



STATEPLUS FIXED TERM PENSION PLAN

ABN 57 583 186 748

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Trust Information

Trustee

State Super Financial Services Australia Limited
ABN 86 003 742 756
Phone (02) 9333 9555

Directors of the Trustee

N. Cochrane (Chairman)

T. Carr

S. Carter (resigned 6 June 2019)

M. Lennon (ceased 31 December 2018 and reappointed 11 February 2019)

R. Ramwell (resigned 6 June 2019)

M. Rice (resigned 6 June 2019)

J. Warburton (resigned 30 April 2019)

G. Arnott (appointed 6 June 2019)

Chief Executive Officer

G. Arnott

Registered Office

Level 21
83 Clarence Street
Sydney, NSW, 2000
Phone (02) 9333 9555

Bankers

Westpac Banking Corporation

Custodian

Deutsche Bank AG (Sydney Branch)

Auditors

Deloitte Touche Tohmatsu

Internet Address

www.stateplus.com.au

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

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TRUSTEE'S STATEMENT

The financial statements of the StatePlus Fixed Term Pension Plan ('the Pension Plan') for the year ended 30 June 2019 has been prepared by State Super Financial Services Australia Limited, the Trustee of the Pension Plan.

The Directors of State Super Financial Services Australia Limited declare that:

- (a) The accompanying financial statements of the Pension Plan are properly drawn up so as to present fairly the statement of financial position of the Pension Plan as at 30 June 2019 and the income statement, statements of changes in member benefits, changes in equity/reserves and cash flows for the year ended 30 June 2019; and
- (b) The accompanying financial statements are drawn up in accordance with Accounting Standards in Australia.

Signed in accordance with a resolution of the Board of Directors of State Super Financial Services Australia Limited (ABN 86 003 742 756).

On behalf of the Board



Neil Cochrane
Chairman

19 September 2019



Graeme Arnott
Director

19 September 2019

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	2019 \$	2018 \$
INVESTMENT REVENUE			
Interest and other Income		1,801	1,652
Change in net market value of investments	5	78,870	190,283
NET INVESTMENT REVENUE		80,671	191,935
EXPENSES			
General administration expenses	3	140,331	203,952
TOTAL EXPENSES		140,331	203,952
OPERATING RESULTS			
		(59,659)	(12,017)
Net benefits allocated/(reductions) to defined benefit member benefits		42,171	10,792
Income tax (expense)/benefit	6	-	-
OPERATING RESULT AFTER INCOME TAX		(17,488)	(1,225)

The above Income Statement should be read in conjunction with the accompanying notes.

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTE	2019 \$	2018 \$
ASSETS			
Cash at bank	11(a)	163,486	118,683
Sundry debtors		10,271	16,358
Investments in unlisted notes	4	1,567,246	4,031,044
TOTAL ASSETS		1,741,002	4,166,085
LESS LIABILITIES			
Creditors and accruals		(167,055)	(110,853)
TOTAL LIABILITIES		(167,055)	(110,853)
NET ASSETS AVAILABLE FOR MEMBERS BENEFITS		1,573,946	4,055,232
Defined benefit member liabilities	9,10	(1,567,246)	(4,031,044)
TOTAL MEMBERS LIABILITIES		(1,567,246)	(4,031,044)
NET ASSETS		6,700	24,188
EQUITY			
Operational Risk Reserves		-	-
Unallocated surplus/(deficit)		6,700	24,188
TOTAL EQUITY		6,700	24,188

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Defined benefit member benefits		
	NOTE	2019 \$	2018 \$
Opening balance		4,031,044	7,566,629
Net after tax contributions		-	-
Benefits to members	7	(2,421,627)	(3,524,793)
Reserve transferred to/(from) members:			
- Operational risk reserves	14(b)	-	-
Net benefits allocated, comprising:			
- Net investment income		98,159	193,160
- Net administration fees		(140,331)	(203,952)
Closing balance		1,567,246	4,031,044

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN IN EQUITY/RESERVES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	Operational risk reserve \$	Unallocated surplus (deficit)	Total equity \$
Opening balance as at 1 July 2017		-	25,413	25,413
Transfer (to)/from DB member account		-	-	-
Operating result		-	(1,225)	(1,225)
				-
Closing balance as at 30 June 2018		-	24,188	24,188
Opening balance as at 1 July 2018		-	24,188	24,188
Transfer (to)/from DB member account		-	-	-
Operating result		-	(17,488)	(17,488)
Closing balance as at 30 June 2019		-	6,700	6,700

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,801	1,652
Miscellaneous Income		-	2
Trustee fees paid		(101,361)	(256,013)
Reduced input tax credit received		16,355	1,410
Other expenses paid		-	-
APRA levy fees paid		-	-
Net cash (used in) operating activities	11	(83,205)	(252,951)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of investments		-	-
Receipts from sale of investments		2,542,666	3,725,864
Net cash generated by investing activities		2,542,666	3,725,864
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfers to other superannuation funds		-	-
Benefits paid		(2,414,661)	(3,517,563)
Net cash (used in) financing activities		(2,414,661)	(3,517,563)
Net (decrease)/increase in cash and cash equivalents		44,800	(44,650)
Cash and cash equivalents at the beginning of the financial year	*	118,685	163,335
Cash and cash equivalents at the end of the financial year		163,485	118,685

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

1. THE PENSION PLAN

The StatePlus Fixed Term Pension Plan (the 'Pension Plan') was established under a Trust Deed dated 14 July 1999. The Trustee is State Super Financial Services Australia Limited. The Pension Plan is a defined benefit plan for the purposes of Australian Accounting Standard AASB 1056 *Superannuation Entities* ('AASB 1056').

The Trustee elected for the Pension Plan to become a regulated plan in accordance with the Superannuation Industry (Supervision) Act 1993 legislation with effect from 14 July 1999. The Pension Plan continues to be treated as a complying superannuation fund for the purposes of the Income Tax Assessment Act 1997.

The Pension Plan closed for applications on 19 September 2004.

State Super Financial Services Limited (ABN 86 003 742 756) is the Trustee of the Pension Plan.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed.

A report by the actuary giving an actuarial valuation of the Pension Plan as at 30 June 2019 was made by PricewaterhouseCoopers Securities Limited.

For the purposes of preparing the financial statements the Fund is a for-profit entity.

The financial statements were authorised for issue by the directors of the Trustee on 19 September 2019.

(b) Use of judgements and estimates

In the application of Accounting Standards, the Trustee is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Trustee in the application of Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The valuation of accrued benefits and vested benefits undertaken by the actuary involves the use of judgements and estimates applicable to the valuation of the investments. These are disclosed in Notes 10 and 14.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(c) Adoption of new and revised Accounting Standards

In the current year, the Pension Plan has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to its operations and effective for annual reporting periods beginning on or before 1 July 2018.

The following new and revised Standards and Interpretations have been adopted in these financial statements. The adoption has not had significant financial or disclosure impact on these financial statements but may affect the accounting for future transactions or arrangements.

AASB 9 Financial Instruments and related amending Standards

In the current year, the Fund has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The Fund has not restated comparatives in accordance with the transition provisions of AASB 9. The Fund's financial assets as at 1 July 2018 have been assessed based on the facts and circumstances that existed at that date and based on that assessment the initial application of AASB 9 has not had a significant impact on the financial position and/or financial performance of the Fund.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Fund has applied AASB 15 *Revenue from Contracts with Customers* (as amended) which is effective for an annual period that begins on or after 1 January 2018. The Fund has applied AASB 15 in accordance with the fully retrospective transitional approach using the expedient in AASB 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 July 2018. The application of AASB 15 has not had a significant impact on the financial position of the Fund and/or the amounts reported as Investment revenue in determining the financial performance of the Fund.

(d) Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Fund.

A number of additional Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The reported results and position of the Fund will not change on adoption of these pronouncements as they do not result in any changes to the Fund's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Fund does not intend to adopt any of these pronouncements before their effective dates.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019 and the comparative information presented in these financial statements for the year ended 30 June 2018.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Investments

The Pension Plan invests in a product developed by Deutsche Bank AG ('DBAG'). Under the terms of the investment product, DBAG agrees to provide the Trustee with a series of payments over a fixed period. These payments (in part) represent returns from underlying securities that will be purchased by DBAG and held by it as Custodian for the Pension Plan. Any difference between the agreed payments and the returns from the underlying securities is met by DBAG (other than a shortfall which arises due to the non-payment of an amount due from the issuer of an underlying security). Any surplus between agreed payments and the returns from the underlying securities is kept by DBAG. DBAG is entitled to retain profits derived from its dealings with the underlying securities.

Investments are included in the Statement of Financial Position at fair value as at reporting date. Changes in fair value of investments are recognised in the Income Statement in the periods in which they occur.

Fair values have been determined by reference to the commutation value of all current pensions as advised by the investment provider, DBAG.

Commutation value is determined as the present value of future pension payments using the repurchase yield.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

(b) Income Tax

As all of the assets of the Pension Plan constitute 'segregated current pension assets' within the meaning of Sections 295-385 of the Income Tax Assessment Act 1997, income earned on these assets will not be assessable to the Pension Plan.

(c) Goods and Services Tax

Goods and Services Tax ('GST') is usually incurred on the costs of various services provided to and paid by the Pension Plan. The current rate of GST is 10%. The Pension Plan is eligible to claim a Reduced Input Tax Credit ('RITC') at the rate of 75% of the GST incurred on these services.

In the Income Statement, fees and expenses have been recognised inclusive of the GST paid less the RITC claimed from the Australian Taxation Office ('ATO'). In the Statement of Financial Position, creditors and accruals are shown inclusive of GST payable, while the amount of the RITC recoverable from the ATO as at balance date is included in sundry debtors.

(d) Benefits Paid and Payable

Benefits paid and death benefits are measured at their nominal value as prescribed by the Pension Plan's Trust deed. It incorporates the monthly pensions and death benefits that are reflected in the trial balance on a cash basis.

Benefits payables include monthly pensions that have been withheld for members with pending estate decisions. Once the estate decisions have been made, the benefits are paid to the designated beneficiaries.

(e) Interest Revenue

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that assets net carrying amount. If interest is not received at balance sheet date, the balance is reflected in the Statement of Financial Position as a receivable.

(f) Liabilities – Creditors and Accruals

Accounts payable are recognised when the Pension Plan becomes obliged to make future payments resulting from the purchase of goods and services and are recognised at their nominal value which is equivalent to fair value.

(g) Cash and Cash Equivalents

Cash and cash equivalents include deposits held at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash and which are subject to insignificant risk of changes in value.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)****(h) Non-going concern basis of preparation**

The trustee has approved the contingent winding up of Pension Plan in the year ended 30 June 2020. Therefore this financial report for the period ended 30 June 2019 has been prepared on a non-going concern basis.

Under the non-going concern basis, assets are written down to their recoverable amounts and liabilities are recorded at their contractual settlement amounts.

On winding up of the Fund the Trustee will compensate affected members from any loss of value from the amount payable by Deutsche Bank AG (DBAG) and cover any additional winding up costs.

3. GENERAL ADMINISTRATION EXPENSES

Ongoing management charges comprise the Trustee's fees and other charges accrued on an accruals accounting basis every year for the operation and management of the Pension Plan.

The monthly pension paid to members is net of all fees and charges, including the Trustee's fees.

The Trustee's fee equals to the gross amount received from Deutsche Bank AG less the amount contracted to be paid to members as a pension.

For the year ended 30 June 2019, the Trustee fees payable by clients investing in the StatePlus Fixed Term Pension Plan were:

CPI Indexed Pension: 0.80% per annum, convertible monthly, (i.e. 0.067% per month) [2018: 0.067% per month].

Unindexed Pension: 1.00% per annum, convertible monthly, (i.e. 0.083 % per month) [2018: 0.083% per month].

Fees paid during the year:

	2019	2018
	\$	\$
General administrative expenses paid/payable		
Trustee fees (excl. GST)	136,908	198,981
Add GST	13,691	19,897
Less RITC	(10,268)	(14,926)
Total general administrative expenses	140,331	203,952

Out of the Trustee's fees, the Trustee pays all ongoing operating expenses and charges of the Pension Plan which it incorporates government fees and charges such as the Australian Prudential Regulation Authority Levy.

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. INVESTMENTS

	2019 \$	2018 \$
Investments of the Pension Plan:		
CPI Indexed Pension - Deutsche Bank AG Global SELECT Contracts	1,482,144	3,836,934
Unindexed Pension - Deutsche Bank AG Global SELECT Contracts	85,102	194,110
Total investments	1,567,246	4,031,044

5. CHANGES IN FAIR VALUE OF INVESTMENTS

	2019 \$	2018 \$
Investments held at reporting date:		
CPI Indexed Pension - Deutsche Bank AG Global SELECT Contracts	73,547	184,684
Unindexed Pension - Deutsche Bank AG Global SELECT Contracts	5,323	5,599
Total changes in fair value of investments	78,870	190,283

6. INCOME TAX EXPENSE

	2019 \$	2018 \$
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense	-	-
Deferred tax expense	-	-
Total tax expense	-	-
The prima facie income tax expense on pre-tax changes in net assets reconciles to the income tax expense in the financial statements as follows:		
Operating result before income tax	(59,659)	(12,017)
Income tax income calculated at 15%	(8,949)	(1,802)
Non-deductible benefit payments		
	-	-
Exempt income	(12,101)	(28,791)
Non-deductible expenses	21,050	30,593
Income tax expense	-	-

Refer to Significant accounting policies Note 2(b) for more information on the income tax calculation.

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

7. BENEFITS PAID/PAYABLE

	2019 \$	2018 \$
Benefits paid and payable during the year were:		
Pensions	2,378,011	3,430,024
Death	43,616	94,769
Total benefits paid/payable	2,421,627	3,524,793

8. AUDIT FEES

The Pension Plan's auditor is Deloitte Touche Tohmatsu. The following fees (shown exclusive of GST) were paid by the Trustee from its own resources to Deloitte Touche Tohmatsu during the financial year, in connection with the Pension Plan.

	2019 \$	2018 \$
Audit of the financial statements	26,382	25,992

There were no other non-audit services provided during the financial year by Deloitte Touche Tohmatsu (2018: Deloitte Touche Tohmatsu).

9. LIABILITY FOR ACCRUED BENEFITS

	2019 \$	2018 \$
Accrued benefits as at 30 June	1,567,246	4,031,044
Net assets available to pay benefits as at 30 June	1,573,948	4,055,232

The valuation of accrued benefits was undertaken by the actuary as part of a comprehensive actuarial review as at 30 June 2019. A summary of the latest actuarial report showing the information required by Australian Accounting Standard AASB 1056 is appended to the financial statements.

The actuarial valuation of accrued benefits has been determined on the basis of the net present commutation value of expected future pension payments, which arise from the membership of the Pension Plan, after taking into account the liquidation costs of the underlying investments. The amount has been determined by reference to a discount rate and other relevant actuarial assumptions.

There are no key assumptions or variables that would have a material impact on defined member benefit liabilities; therefore sensitivity analysis is not used.

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

10. VESTED BENEFITS

Vested benefits are benefits that are not conditional upon the continual membership of the Pension Plan (or any other factor other than ceasing to be a member of the Pension Plan) and include benefits which members were entitled to receive had they terminated their Pension Plan membership as at the end of the year.

11. CASH FLOW INFORMATION

	2019 \$'000	2018 \$'000
(a) Cash and cash equivalents	163,486	118,683
(b) Reconciliation of net inflows of cash from operating activities to operating result after income tax		
Operating result after income tax	(17,488)	(1,225)
Net change in DB member accounts	(42,171)	(10,792)
(Increase) in fair value of investments	(78,870)	(190,283)
Change in operating assets and liabilities		
Decrease in interest receivable		
(Increase)/decrease in reduced input tax credit receivable	6,087	(13,516)
(Increase) in sundry debtors	-	-
Decrease/(Increase) in tax assets and tax provisions	-	-
(Decrease)/Increase in sundry creditors	-	-
Increase/(decrease) in accrued expenses	49,238	(37,136)
Increase/(decrease) in benefits payable	-	-
Net (outflows) of cash from operating activities	(83,205)	(252,951)

12. GUARANTEED BENEFITS

No guarantees have been made in respect of any part of the liability for accrued benefits.

13. FUNDING ARRANGEMENTS

The funding policy of the Pension Plan is aimed at ensuring the benefits accruing to members and beneficiaries are fully funded as the benefits fall due.

An actuarial review was conducted at 30 June 2019. A summary of the review is attached to these financial statements and includes the actuary's opinion as to the financial condition of the Pension Plan at the valuation date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14. FINANCIAL INSTRUMENTS DISCLOSURES

(a) Management

Investments of the Pension Plan comprise investments in Global SELECT Investments Contracts issued by the external investment provider, Deutsche Bank AG ('DBAG'), under a Master Agreement. The Trustee has determined that this type of investment is appropriate for the Pension Plan and is in accordance with its published investment strategy.

On 14 July 2015, DBAG has advised the portfolio will be rebalanced to invest 100% in AAA rated Mortgage Backed Securities. The change in nature of the underlying investments does not have a material impact on Pension Plan.

The members' investment risks are the function of the investment option that they invest in. Sensitivity analysis is not disaggregated based on investment option as the risks for both CPI Indexed Pension and Unindexed Pension are the same and discussed below.

(b) Capital Risk Management

The ORFR has been established as an APRA requirement for registrable superannuation entities to maintain adequate financial resources to address losses arising from operational risks that may affect registrable superannuation entities within its business operations. APRA suggest that a minimum of 0.25 per cent of total funds under management be held within this reserve. The minimum requirement as specified in the ORFR policy has been met by the Fund. In accordance with the relevant Trust Deed and within the parameters of the Superannuation Industry (Supervision) Act 1993 and Regulations, while referencing the APRA Prudential Standards, SSFS is accumulating an ORFR for the Pension Plan by way of reserves held by the trustee. Amounts are determined and reserved in accordance with the SSFSAL Operational Risk Financial Requirement Policy, which has been provided to APRA.

As at 30 June 2019, the Trustee of the Pension Plan currently holds a reserve of \$50,000 to cover operational risk of the Plan.

(c) Member Risks

There are three key risks which may result in a shortfall of funding pension payments to members:

1. **Market Risk:** where there may be a shortfall of interest payments from the underlying securities held within the portfolio. Under the 'Investments' section (page 2) of the PDS; any shortfall will be met by DBAG. Any surplus of interest earned on the underlying securities is retained by DBAG;
2. **Credit Risk:** the risk of fixed interest securities defaulting in the portfolio by the underlying issuers of the debt securities held by the CPI Indexed Pension and Unindexed Pension – DBAG Select Contracts. This is accepted by members and is disclosed in the offer document under the 'Counterparty Risk' section (page 2) of the PDS;
3. **Counterparty Risk:** the risk of DBAG defaulting. This is accepted by the members and is disclosed in the offer document under the 'Counterparty risk' section (page 2) of the PDS. In the event of DBAG defaulting, the Trustee will exercise its right to the collateral contract held by DBAG and assume responsibility for the underlying investments. The underlying investments will be held by a custodian on behalf of the Trustee.

14. FINANCIAL INSTRUMENTS DISCLOSURES (Continued)**(d) Financial Risk Management Objectives**

To reduce credit risk, the Trustee requires that, at the time of purchase, each investment has a long term credit rating of not less than AA+ (as determined by Standard & Poor's). Debt securities issued, guaranteed, endorsed or accepted by DBAG whilst DBAG has a Standard & Poor's (or Moody's equivalent) short term credit rating of not less than A1+. Currently DBAG has a Standard & Poor's (or Moody's equivalent) short term credit rating of A-2. The Trustee has implemented a collateral contract with DBAG to provide a 5% excess (buffer) of assets over liabilities to cover for the downgrade risk of DBAG. The Trustee plans to replace DBAG as the custodian of the Fund's investments to mitigate the risk that their credit rating may fall below specified contractual threshold, in line with the Pension Plan's risk management policy.

(e) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Deutsche Bank AG does not guarantee the performance of the underlying investments. That is, members of the Pension Plan bear the credit risk (risk of default) of the underlying investments. There has been no change in the strategy to manage credit risk from the prior year. The total credit risk is limited to the amount carried on the Statement of Financial Position.

(f) Liquidity and Cash Flow Risk

Liquidity and cash flow risk is the risk that the Pension Plan will experience difficulty either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments.

Ultimate responsibility for liquidity risk management rests with the Trustee. The Trustee has built an appropriate risk framework for the managing of the liquidity requirements of the Pension Plan. In particular, the liquidity of the Pension Plan is managed in accordance with its investment strategy. Under the terms of the investment product, DBAG agrees to provide the Trustee with a series of payments over a fixed period. These payments (in part) represent returns from underlying securities that will be purchased by DBAG and held by it as Custodian for the Pension Plan. Any difference between the agreed payments and the returns from the underlying securities is met by DBAG (other than a shortfall which arises due to the non-payment of an amount due from the issuer of an underlying security). Any surplus between agreed payments and the returns from the underlying securities is kept by DBAG. The Pension Plan's net cash flows are continually monitored. The overall strategy to manage liquidity risk remains unchanged from 2018.

The following table summarises the maturity profile of the Pension Plan's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Pension Plan can be required to pay.

	2019		2018	
	Less than 3 months \$	Total \$	Less than 3 months \$	Total \$
Defined Benefit member liabilities	(1,567,246)	(1,567,246)	(4,031,044)	(4,031,044)
Other				
Creditors and accruals	(167,055)	(167,055)	(110,853)	(110,853)
Total	(1,734,301)	(1,734,301)	(4,141,897)	(4,141,897)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14. FINANCIAL INSTRUMENTS DISCLOSURES (Continued)

(g) Market Risk

In order to meet the investment objectives of the Pension Plan, the Trustee has entered into contractual arrangements to use an investment product developed by DBAG. Under the terms of the investment product, DBAG agrees to provide the Trustee with a series of payments over a fixed period. These payments (in part) represent returns from underlying securities that will be purchased by DBAG and held by it as Custodian for the Pension Plan. Therefore market risk is held by DBAG.

(h) Interest Rate Risk

The Pension Plan closed on 19 September 2004. Up to the date of closure the Pension Plan was able to accept new contributions and its interest rate risk was limited to the period between the receipt and processing of new contributions from members and the investment by the Trustee of those funds in Global SELECT Contracts with DBAG. Since the closure of the Pension Plan no new contributions have been received. Therefore, the Pension Plan is not exposed to any significant interest rate risk.

(i) Price Risk and Currency Risk

The investment monies received by DBAG are invested in the Global SELECT Contracts which are Authorised Investments, as permitted by the Trustee. The Authorised Investments at the time of purchase are high quality debt securities. The investment provider is not permitted to invest in derivative instruments. DBAG makes payments to the Trustee in pre-agreed amounts, regardless of the underlying investment returns. This removes any price risk or currency risk.

(j) Concentration Risk

As the size of the Fund declines, the ability of the Trustee to diversify the portfolio decreases. This results in an increase of concentration risk as the portfolio is invested in fewer underlying instruments.

(k) Fair Value of Financial Assets and Liabilities

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	2019		2018	
	Level 2	Total	Level 2	Total
	\$	\$	\$	\$
CPI Indexed Pension - Deutsche Bank AG Global SELECT Contracts	1,482,143	1,482,143	3,836,933	3,836,933
Unindexed Pension - Deutsche Bank AG Global SELECT Contracts	85,102	85,102	194,111	194,111
Total	1,567,245	1,567,245	4,031,044	4,031,044

There were no transfers between any of the three levels in the period.
Fair values have been determined as advised by the investment provider, Deutsche Bank AG.

15. RELATED PARTY DISCLOSURES

Trustee

State Super Financial Services Australia Limited (SSFSAL)(ABN 86 003 742 756) is the Trustee of the Pension Plan.

Administration of the Pension Plan is conducted by the Trustee. The Trustee received trustee fee payment from the Pension Plan (refer to Note 3 for more information on trustee fee payment).

The principal place of business and registered office of State Super Financial Services Australia Limited is:
Level 21
83 Clarence Street
Sydney NSW 2000.
Tel: (02) 9333 9555

Key Management Personnel

State Super Financial Services Australia Limited (ABN 86 003 742 756) is the Trustee of the Pension Plan. The directors of the Trustee during all or part of the year were:

Directors

N. Cochrane (Chairman)

G. Arnott (appointed 6 June 2019)

T. Carr

S. Carter (ceased 6 June 2019)

M. Lennon (ceased 31 December 2018 and reappointed 11 February 2019)

R. Ramwell (ceased 6 June 2019)

M. Rice (ceased 6 June 2019)

J. Warburton (ceased 30 April 2019)

Executives

G. Arnott – Chief Executive Officer (appointed to director on 6 June 2019)

D. Coyne – General Manager, Product, Solutions and Implementation

A. Vogt – General manager, Financial Planning (ceased 24 May 2019)

Key management personnel are paid by State Super Financial Services Australia Limited. Payments made from the Pension Plan to State Super Financial Services Australia Limited do not include any amounts directly attributable to the compensation of key management personnel.

Other Related Party Transactions

The membership terms and conditions, contributions and benefit entitlements for any director of the Trustee who is also a member of the Pension Plan are determined in accordance with the Trust Deed and on the same basis available to other members of the Pension Plan.

As at 30 June 2019, the Trustee did not hold any units in the Pension Plan (2018: Nil). No units were held by related parties or key management personnel of the Trustee (2018: Nil).

The Trustee of the Pension Plan has entered into an Investment Services and Support Services Agreement with First State Super Trustee Corporation to support the Investment advisory services and related back office functions of the Fund. During the year 2019, SSFSAL paid \$3.78m for this service.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

15. ACTUARIAL CERTIFICATE

The Actuarial Certificate for the Pension Plan is included on pages 24 and 25.

16. CONTINGENT ASSETS AND LIABILITIES

The Pension Plan did not have any contingent assets or contingent liabilities as at 30 June 2019 (2018: Nil).

17. SUBSEQUENT EVENTS

The Trustee on the 6 August 2019 has conditionally approved for the termination of the Pension Plan in the next financial year. This would affect the Pension Fund as a going concern.

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Pension Plan, the results of those operations, or the state of affairs of the Pension Plan in future financial years.

State Super Fixed Term Pension Plan (ABN: 57 583 186 748)

Report by the RSE Auditor to the trustees and members

Opinion

We have audited the financial statements of State Super Fixed Term Pension Plan for the year ended 30 June 2019 comprising the Income Statement, Statement of Financial Position, Statement of Changes in Members benefits, Statement of Changes in Equity/Reserves, Statement of Cash Flows and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of State Super Fixed Term Pension Plan as at 30 June 2019 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2019.

Basis for opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2 (h) of the financial statements, which states that the non-going concern basis has been adopted in the preparation of the financial statements of State Super Fixed Term Pension Plan. Our opinion is not modified in respect of this matter.

Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern. As disclosed in note 2(h), the financial statements have been prepared on the non-going concern basis as the Trustee has approved the contingent winding up of the Pension Plan in the year ending 30 June 2020.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercised professional judgement and maintained professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the Trustee's use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JGorton

Joanne Gorton
Partner
Chartered Accountants
19 September 2019

Appendix A: Actuarial Statements in accordance with SPS160 - Defined Benefit Matters

StatePlus Fixed Term Pension Plan (the Plan)

Valuation date: 30 June 2019


In accordance with Prudential Standard SPS160, Defined Benefit Matters, paragraph 23, I hereby make the following statements regarding the above Plan.

A.1 The value of the assets and liabilities of the Plan, as at the valuation date, are:


Value of accrued benefits	\$1,567,246
Vested benefits	\$1,567,246

(1) Operational Risk Financial Requirement (ORFR) is held at the entity wide level, not the Plan level

- A.2 I believe that, as at the valuation date, the value of the assets of the Plan, excluding the ORFR, were adequate to meet the value of the Plan's accrued liabilities. In forming this opinion the value of the accrued liabilities has been prepared using valuation methods and assumptions in accordance with Professional Standard 402 *Determination of accrued benefits for defined benefit superannuation funds* issued by the Institute of Actuaries of Australia, which I believe is appropriate.
- A.3 Based on the current level of pension benefits and Plan assets as well as the structure of the Plan's investments, I believe that there is a high degree of probability that the Plan will be able to pay the pensions currently in payment as required under the governing rules.
- A.4 As at the valuation date, the Plan was not considered to be in an unsatisfactory position as defined in Regulation 9.04 of the Superannuation Industry (Supervision) Regulations 1994, nor is it expected to become unsatisfactory during the next three years.
- A.5 A shortfall limit of 100% is applied to the Plan, that is, there is no allowance for shortfall below the vested benefits, which is appropriate.
- A.6 The recommended employer contribution rate for the next three years in respect of defined benefit pension members is nil.
- A.7 I believe that:
- a. the assets at the actuarial investigation date; plus
 - b. any contributions received over the next three years; plus
 - c. expected investment earnings over the next three years,
- will be sufficient to meet the liabilities of the Plan expected to arise over the next three-year period.
- A.8 The next actuarial valuation should be conducted as at 30 June 2020. The Trustee has six months from this date to obtain the actuarial report.
- A.9 This statement is prepared in accordance with Professional Standard 410 *Statements of opinion relating to defined benefit pensions* issued by the Institute of Actuaries of Australia.


Janice Jones FIAA
Retirement Incomes and Asset Consulting
Authorised Representative (#283988) of
PricewaterhouseCoopers Securities Ltd

Date: 27 August 2019


Catherine Nance FIAA
Retirement Incomes and Asset Consulting
Authorised Representative (#265248) of
PricewaterhouseCoopers Securities Ltd

ABRIDGED FINANCIAL INFORMATION

INCOME STATEMENT**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
INVESTMENT REVENUE		
Interest and other Income	1,801	1,652
Change in net market value of investments	78,870	190,283
NET INVESTMENT REVENUE	80,671	191,935
EXPENSES		
General administration expenses	140,331	203,952
TOTAL EXPENSES	140,331	203,952
OPERATING RESULTS	(59,659)	(12,017)
Net benefits allocated to defined benefit member benefits	42,171	10,792
Income tax (expense)/benefit	-	-
OPERATING RESULT AFTER INCOME TAX	(17,488)	(1,225)

ABRIDGED FINANCIAL INFORMATION

STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Defined benefit member benefits	
	2019 \$	2018 \$
Opening balance	4,031,044	7,566,629
Net after tax contributions	-	-
Benefits to members	(2,421,627)	(3,524,793)
Reserve transferred to/(from) members:		
- Operational risk reserves	-	-
Net benefits allocated, comprising:		
- Net investment income	98,159	193,160
- Net administration fees	(140,331)	(203,952)
Closing balance	1,567,246	4,031,044

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

ABRIDGED FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019			
	2019		2018
	\$		\$
ASSETS			
Cash at bank	163,486		118,683
Sundry debtors	10,271		16,358
Investments in unlisted notes	1,567,246		4,031,044
TOTAL ASSETS	1,741,002		4,166,085
LESS LIABILITIES			
Creditors and accruals	(167,055)		(110,853)
TOTAL LIABILITIES	(167,055)		(110,853)
NET ASSETS AVAILABLE FOR MEMBERS BENEFITS	1,573,946		4,055,232
Defined benefit member liabilities	(1,567,246)		(4,031,044)
TOTAL MEMBERS LIABILITIES	(1,567,246)		(4,031,044)
NET ASSETS	6,700		24,188
EQUITY			
Operational Risk Reserves	-		-
Unallocated surplus/(deficit)	6,700		24,188
TOTAL EQUITY	6,700		24,188