defined Benefit Schemes (Gold State Super and Pension Scheme)	3,152,945	3,358,486
West State Scheme	19,939,310	21,239,160
GESB Super	7,347,652	7,826,648
Retirement Income - Allocated Pension	6,398,761	6,815,898
Retirement Income - Term Allocated Pension	15,639	16,659
Reserves	256,891	262,388
<b>Total Assets</b>	<b>37,111,197</b>	<b>39,519,239</b>
<b>Accumulation Scheme Surplus Deficit</b>		
West State Super	(1,082)	(2,202)
GESB Super	5,449	5,858
Retirement Allocated Pension	737	620
Retirement Term Allocated Pension	(56)	(64)
<b>Total Accumulation Scheme Surplus/(Deficit)</b>	<b>5,049</b>	<b>4,212</b>
<b>Administration Expenses</b>		
In house Administration Expenses	9,184	9,978
Employment Expenses	10,192	10,692
Outsourced Administration Expenses	26,262	26,853
<b>Total Administration Expenses</b>	<b>45,638</b>	<b>47,523</b>
<b>Cost per Account</b>		
Average cost per Accumulation Account	162	175
Average cost per Defined Benefit Account	207	218
<b>Government Services Recoup</b>		
<b>Benefit Payments</b>		
Gold State Super	288,076	263,738
Pension Scheme	148,906	140,905
Parliamentary Pension Scheme	11,140	9,287
Judges Pension Scheme	18,674	19,723
<b>Total Recoup of Benefit Payments</b>	<b>466,796</b>	<b>433,653</b>
<b>Administration Expenses</b>		
Gold State Super	4,949	4,649
Pension Scheme	1,422	1,359
Parliamentary Pension Scheme	261	286
Judges Pension Scheme	222	244
Government Services	240	191
<b>Total Recoup of Administration Expenses</b>	<b>7,094</b>	<b>6,729</b>
<b>Total Consolidated Account Recoup</b>	<b>473,889</b>	<b>440,381</b>



Total FUM is expected to increase to \$39.5bn by 30 June 2023. FUM is reported in the financial statements as investments plus cash and cash equivalents.

GESB prepares its financial statements in accordance with Australian Accounting Standards, including AASB 1056 *Superannuation Entities* and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions and the SSA.