



## **STATEPLUS FIXED TERM PENSION PLAN**

ABN 57 583 186 748

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

## Trust Information

### Trustee

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

### Directors of the Trustee

#### Legacy Board

P. K. Gupta (Chairman – ceased 31 May 2016)  
M. Monaghan (Managing Director - ceased 6 June 2016)  
A. Claassens (ceased 14 November 2015)  
T. O'Grady (ceased 14 November 2015)  
R. Grellman (appointed 21 December 2015; ceased 31 May 2016)  
K. Hughes (Company Secretary – ceased 6 June 2016)  
N. Milne (appointed 3 March 2016; ceased 31 May 2016)  
F. J. Pak-Poy (ceased 31 May 2016)  
P. F. Scully (ceased 31 May 2016)  
G. Venardos (ceased 25 February 2016)  
M. Walsh (ceased 31 May 2016)  
C. Yazbeck (Company Secretary – ceased 19 February 2016)  
P. Milne (Company Secretary – appointed 25 February 2016; ceased 6 June 2016)

#### Interim Board

N. Johnson (Chairman – appointed 31 May 2016; ceased 6 June 2016)  
M. Monaghan (Managing Director - ceased 6 June 2016)  
J. Livanas (appointed 31 May 2016; ceased 6 June 2016)  
P. Milne (Company Secretary – appointed 25 February 2016; ceased 6 June 2016)  
R. Hedley (appointed 31 May 2016; ceased 6 June 2016)

#### Current Board

N. Cochrane (Chairman – appointed 6 June 2016)  
G. Arnott (Interim CEO - appointed 6 June 2016)  
S. Carter (appointed 6 June 2016)  
M. Lennon (appointed 6 June 2016)  
I. Pendleton (Company Secretary - appointed 6 June 2016)  
J. Warburton (appointed 6 June 2016)

### Chief Financial Officer and Chief Operating Officer

T. Elliott

### 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](http://www.stateplus.com.au)

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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 2016 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 declares that:

- (a) The accompanying financial statements of the Pension Plan are properly drawn up so as to present fairly the net assets of the Pension Plan as at 30 June 2016 and the changes in net assets for the year ended 30 June 2016; 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

**Graeme Arnott**  
Interim CEO

19 September 2016

## STATEMENT OF CHANGES IN NET ASSETS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	NOTE	2016 \$	2015 \$
<b>INVESTMENT REVENUE</b>			
Changes in net market value of investments	5	188,720	270,399
Interest received		2,236	4,082
<b>NET INVESTMENT REVENUE</b>		<b>190,956</b>	<b>274,481</b>
<b>BENEFITS PAID AND EXPENSES</b>			
Benefits paid/payable	7	5,341,086	5,809,742
General administration expenses	8	297,854	337,407
<b>TOTAL BENEFITS PAID AND EXPENSES</b>		<b>5,638,940</b>	<b>6,147,149</b>
<b>DECREASE IN NET ASSETS BEFORE INCOME TAX</b>		<b>(5,447,984)</b>	<b>(5,872,668)</b>
Income tax expense	6	-	-
<b>DECREASE IN NET ASSETS AFTER INCOME TAX</b>		<b>(5,447,984)</b>	<b>(5,872,668)</b>
Net assets available to pay benefits at the beginning of the year		17,517,380	23,390,048
<b>NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF THE YEAR</b>	10,11	<b>12,069,396</b>	<b>17,517,380</b>

The above Statement of Changes in Net Assets should be read in conjunction with the accompanying notes.

STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS AS AT 30 JUNE 2016

	NOTE	2016 \$	2015 \$
<b>INVESTMENTS</b>	4	<b>12,060,251</b>	17,512,122
<b>OTHER ASSETS</b>			
Cash at bank		<b>42,016</b>	104,852
Sundry debtors		<b>1,702</b>	16,224
<b>TOTAL OTHER ASSETS</b>		<b>43,718</b>	121,076
<b>TOTAL ASSETS</b>		<b>12,103,969</b>	17,633,198
<b>LIABILITIES</b>			
Creditors and accruals		<b>(34,573)</b>	(115,818)
<b>TOTAL LIABILITIES</b>		<b>(34,573)</b>	(115,818)
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	10,11	<b>12,069,396</b>	17,517,380

The above Statement of Net Assets should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

**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 AAS 25 Financial Reporting by Superannuation Plans ('AAS 25'). The Pension Plan's name was changed from State Super Fixed Term Pension Plan to StatePlus Fixed Term Pension Plan on 31 March 2016.

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**

**Statement of compliance**

The financial statements is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including AAS25 "Financial Reporting by Superannuation Funds" ("AAS25") as amended by AASB 2005-13 (December 2005), 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 2016 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 2016.

**Basis of preparation**

The financial statements have been prepared on the basis required by AAS 25, which provides specific measurement requirements for assets, liabilities and for accrued benefits. To the extent that they do not conflict with AAS 25, other Accounting Standards have been applied in the preparation of the financial statements.

**Use of Judgements and Estimates**

In the application of Accounting Standards, including AIFRS, 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, 11 and 14.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

**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 2015.

The following new and revised Standards and Interpretations have been adopted in these financial statements:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The adoption of these new and revised Standards and Interpretations has had no financial impact on the financial statements of the Pension Plan.

At the date of authorisation of the financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial instruments', and the relevant amending standards <sup>1</sup>	1 January 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiatives: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiatives: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 1056 Superannuation Entities	1 July 2016	30 June 2017

<sup>1</sup> The AASB has issued the following versions of AASB 9:

- AASB 9 'Financial Instruments' (December 2009) and the relevant amending standard;
- AASB 9 'Financial Instruments' (December 2010) and the relevant amending standards;
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments
- AASB 9 'Financial instruments' (December 2015) and the relevant amending standards

All the standards have an effective date of annual reporting periods beginning on or after 1 January 2018. Either AASB 9 (December 2009) or AASB 9 (December 2010) can be early adopted if the initial application date is before 1 February 2015. After this date only AASB 9 (December 2014) can be early adopted

These Standards and Interpretations will be first applied in the financial statements of the Pension Plan that relates to the annual reporting period beginning after the effective date of each pronouncement. Apart from AASB 1056, the Directors anticipate that the adoption of these standards will not have a significant financial effect on the Pension Plan.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Adoption of new and revised Accounting Standards (Continued)

It is anticipated that the adoption of AASB 1056 will have a significant impact on the format of the financial statements and will result in:

- New format for the presentation of the Financial Statements, including a statement of financial position; an income statement; a statement of changes in equity/reserves; statement of Cash flows and statement of member benefits
- Comparatives change for the new format
- Member balances are a liability of the Pension Plan, where contributions and benefits paid are movements in member balances and not an income or expense item.
- Annual measurement of member liability which is in line with the current process for the Pension Plan. Hence no change is required.
- Assets and liabilities measured at Fair value. (There is a change to the policy but has no material impact)
- Additional disclosure requirements:
  - deeming defined contribution member liabilities to be within the scope of AASB 7 'Financial Instruments: Disclosures' in respect of credit risk, market risk and liquidity risk

### 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 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

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 Net Assets at net market value as at reporting date. Changes in net market value of investments are recognised in the Statement of Changes in Net Assets in the periods in which they occur.

Net market values have been determined by reference to the commutation value of all current pensions as advised by the investment provider, DBAG, after taking into account the costs of liquidating the underlying investments.

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

#### (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.

**2. SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Significant accounting policies (Continued)**

**(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 Statement of Changes in Net Assets, 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 Net Assets, 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 Net Assets 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 net market 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.

**3. TRUSTEE FEES**

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 2016, 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) [2015: 0.067% per month].

**Unindexed Pension:** 1.00% per annum, convertible monthly, (i.e. 0.083 % per month) [2015: 0.083% per month].

## STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

#### 3. TRUSTEE FEES (Continued)

Fees paid during the year:

	2016 \$	2015 \$
Trustee fee (excl. GST)	292,201	330,290
Add GST	29,220	33,029
Less RITC	(21,915)	(24,773)
<b>Total fees paid</b>	<b>299,506</b>	<b>338,546</b>

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.

#### 4. INVESTMENTS

	2016 \$	2015 \$
<b>Investments of the Pension Plan:</b>		
CPI Indexed Pension - Deutsche Bank AG Global SELECT Contracts	11,563,786	16,794,007
Unindexed Pension - Deutsche Bank AG Global SELECT Contracts	496,465	718,115
<b>Total investments</b>	<b>12,060,251</b>	<b>17,512,122</b>

#### 5. CHANGES IN NET MARKET VALUES OF INVESTMENTS

	2016 \$	2015 \$
CPI Indexed Pension - Deutsche Bank AG Global SELECT Contracts	168,348	233,729
Unindexed Pension - Deutsche Bank AG Global SELECT Contracts	20,372	36,670
<b>Total changes in net market values of investments</b>	<b>188,720</b>	<b>270,399</b>

# STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

### 6. INCOME TAX EXPENSE

	2016 \$	2015 \$
<b>Income tax recognised in profit or loss</b>		
Current tax expense	-	-
Deferred tax expense	-	-
<b>Total tax expense</b>	-	-
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:		
Decrease in net assets for the year before income tax	(5,447,985)	(5,872,668)
Income tax income calculated at 15%	(817,198)	(880,900)
Non-deductible benefit payments	801,163	871,461
Exempt income	(28,643)	(41,172)
Non-deductible expenses	44,678	50,611
<b>Income tax expense</b>	-	-

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

### 7. BENEFITS PAID/PAYABLE

	2016 \$	2015 \$
<b>Benefits paid/payable during the year were:</b>		
Pensions	5,121,090	5,732,455
Death	219,996	77,287
<b>Total benefits paid/payable</b>	<b>5,341,086</b>	<b>5,809,742</b>

### 8. GENERAL ADMINISTRATION EXPENSES

	2016 \$	2015 \$
<b>General administrative expenses paid/payable:</b>		
Trustee fees	297,854	338,547
Government fees and charges	-	(1,140)
<b>Total general administrative expenses</b>	<b>297,854</b>	<b>337,407</b>

## STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

#### 9. 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.

	2016 \$	2015 \$
<b>Audit of the financial statements - Deloitte Touche Tohmatsu</b>	<b>29,480</b>	<b>17,600</b>

There were no other non-audit services provided during the financial year by Deloitte Touche Tohmatsu (2015: the Audit Office of NSW or Deloitte Touche Tohmatsu).

In accordance with the Public Finance and Audit Act 1983 the Audit Office of New South Wales was the auditor until the change in the ownership of the trustee. Deloitte Touche Tohmatsu has been appointed as agent for the Audit Office of New South Wales as auditors of the Pension Plan. Following the resignation of the Audit Office of New South Wales on 6 June 2016, Deloitte Touche Tohmatsu was appointed as auditor.

#### 10. LIABILITY FOR ACCRUED BENEFITS

The valuation of accrued benefits was undertaken by the actuary as part of a comprehensive actuarial review as at 30 June 2016. A summary of the latest actuarial report showing the information required by Australian Accounting Standard AAS 25 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.

	2016 \$	2015 \$
<b>Accrued benefits as at 30 June</b>	<b>12,069,396</b>	<b>17,517,380</b>
<b>Net assets available to pay benefits as at 30 June</b>	<b>12,069,396</b>	<b>17,517,380</b>

#### 11. 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.

	2016 \$	2015 \$
<b>Vested benefits as at 30 June</b>	<b>12,069,396</b>	<b>17,517,380</b>
<b>Net assets available to pay benefits as at 30 June</b>	<b>12,069,396</b>	<b>17,517,380</b>

#### 12. GUARANTEED BENEFITS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

**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 2016. 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.

**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.

**(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 2016, 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 Net Assets.

**(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 2015.

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.

	2016		2015	
	Less than 3 months \$	Total \$	Less than 3 months \$	Total \$
Vested benefits	(12,069,396)	(12,069,396)	(17,517,380)	(17,517,380)
<b>Other</b>				
Accounts payable	(34,573)	(34,573)	(115,818)	(115,818)
<b>Total</b>	<b>(12,103,969)</b>	<b>(12,103,969)</b>	<b>(17,633,198)</b>	<b>(17,633,198)</b>

**(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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

## 14. FINANCIAL INSTRUMENTS DISCLOSURES (Continued)

**(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) Net Fair Value of Financial Assets and Liabilities**

The financial assets and liabilities are included in the Statement of Net Assets at net market value which approximates net fair value.

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	2016		2015	
	Level 2 \$	Total \$	Level 2 \$	Total \$
CPI Indexed Pension - Deutsche Bank AG Global SELECT Contracts	11,563,786	11,563,786	16,794,007	16,794,007
Unindexed Pension - Deutsche Bank AG Global SELECT Contracts	496,465	496,465	718,115	718,115
<b>Total</b>	<b>12,060,251</b>	<b>12,060,251</b>	<b>17,512,122</b>	<b>17,512,122</b>

There were no transfers between any of the three levels in the period.

Net market values have been determined as advised by the investment provider, Deutsche Bank AG, after taking into account the costs of liquidating the underlying investments.



## 15. RELATED PARTY DISCLOSURES

### Trustee

State Super Financial Services Australia Limited (SSFSAL)(ABN 86 003 742 756) is the Trustee of the Pension Plan. During the period the ultimate controlling entity, SAS Trustee Corporation (STC) undertook a sale process for SSFSAL which has since reached a conclusion with FSSSP Financial Services Pty Limited acquiring 100% of the shares in SSFSAL. Since 6 June 2016, the ultimate controlling entity of SSFSAL is FSS Trustee Corporation as trustee for the First State Superannuation Scheme

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:

#### Legacy Board

P. K. Gupta (Chairman – ceased 31 May 2016)  
M. Monaghan (Managing Director - ceased 6 June 2016)  
A. Claassens (ceased 14 November 2015)  
T. O'Grady (ceased 14 November 2015)  
R. Grellman (appointed 21 December 2015; ceased 31 May 2016)  
K. Hughes (Company Secretary – ceased 6 June 2016)  
N. Milne (appointed 3 March 2016; ceased 31 May 2016)  
F. J. Pak-Poy (ceased 31 May 2016)  
P. F. Scully (ceased 31 May 2016)  
G. Venardos (ceased 25 February 2016)  
M. Walsh (ceased 31 May 2016)  
C. Yazbeck (Company Secretary – ceased 19 February 2016)  
P. Milne (Company Secretary - appointed 25 February 2016; ceased 6 June 2016)

#### Interim Board

N. Johnson (Chairman – appointed 31 May 2016; ceased 6 June 2016)  
M. Monaghan (Managing Director - ceased 6 June 2016)  
J. Livanas (appointed 31 May 2016; ceased 6 June 2016)  
P. Milne (Company Secretary – appointed 25 February 2016; ceased 6 June 2016)  
R. Hedley (appointed 31 May 2016; ceased 6 June 2016)

#### Current Board

N. Cochrane (Chairman – appointed 6 June 2016)  
G. Arnott (Interim CEO - appointed 6 June 2016)  
S. Carter (appointed 6 June 2016)  
M. Lennon (appointed 6 June 2016)  
I. Pendleton (Company Secretary - appointed 6 June 2016)  
J. Warburton (appointed 6 June 2016)

#### Executive Director

G. Arnott (Interim CEO - appointed 6 June 2016)  
M. Monaghan (Managing Director – ceased 6 June 2016)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

**15. RELATED PARTY DISCLOSURES (Continued)**

**Key Management Personnel (continued)**

Key Executives

J. T. Andriessen (General Manager, Marketing, Product & Advice)  
S. Bradley (General Manager, Financial Planning - ceased 17 March 2016)  
T. Elliott (Chief Financial Officer & Chief Operating Officer)  
D. Graham (Chief Investment Officer)  
K. S. Hughes (General Manager, Risk & Compliance)  
T. A. Murphy (General Manager, Human Resources)  
J. Panaretos (General Manager, Business Development)  
S. Woods (General Manager, Transformation)

Other Key Management Personnel

P. Milne (Head of Legal & Company Secretarial - appointed 25 February 2016; ceased 6 June 2016)  
I. Pendleton (Company Secretary - appointed 6 June 2016)  
C. Yazbeck (Head of Legal & Company Secretarial - ceased 19 February 2016)

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 2016, the Trustee did not hold any units in the Pension Plan (2015: Nil). No units were held by related parties or key management personnel of the Trustee (2015: Nil).

**16. ACTUARIAL CERTIFICATE**

The Actuarial Certificate for the Pension Plan is included on pages 20 and 21.

**17. CONTINGENT ASSETS AND LIABILITIES**

The Pension Plan did not have any contingent assets or contingent liabilities as at 30 June 2016 (2015: Nil).

**18. SUBSEQUENT EVENTS**

The Trustee plans to replace DBAG as the custodian of the Pension Plan's investments as DBAG credit rating has fallen in the past year. This is to mitigate the risk that their credit rating may fall below specified contractual threshold.

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.

INDEPENDENT AUDITOR'S REPORT



Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

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**Independent Auditor's report**

**StatePlus Fixed Term Pension Plan (ABN 57 583 186 748)**

Report by the RSE Auditor to the trustee and members

**Financial statements**

I have audited the financial statements of StatePlus Fixed Term Pension Plan for the year ended 30 June 2016 comprising the Statement of Changes in Net Assets, Statement of Net Assets and notes comprising a summary of significant accounting policies and other explanatory information.

*Trustee's responsibility for the financial statements*

The superannuation entity'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.

*Auditor's responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of StatePlus Fixed Term Pension Plan.

My audit has been conducted in accordance with Australian Auditing Standards. These Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

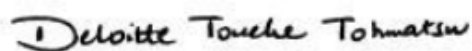
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements 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 trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

**INDEPENDENT AUDITOR'S REPORT**

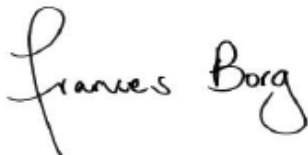
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Auditor's Opinion*

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the net assets of StatePlus Fixed Term Pension Plan as at 30 June 2016 and the changes in net assets for the year ended 30 June 2016.



**DELOITTE TOUCHE TOHMATSU**



Frances Borg  
Partner  
Chartered Accountants  
Sydney, 19 September 2016

## ACTUARIAL STATEMENT



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

### StatePlus Fixed Term Pension Plan

Valuation date: 30 June 2016

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 assets (excluding ORFR) <sup>(1)</sup>	\$12,060,251
Value of accrued benefits	\$12,060,251
Vested benefits	\$12,060,251

(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, was 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 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:
- the assets at the actuarial investigation date; plus
  - any contributions received over the next three years; plus
  - 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 2017. The Trustee has six months from this date to obtain the actuarial report.

Janice Jones FIAA  
Retirement Incomes and Asset Consulting

Authorised Representative (#283988) of  
PricewaterhouseCoopers Securities Ltd

Date: 10 August 2016

Catherine Nance FIAA  
Retirement Incomes and Asset Consulting

Authorised Representative (#265248) of  
PricewaterhouseCoopers Securities Ltd

PricewaterhouseCoopers Securities Limited ACN 003 311 617 ABN 54 003 311 617,  
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STATEPLUS FIXED TERM PENSION PLAN — FINANCIAL STATEMENTS

ABRIDGED FINANCIAL INFORMATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>INVESTMENT REVENUE</b>		
Changes in net market value of investments	188,720	270,399
Interest received	2,235	4,082
<b>NET INVESTMENT REVENUE</b>	<b>190,955</b>	<b>274,481</b>
<b>BENEFITS PAID AND EXPENSES</b>		
Benefits paid/payable	5,341,086	5,809,742
General administration expenses	297,854	337,407
<b>TOTAL BENEFITS PAID AND EXPENSES</b>	<b>5,638,940</b>	<b>6,147,149</b>
<b>DECREASE IN NET ASSETS BEFORE INCOME TAX</b>	<b>(5,447,985)</b>	<b>(5,872,668)</b>
Income tax expense	-	-
<b>DECREASE IN NET ASSETS AFTER INCOME TAX</b>	<b>(5,447,985)</b>	<b>(5,872,668)</b>
Net assets available to pay benefits at the beginning of the year	17,517,380	23,390,048
<b>NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF THE YEAR</b>	<b>12,069,395</b>	<b>17,517,380</b>

STATEMENT OF NET ASSETS AS AT 30 JUNE 2016

	2016 \$	2015 \$
<b>INVESTMENTS</b>	<b>12,060,251</b>	<b>17,512,122</b>
<b>OTHER ASSETS</b>		
Cash at bank	42,016	104,852
Sundry debtors	1,702	16,224
<b>TOTAL OTHER ASSETS</b>	<b>43,718</b>	<b>121,076</b>
<b>TOTAL ASSETS</b>	<b>12,103,969</b>	<b>17,633,198</b>
<b>LIABILITIES</b>		
Creditors and accruals	(34,573)	(115,818)
<b>TOTAL LIABILITIES</b>	<b>(34,573)</b>	<b>(115,818)</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	<b>12,069,396</b>	<b>17,517,380</b>

These statements are solely used for the Abridged Financial Statements