

Report to the Trustee on the Actuarial Investigation as at 30 June 2023

ISIS Central Sugar Mill Company Limited Superannuation Fund (a sub-plan in IOOF Employer Super)

15 December 2023

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Key Results and Recommendations

I have prepared this report on the actuarial investigation of the Isis Central Sugar Mill Company Limited Superannuation Fund (the Fund), a sub-plan of IOOF Employer Super, as at 30 June 2023 for IOOF Investment Management Limited as Trustee of the Fund. The Fund is closed to new defined benefit members.

My report should not be relied upon for any other purpose or by any party other than the Fund's Trustee. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts. The Trustee should share this report with Isis Central Sugar Mill Limited (the Employer) who contribute to the Fund. The Employer may consider obtaining separate actuarial advice on the recommendations contained in the report.

Change in Financial Position

I set out below a summary of the Fund's financial position, at both this and the previous actuarial investigation.

Defined Benefits Only	Position at 30 June 2023		Position at 30 June 2020	
	\$000	Asset Coverage	\$000	Asset Coverage
Assets	██████████		██████████	
Liability for Vested Benefits		119.3%		110.7%
Liability for Actuarial Value of Accrued Benefits		131.9%		113.6%
Liability for SG Minimum Benefits		225.6%		229.0%

The above totals exclude accumulation liabilities of ██████████ and additional accumulation balances for defined benefit members of ██████████ as at 30 June 2023.

The coverage levels at 30 June 2023 were higher than the levels at the previous actuarial investigation (apart from SG Minimum Benefits), due to the following factors.

Experience

- the reduction in the number of members from 11 to 4, which has had the effect of spreading the surplus over a smaller membership base, and is the reason the coverage levels increased despite a reduction in the dollar excess of assets over liabilities; and
- Investment earnings of 5.1% pa, which were higher than the assumed long-term rate in the previous actuarial investigation 3.5% pa.

These were partially offset by the effect of the Employer contribution holiday in respect of defined benefit members over the period.

Assumptions

I have updated the assumptions adopted to value the Fund liabilities from those used in the previous investigation to reflect changes to the economic environment. There was an increase in the gap between the assumed rate of investment earnings and the rate of salary increases for Staff (Category 2/3) members used to determine the Actuarial Value of Accrued Benefits from 1.0% pa to 2.4% pa. This has increased the asset coverage of the Actuarial Value of Accrued Benefits.

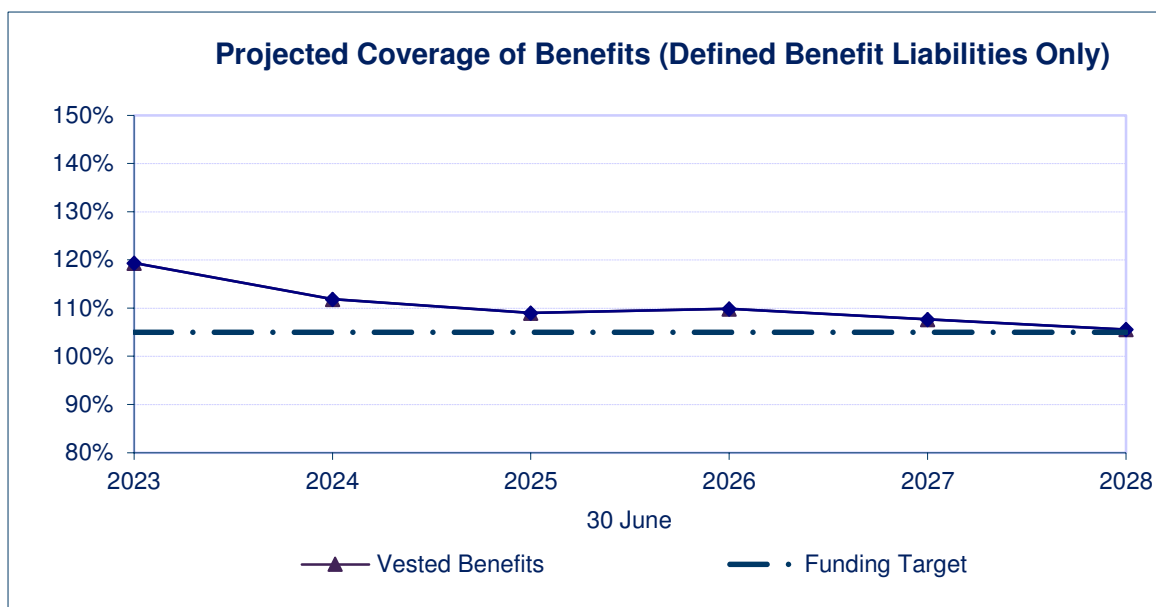
Recommended Contribution Rates and Projections

At 30 June 2023, the Fund was in a satisfactory financial position. The 119.3% coverage of the Defined Benefit Vested Benefits was also above below the financing objective of 105% coverage adopted for this investigation.

Based on the financial position at 30 June 2023, I recommend that the Employer contributes to the Fund in accordance with the following contribution program:

Benefit Category	Contribution Rate (% of Salaries)
2	7.1% deemed member contributions
3	5.9% deemed member contributions
5	Nil
2/3/5	Any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).
Accumulation Members	At the required rate (currently 11% of Ordinary Time Earnings) or such lesser amount as required to meet the Employer's obligations under Superannuation Guarantee legislation or employment agreements. Any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).

I have prepared the following projection of Fund assets and benefit liabilities based on the assumptions adopted for this investigation and the recommended contribution rates, and allowing for any material experience after the investigation date as detailed in this report:



The graph above shows that the recommended contributions are anticipated to result in assets of at least 105% of Defined Benefit Vested Benefits (which is the financing objective adopted in this investigation) over the period to 30 June 2026.

Risks

The above projection is based on the assumptions adopted, which represent a single scenario from a range of possibilities. The future is uncertain and the Fund’s actual experience will differ from these assumptions; these differences may be minor in their overall effect, or they may be significant and material. In addition, different sets of assumptions or scenarios may also be within the reasonable range and results based on those alternative assumptions would be different. Consequently, the Trustee should review coverage of Vested Benefits at least once every year and monthly on an approximate basis. The Trustee’s monitoring of the experience specified in the Notifiable Events section of the Funding and Solvency Certificate will provide a further means of identifying adverse experience which warrants an immediate review of the Fund’s financial position.

Sections 7 and 8 provide illustrations of the impact of investment volatility on the projected coverage of liabilities and shows that a 1% pa reduction in the assumed future investment return would result in an 6% increase in the assessed value of liabilities.

Sections 8 and 10 discuss other risks associated with the liabilities, including salary increase risk, small plan risk, expense risk, legislative risk and risks around the provision of insurance benefits within the Fund.

Other Findings and Recommendations

Suitability of Policies

I am satisfied that the following current policies for the defined benefit section of the Fund are suitable:

- Investment policy;
- Crediting rate policy;
- Shortfall limit;
- Insurance arrangements; and
- The Trustee's process for monitoring the Fund's financial position.

Recommendations

I recommend that the Trustee consider engaging with the Employer to discuss the investment strategy for the defined benefit assets, in particular transferring assets into cash in anticipation of future benefit payments.

Actions Required by the Trustee

The Trustee should consider this report and confirm its agreement (or otherwise) to the contribution and other recommendations.

The Trustee should seek formal agreement from the Employer to contribute in line with the recommendations.

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Introduction

Background of the Fund

The Fund is operated for the benefit of employees of ISIS Central Sugar Mill Company Limited. The Trustee of IOOF Employer Super, IOOF Investment Management Limited, holds a Registrable Superannuation Entity Licence under the SIS legislation and operates the Fund as required under the Trust Deed.

Defined benefit members of the Fund receive lump sum defined benefits on resignation, retirement, death or disablement. I set out a high-level summary of the benefits provided in Appendix A.

The Fund is a resident regulated fund and a complying superannuation fund for the purposes of the SIS legislation. The Plan is taxed as a complying superannuation fund.

The advice contained in this report is given in the context of Australian law and practice. I have made no allowance for taxation, accountancy or other requirements in any other country.

The governing rules of the Fund are set out in the IOOF Portfolio Services Superannuation Fund trust Deed dated 20 June 1994 (as amended) and the Participation Agreement dated 7 February 2003 (as amended).

Purpose

I have prepared this report exclusively for the Trustee of the ISIS Central Sugar Mill Company Limited Superannuation Fund for the following purposes:

- To present the results of an actuarial investigation of the Fund as at 30 June 2023;
- To review Fund experience for the period since the previous actuarial investigation as at 30 June 2020;
- To recommend contributions to be made by the Employer intended to allow the Fund to meet its benefit obligations in an orderly manner and to reach and maintain an appropriate level of security for members' accrued benefit entitlements;
- To satisfy the requirements of the rules of the Fund for actuarial investigations of the Fund's financial position; and
- To meet legislative requirements under relevant Commonwealth superannuation legislation; these include the Superannuation Industry (Supervision) Act 1993 and associated regulations (SIS legislation) and SPS 160.

My report satisfies Professional Standard 400 issued by the Actuaries Institute setting out requirements for actuarial investigations of defined benefit superannuation funds.

The previous actuarial investigation was conducted as at 30 June 2020 by me, on behalf of Mercer, and the results are contained in a report dated 6 November 2020.

Significant Events since the Investigation Date

I am unaware of any significant events that have occurred since 30 June 2023 which would materially impact on the findings or recommendations in this report.

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Experience since the Last Investigation

Data Provisions

To prepare this report, I have relied on financial and participant data provided by the Fund's administrator. The data used is summarised in this report. I am satisfied that the data is consistent with previous records.

However, I have been advised that the crediting rates applied to the defined benefit members' accounts used in this investigation have been incorrect since 2016. For the purpose of this investigation, I have not made any specific allowance for the impact of this error. I expect the impact will not be material.

I have also relied upon the documents, including amendments, governing the Plan as provided by the Trustee.

Membership

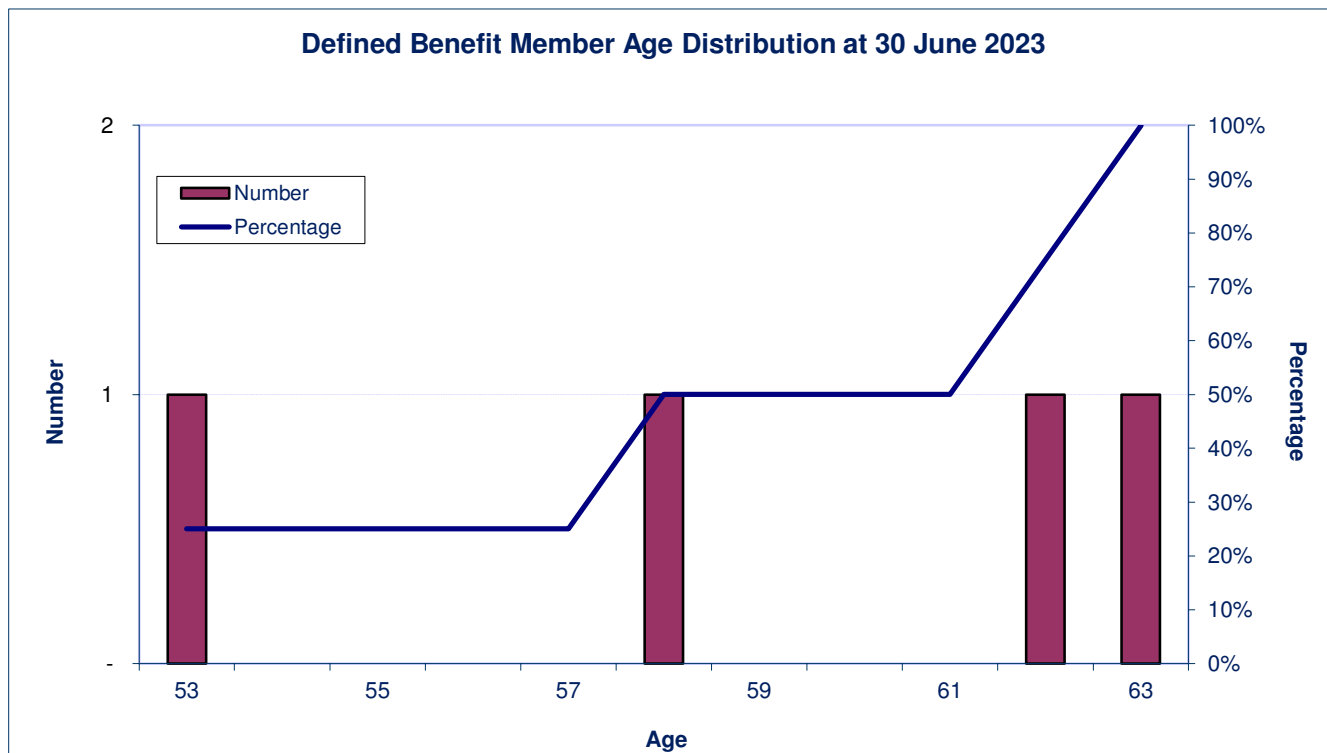
The membership of the Fund's defined benefit section has changed since 30 June 2020 as follows:

Active members at 30 June 2020	11
Exits	7
New Entrants	0
Active members at 30 June 2023	4
<hr/>	
Total salaries at 30 June 2023	██████████
Average salaries at 30 June 2023	██████████
Average age at 30 June 2023	59.5 years

In addition, there were eight members at 30 June 2023 with total benefits of ██████████ determined wholly on a defined contributions (or 'accumulation') basis.

During the period under review the number of defined benefit members within the Plan decreased. This means that the surplus is spread over a smaller number of members so that the coverage of the benefit liabilities (when expressed as a percentage) has increased accordingly.

The defined benefit membership split by age as at 30 June 2023 is shown in the following graph:



Investment Returns

The table below shows the rates of investment earnings (after tax, investment fees and asset-based administration fees) for the assets supporting the defined benefits, and crediting rates applied to defined benefit members’ accounts, over the period since the previous investigation.

Year Ending	Investment Return (pa)	Crediting Rate(pa)*
30 June 2021	12.6%	11.6%
30 June 2022	-4.3%	-2.7%
30 June 2023	7.8%	7.9%
Compound Average	5.1%	5.4%

* The crediting rates applied to the member accounts used for the purpose of the investigation. The Fund administrator has subsequently revised these rates.

The average investment return for the three year period to 30 June 2023 was 5.1% pa compared to the long term assumption at the last actuarial investigation of 3.5% pa. The higher return than assumed had a positive impact on the Plan’s financial position.

Salary Increases

Salaries for the current defined benefit Staff (Category 2/3) members (those members whose benefits are linked to salary) increased by an average of 3.1% pa over the period compared to the long-term assumption at the last actuarial investigation of 2.5% pa, whilst the average increase in Final Average Salary was 2.4%. The salary experience had a neutral impact on the Plan’s financial position.

Contributions

The Employer contributions paid since the date of the previous actuarial investigation were as follows:

Benefit Category	Contribution Rate (% of Salaries)
2	7.1% deemed member contributions
3	5.9% deemed member contributions
5	Nil
2/3/5	Any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).
Accumulation Members	At the required rate or such lesser amount as required to meet the Employer's obligations under Superannuation Guarantee legislation or employment agreements. Any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).

The Employer contributions for the defined benefit members were in accordance with the prior actuarial investigation and subsequent contribution recommendations. The previous investigation recommended that contributions recommence from 1 July 2022, but I subsequently recommended that the contribution holiday continue based on the Fund's financial position as at 30 April 2022.

The contribution holiday had a negative effect on the Fund's financial position.

Impact of the Experience on the Financial Position

The main experience items affecting the Fund's financial position during the period from 30 June 2020 to 30 June 2023 were as follows:

Item	Assumption at previous review	Plan experience	Comment on effect
Investment returns	3.5% pa	5.1% pa	Positive – investments grew at a higher rate than assumed
Membership changes		7 exits	Positive effect on coverage ratios - surplus assets are spread over a smaller number of members
Employer Contributions		Nil	Negative effect - lower than cost of benefits accrued and expenses incurred

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Actuarial Assumptions

The ultimate cost to the Employer of providing the benefits to members is:

- The amount of benefits paid out; and
- The expenses of running the Fund, including tax;

less

- Members' contributions; and
- The return on investments.

The ultimate cost to the Employer will not depend on the actuarial assumptions or the methods used to determine the recommended Employer contribution, but on the actual experience of the Fund. The financing method and actuarial assumptions adopted will however affect the timing of the contribution requirements from the Employer.

The actuarial process includes projections of possible future Fund assets and benefit liabilities on the basis of actuarial assumptions about future experience.

These assumptions include investment returns, salary/wage increases, crediting rates, the rates at which members leave the Fund for various reasons, and other factors affecting the financial position of the Fund.

It is not expected that these assumptions will be precisely borne out in practice, but rather that in combination they will produce a model of possible future experience that is considered a suitable basis for setting contribution rates.

Economic Assumptions

The most significant assumption made in estimating the cost of defined benefits is the difference between:

- The assumed rate of investment earnings; and
- The rate of salary increases used in the projections of future benefit payments.

This difference is commonly referred to as the "gap".

The key economic long-term assumptions adopted for this investigation are:

	Assumption
Investment returns (after tax, investment and asset-based administration fees) #	5.4% pa
General salary increases	3.0% pa

The assumption for investment returns is based on the expected long-term investment return for the Fund's current benchmark investment mix, calculated using Mercer's assumptions of the means and

standard deviations of returns from the various underlying asset classes and the correlations of returns between those asset classes.

The general salary increase assumption is based on long term economic forecasts for future increases in average weekly earnings (AWOTE) and discussions with the Employer.

Demographic and Decrement Assumptions

It is assumed that all members will remain in service until normal retirement age.

Other Assumptions

New Members

The Fund's defined benefit section is closed to new entrants and therefore I have made no allowance for new members.

Expenses

Administration costs, management expenses and consulting fees plus the net cost of group life insurance for defined benefit members are deducted from plan assets. Based on recent experience these are assumed to average 5.0% of defined benefit members' salaries (for group life and income protection insurance costs) plus \$22,000 per annum indexed at 2.5% per annum (for consulting and other fees).

Tax

I have assumed that the current tax rate of 15% continues to apply to the Fund's assessable income, along with current tax credits and deductions.

All future Employer and member salary sacrifice contributions are assumed to be subject to 15% contribution tax, after deduction of any insurance premiums and administration and management costs. All contribution recommendations quoted in this report are gross of contributions tax.

I have made no allowance for:

- Excess contributions tax, as this is payable by the member.
- Additional tax on contributions (including defined benefit notional contributions) for those with incomes above the threshold (currently \$250,000), which is also payable by the member.

Impact of the Changes in Assumptions

I have summarised in the table below the changes in assumptions from those used in the previous investigation and the reasons for the changes:

Assumption	Investigation at 30 June 2023	Investigation at 30 June 2020	Reason for change
Investment returns	5.4% pa	3.5% pa	Updated investment outlook in relation to asset class returns.
Salary increases	3.0% pa	2.0% pa for Wages (Category 5) members and 2.5% pa for Staff (Category 2/3) members	Following discussions with the Employer
Operational expenses and insurance premiums	\$22,000 p.a. indexed at 2.5% p.a. plus 5.0% of salaries	\$20,000 p.a. indexed at 3% p.a. plus 3.0% of salaries	Estimated rate based on recent and expected experience

The overall impact of the changes in assumptions was to:

- decrease the Actuarial Value of Accrued Benefits by \$170,000; and
- increase the assessed long-term employer cost of future service benefits by 0.7% of salaries from 17.7% to 18.4%.

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Assets

Market Value

The net market value of the Fund’s assets as at 30 June 2023 was \$5,163,000 (based on the data provided by the Fund’s administrator at 30 June 2023). This value excludes assets held to meet the Operational Risk Financial Requirement.

Calculation of Defined Benefits Assets at 30 June 2023	
Net market value of the Fund’s assets as at 30 June 2023	
Less accounts for accumulation members	
Less accumulation accounts for defined benefit members	
Net assets to support the defined benefit liabilities of the Fund	

Operational Risk Reserves

The assets to meet the Trustee’s Operational Risk Financial Requirement (ORFR) are held separately from the assets of the Fund.

The scope of this Investigation does not include a review of the adequacy of assets held to meet the Trustee’s ORFR or the Trustee’s ORFR strategy.

Investment Policy

Assets backing Defined Benefit Liabilities

The Plan’s investment strategy for assets supporting defined benefit liabilities is the IOOF Multimix Moderate Trust option, which currently involves a benchmark exposure of 55% to ‘growth’ assets such as shares and property and a benchmark exposure of 45% to ‘defensive’ assets such as cash and fixed interest. ‘Growth’ assets are expected to earn higher returns over the long term compared to ‘defensive’ assets, but also to exhibit more variation in returns from year to year.

The actual and strategic asset allocations for the assets supporting the defined benefit liabilities are as follows:

Asset Class	Actual Allocation as at 30 June 2023	Strategic Asset Allocation
Australian Equities	16%	18%
Overseas Equities	26%	22%
Property	9%	10%
Other Growth	5%	5%
Total Growth	56%	55%
Fixed Interest	29%	33%
Other Defensive	7%	7%
Cash	8%	5%
Total Defensive	44%	45%
Total	100%	100%

The defined benefit liabilities (other than the resignation benefit and SG minimum benefit for Category 5 members) are not affected by the investment return on the Fund's assets. The volatility of the Fund's investment returns will therefore affect the financial position of the Fund from year to year and is likely to impact on the required level of Employer contributions.

Given that it is not known when members will take their benefit with certainty, the exact term of the Fund's liabilities is unknown. However, one of the three Staff (Category 2/3) members whose benefits are linked to salary will reach normal retirement age in the next three years. Whilst the current investment strategy is appropriate in broad terms, I recommend that the Trustee and Employer consider the transfer of defined benefit assets into cash in anticipation of known benefit payments to Staff members (ie for the member approaching retirement identified above, and for either of the other two Staff members if it is expected that they will retire early). This process would protect the Fund against market falls in the period leading up to the expected benefit payments.

Assets backing Accumulation Benefit Liabilities

The Fund provides members with a range of investment options for their accumulation benefits (including the additional account balances of defined benefit members). The assets supporting the Fund's accumulation benefit liabilities are invested according to members' selected investment options and the actual returns on those investments (whether positive or negative) are passed on to members via changes in the unit prices by which member account balances are determined. Thus the Fund's accumulation liabilities and related assets are fully matched.

The Fund's investments are expected to provide a high level of liquidity in normal circumstances.

I consider that the Fund's investment policy for assets relating to accumulation liabilities is suitable, having regard to the nature and term of these liabilities.

Crediting Rate Policy

Defined Benefits

The main features of the crediting rate policy in relation to defined benefits are summarised briefly below:

- The annual crediting rate is calculated as the internal rate of return, net of tax and fees (based on the starting and ending asset values and cash flows over the year to 30 June) and applied at the year end to the value of the member account balance at the previous 30 June and any contributions made during the year allowing for the timing of contributions. The interim crediting rate (see below) will be used until the annual crediting rate is determined.
- The interim crediting rate is calculated monthly as the internal rate of return (based on the starting and ending asset values and cash flows over the period from 30 June to the end of the relevant month). The interim crediting rate is used to determine benefit quotes and to determine a benefit when a member exits the Fund up to the date the benefit is processed. The Trustee may, at its discretion, apply a different interim crediting rate from the date the member leaves the Fund until the member's benefit payment is made.
- Crediting rates may be adjusted to ensure that member accounts do not exceed Fund assets and are consistent with any policy covering reserves.
- Where required, the annual and interim crediting rates are increased by a percentage agreed with the Actuary and the employer to reflect asset fee rebates to be passed on to members' benefits.

Accumulation Benefits

The main features of the unit pricing and crediting rate policy in relation to accumulation member accounts and to the additional accumulation accounts of defined benefit members are summarised briefly below:

- Earnings credited to the accounts are based on the actual net earning rates (i.e. earnings net of investment costs, asset-based administration fees and provisions for tax) of the members' selected investment options. Net earnings are allocated via changes in unit prices. Unit prices are determined on a daily basis. Rules relating to the prices at which units are bought and sold are designed to prevent selection against the Fund by members.
- Termination of service does not result in any automatic change in a member's investment options. Member accounts remain invested in their selected investment options until paid.
- No investment reserves are held. Net investment earnings are fully passed on to member accounts via unit prices.

Documentation

The main features of the Fund's unit pricing in relation to the additional accumulation accounts of defined benefit members are set out in the IOOF Unit Pricing Policy document (current version November 2021).

The Fund's crediting rate policies are set out in the document Defined Benefit Crediting Rate Policy (November 2020).

Conclusion

The crediting and unit pricing policy and related procedures are documented. A detailed review of the policy and related procedures is outside the scope of this investigation.

Based on a review of the main features, I consider that the unit pricing and crediting rate policy adopted for these benefits is generally suitable taking into consideration the principles of equity between different generations of members and any material risks which may have a significant impact on the Fund (i.e. a market shock or sudden downturn in investment markets).

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The Actuarial Approach

Financing Objective

The financing objective adopted for this investigation is to maintain the value of the Fund's assets at least equal to:

- 100% of accumulation account balances; plus
- 105% of Defined Benefit Vested Benefits over the period to the next investigation.

Accumulation account balances are matched by specific assets and do not require any additional margins. However, most of the defined benefit liabilities are linked to salaries and not to the returns on the underlying assets. A margin in excess of 100% coverage of vested defined benefits is therefore desirable to provide some security against adverse experience such as poor investment returns.

I consider the target margin of 105% is appropriate.

Based on the assumptions adopted for this investigation, achieving the financing objective of 105% of Vested Benefits for defined benefit members would also result in at least 100% coverage of the Actuarial Value of Accrued Benefits and a satisfactory margin of coverage over SG Minimum Benefits. Hence, I do not consider it necessary to adopt specific financing objectives in relation to these benefit liability measures.

I have taken into consideration the provisions of the Trust Deed and any professional requirements as set out below.

Professional Requirements

Under Professional Standard 400 issued by the Actuaries Institute, the funding method selected by the actuary *"must aim to provide that:*

- (a) members' benefit entitlements (including any pension increases provided by the Trust Deed or in accordance with either precedent or the intentions of the Trustee and/or Fund Sponsor) are fully funded before the members retire; and*
- (b) the Net Assets of the Fund from time to time, after making full provision for the entitlements of any beneficiaries or members who have ceased to be employed, exceed the aggregate of benefits which employed members would reasonably expect to be payable to them on termination of membership, including the expenses of paying those benefits, and having regard to the provisions of the Trust Deed and the likely exercise of any Options or Discretions." (Paragraph 5.5.4 of PS400).*

Accordingly, the actuary needs to be satisfied that any funding program is expected to provide a level of assets which meets or exceeds immediate benefit entitlements based on members' reasonable expectations. Should assets fall below that level, the funding program needs to aim to lift assets to at least the required level over a reasonable time period and to maintain assets at or above the required level thereafter.

I have set the financing objective on the basis that members' reasonable expectations on termination would be to receive their vested benefit entitlement.

Provisions of the Trust Deed

IOOF Employer Super's Trust Deed includes a requirement that an actuary carry out an actuarial valuation of the financial condition of the Fund in accordance with relevant Commonwealth superannuation legislation.

Financing Method

There are various financing methods that could be followed in setting the Employer contribution level. This investigation uses the "Attained Age Normal" method, which was also used at the previous investigation.

Under this method, the "normal cost" is the estimated level rate of Employer contributions required to provide benefits in respect of future service (i.e. service after the investigation date) for existing members. The normal cost ignores any surplus or deficiency of assets over accrued liabilities.

The recommended Employer contribution rate may then be set above or below the normal cost for a suitable period of time to amortise any surplus/deficiency and to take into account the Fund's financing objectives.

As the defined benefits are closed to new members and (on the assumptions adopted) the cost of future service benefits increases with age, the normal cost is expected to gradually increase as the defined benefit membership ages.

I consider that the Attained Age Normal method is suitable in the Fund's current circumstances as the normal cost reflects the expected (on the assumptions adopted) employer cost of future service benefits and the recommended contribution rate can be varied around the normal cost to take into account the projected financial position as compared with the financing objective.

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Financial Position of the Plan

Funding Status

Vested Benefits

Vested Benefits are the amounts payable as of right should all active members voluntarily resign or, if eligible, retire at the investigation date.

At 30 June 2023, the Plan assets represented 119.3% of the vested benefits and hence the Plan was considered to be in a “satisfactory financial position” under SIS legislation. The 119.3% coverage of the Defined Benefit Vested Benefits was above the financing objective of 105% coverage adopted for this investigation.

SG Minimum Benefits

SG Minimum Benefits are the minimum benefits required under SG legislation, as defined in the Benefit Certificate (also referred to as Minimum Requisite Benefits or MRBs).

The Plan assets at 30 June 2023 were 225.6 % of MRBs and, hence, the Fund was considered to be “solvent “ under SIS legislation.

Actuarial Value of Accrued Benefits

The Actuarial Value of Accrued Benefits is the expected value (as at the investigation date) of all future expected benefit payments, based on membership to date, discounted to the investigation date, taking into account the probability of payment. This value is calculated using the actuarial assumptions and method outlined in the previous sections. In determining the value, I have not applied a minimum of the vested benefits. Further details concerning the calculation of the Actuarial Value of Accrued Benefits are set out in Appendix C.

The Fund Assets as 30 June 2023 represented 131.9% of the Actuarial Value of Accrued Defined Benefits.

Financial Position as at 30 June 2023

The following table shows these funding measures at both the previous and current investigation dates.

Defined Benefits Only	Position at 30 June 2023		Position at 30 June 2020	
	\$000	Asset Coverage	\$000	Asset Coverage
Assets				
Liability for Vested Benefits		119.3%		110.7%
Liability for Actuarial Value of Accrued Benefits		131.9%		113.6%
Liability for SG Minimum Benefits		225.6%		229.0%

The above percentages exclude accumulation liabilities of ██████████ and additional accumulation balances for defined benefit members of ██████████ as at 30 June 2023.

The coverage levels at 30 June 2023 were higher than the levels at the previous actuarial investigation (apart from SG Minimum Benefits) due to:

- The overall positive experience discussed in Section 3; and
- The changes in the actuarial assumptions resulting in a decrease in the Actuarial Value of Accrued Benefits as discussed in Section 4 of this report.

Employer Future Service Cost

Based on the assumptions adopted for this investigation, I estimate that the Employer's long-term funding costs (i.e. the normal cost of funding the future service defined benefit accruals for each category) are as follows:

Defined Benefit Membership Group	Employer long-term cost (of future benefit accrual) (% of Salary/Wage)
Category 2	19.0%
Category 3	18.1%
Category 5	11.0%

An average rate for current members is 18.4% of salaries. This rate excludes the deemed contributions for Staff (Category 2/3) members.

The Employer's long-term funding cost above includes the expected insurance costs of 5.0% of salaries (but not expected expenses of \$22,000 pa), includes any award contributions and includes allowance for the contributions tax.

The assessed long-term costs for future service increased by 1.6% of salaries since the last investigation due to:

- The increase in the expense assumption; and
- A change in Fund's membership profile

partially offset by an increase in the gap between the assumed rate of investment earnings and the rate of salary increases for Staff (Category 2/3) members from 1.1% pa to 2.4% pa.

Previous Recommendations

The previous actuarial investigation made the following recommendations and the status of these are shown in the table below:

Recommendations	Status
Contribution program	See section 3
Shortfall limit be increased to 97.6%	Changed

Recommended Contributions

Based on the Trustee’s financing objective described above and the results of this investigation, I recommend that the Employer contributes in accordance with the following program:

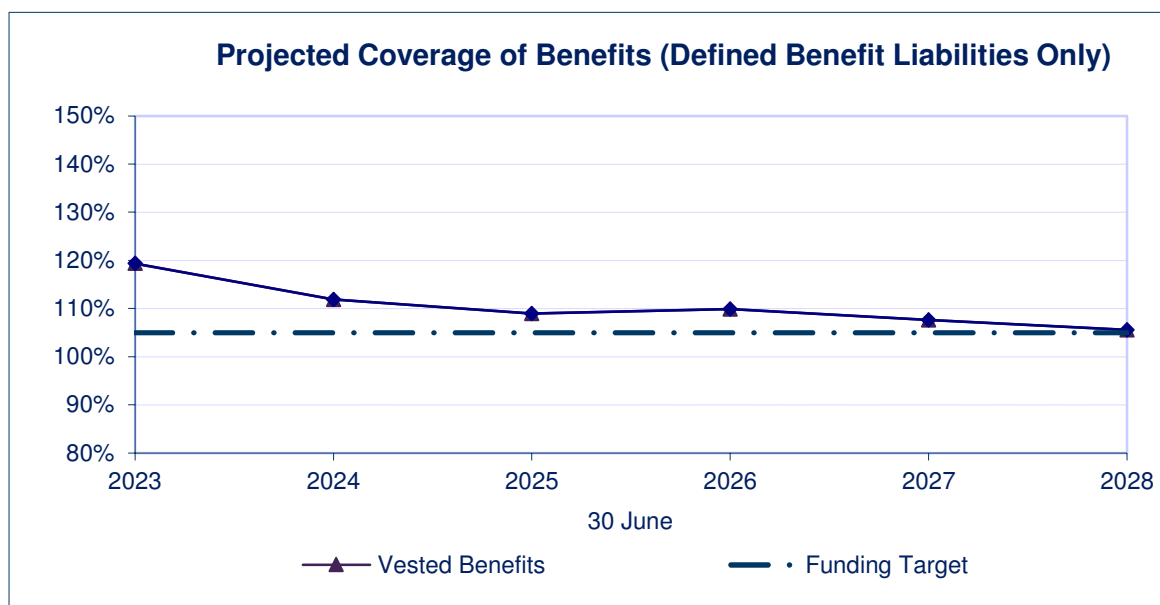
Benefit Category	Contribution Rate (% of Salaries)
2	7.1% deemed member contributions
3	5.9% deemed member contributions
5	Nil
2/3/5	Any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).
Accumulation Members	At the required rate (currently 11% of Ordinary Time Earnings) or such lesser amount as required to meet the Employer’s obligations under Superannuation Guarantee legislation or employment agreements. Any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).

This recommended program represents no change from the current contributions. In practice, it is likely to be necessary to vary the Employer contributions at some point in the future to achieve the Trustee’s financing objective.

Projected Financial Position

I have prepared a projection of Fund assets and benefit liabilities based on:

- The actuarial assumptions adopted for this investigation; and
- The recommended Employer contributions.
- The results of the projection are as follows:



This projection is based on the assumptions adopted, which represent a single scenario from the range of possibilities. The future is uncertain and the Fund’s actual experience will differ from those assumptions; these differences may be minor in their overall effect, or they may be significant and material. In addition, different sets of assumptions or scenarios may also be within the reasonable range and results based on those alternative assumptions would be different, as discussed below.

The projection above shows that the recommended contributions are anticipated to result in assets of at least 105% of Defined Benefit Vested Benefits (which represents the financing objective adopted in this investigation) over the period to 30 June 2026.

The Fund is projected to be in a satisfactory financial position over the period to 30 June 2026.

Sensitivity Analysis

I have tested the effect of changes to the key assumptions on the value of liabilities and the Fund’s net financial position.

The liabilities shown in this report are calculated using my best estimate assumptions for investment return (5.4% pa) and salary growth (3.0% pa). As both future investment returns and future salary increases are unknown, it is almost certain that actual experience will differ from these assumptions.

It is the difference between the investment return rate and salary growth rate (commonly referred to as the ‘gap’) that is crucial rather than the individual assumptions, because the value of the assets move with investment returns while most of the Fund’s defined benefit liabilities grow with salaries.

To quantify the sensitivity of the net financial position (Assets less Actuarial Value of Accrued Benefits) to my assumptions, I have calculated the change in liability based on the following scenarios:

- Decrease the long-term investment return assumption by 1% pa;
- Increase the Salary growth assumption by 1% pa;

All other assumptions, including the Employer contribution rates, are assumed to remain the same.

The effects of these changes are shown below:

Scenario	Net financial position as at 30 June 2023	Change in net financial position
	\$000	\$000
Base assumptions as shown previously		
Decrease investment return by 1% pa		
Increase salary increase by 1% pa		

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Key Risks

Investment Volatility

I have considered the impact of investment volatility on the Fund's financial position over the next few years using a "High return" and a "Low return" scenario. The returns under both scenarios have been derived from assumptions about the likely risk attached to the Fund's defined benefit investment strategy.

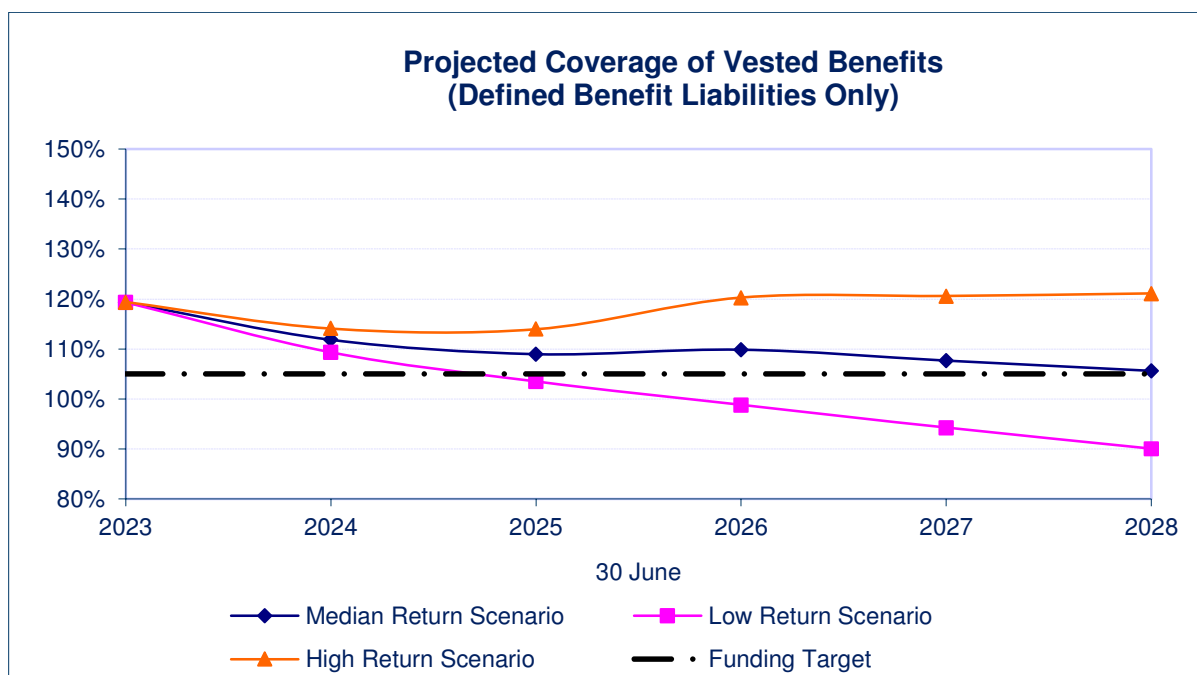
90% of the current vested benefits for defined benefit members are linked to salaries and not linked to investment returns. Therefore, the Fund's vested benefits coverage is highly sensitive to changes in the investment return assumptions.

Using the investment return model and assumptions adopted, there is approximately a 10% chance of the Fund's cumulative investment return being less than the "low return" scenario over the next 5 years. Similarly, there is approximately only a 10% chance of the Fund's cumulative investment return being greater than the "high return" scenario over the next 5 years.

1 July 2023 to 30 June	Assumed Cumulative Investment Return (%)		
	"Low Return"	Valuation	"High Return"
2024	2.8%	5.4%	7.8%
2025	5.7%	11.1%	16.2%
2026	8.6%	17.1%	25.3%
2027	11.7%	23.4%	35.0%
2028	14.8%	30.1%	45.6%

The cumulative investment return is the total return from 1 July 2023 up to 30 June in the year shown. The extent of variation allowed for in these projections reflects the Fund's asset mix and Mercer's views on potential variability in investment results in various investment sectors.

The graph below shows the effect on the projected ratio of assets to Vested Benefits for defined benefit members under the "high return" and "low return" scenarios, with all other investigation assumptions remaining unchanged.



Based on fluctuations in investment returns only, and assuming other experience is in line with the assumptions adopted for this investigation, there is approximately an 80% chance that the coverage of assets over Vested Benefits at 30 June 2026 will fall in the range from 99% to 120%.

The “low return” scenario and the “high return” scenario shown above are illustrations only and show what may occur under assumed future experiences that differ from my baseline assumptions. These scenarios do not constitute upper or lower bounds and the actual future coverage of Vested Benefits may differ significantly from the range shown above, depending on actual future experience. In fact, there is a 1 in 20 chance that the investment return could be less than minus 7.5% in any year based on the current Fund asset allocation.

In my view, the Trustee should be satisfied with the expected level of security over the next few years.

Salary Growth Risk

The risk is that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing benefit amounts and thereby requiring additional employer contributions. This risk is borne by the Employer.

For example, if the assumed future salary increase rate was increased by 1% pa with no change in other assumptions, then the Fund’s net financial position (Assets less Actuarial Value of Accrued Benefits) would deteriorate by \$100,000 from an excess of \$580,000 to an excess of \$480,000 as shown in the table in Section 7.

The actual rate of future salary increases may vary (positively or negatively) from the rate assumed at this investigation by much more than the (positive) 1% pa illustrated in the example above.

Legislative Risk

This risk is that the Commonwealth Government could make legislative changes that increase the cost of providing the defined benefits – for example, an increase in the rate of tax on superannuation funds. This risk is borne by the Employer.

Small Plan Risk

This risk relates to supporting a defined benefit plan where there are few remaining defined benefit members meaning the law of averages no longer applies and the time horizon of the defined benefit liabilities may have become short. Issues that may require consideration include:

- (i) Funding may have previously been based on the Defined Benefit Fund continuing in the longer-term, which may no longer hold. Therefore, greater focus is required on the funding of benefits immediately payable to members (e.g. Defined Benefit Vested Benefits);
- (ii) With few remaining members, the experience of a single member or event will have a proportionately larger impact on the financial position. Therefore, more frequent monitoring of the financial position will be required;
- (iii) Contributions required to finance any shortfalls, specifically as a percentage of salary roll of defined benefit members, can become significant;
- (iv) The investment strategy may have been set based on the Defined Benefit liabilities continuing in the longer-term, which may no longer hold. Therefore, the strategy may need to be revised to reflect the shorter term of the liabilities;
- (v) Fees in respect of the Plan, particularly relative to the number of defined benefit members and salary roll, can become significant. Most actuarial tasks are essentially the same whether there are one or 100 defined benefit members. As defined benefit funds reduce in membership, the actuarial fees may, in fact, increase because of additional monitoring being required. Industry changes such as the SG rate increase can also result in additional fees; and
- (vi) The expected wind-down of the remaining defined benefit members.

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Insurance Risks

Insurance

The Fund is not permitted to self-insure.

For accumulation members, death and lump sum total and permanent disablement (TPD) benefits in excess of total account balances are fully insured.

For defined benefit members, the group life sum insured formula currently in use is:

$$\text{Sum Insured} = \text{Future Service} \times \text{Accrual Rate} \times \text{Salary}$$

The total amount insured should cover the excess of the death/TPD benefits over the Fund’s assets. Based on the formula in use at the investigation date, the coverage of death/TPD risk as at 30 June 2023 for the Fund was as follows.

Defined Benefit members		\$000
	Death/Disablement Benefits	
less	Sum Insured	
less	Assets	
	Uncovered Death/Disablement Benefits	

The formula has resulted in insurance being more than sufficient to provide full protection. However, the amount of over insurance is not at a level where I consider that a change to the current insurance formula is necessary.

Where the definition of TPD in the policy is also used to establish a member’s eligibility for the benefit under the Fund’s governing rules, this avoids any definition mis-match risk.

For disability income benefits, the benefit provisions are entirely matched by the insurance cover. As such, there is no funding gap and any claims or adverse experience has no immediate financial impact on the Plan.

In my opinion, the current group life insurance arrangements, including the sum insured formula for defined benefit members, are appropriate and provide adequate protection for the Fund.

Documentation

The insurance arrangements are underwritten by TAL Life Limited (“the insurer”) and outlined in a Group Life Master Policy effective from 1 July 2021 (as amended by subsequent endorsements) between the Trustee and the insurer. The purpose of the insurance policy is to protect the Fund against unexpectedly large payouts on the death or disablement of members.

10

Prudential Standards

The prudential regulator (APRA) has issued a number of Prudential Standards for the superannuation industry, including SPS 160 relating to the financial management and funding of defined benefit plans. I comment below on several requirements arising from SPS 160.

Shortfall Limit

The Trustee must determine a “Shortfall Limit” for each fund, being:

“the extent to which the fund can be in an unsatisfactory financial position with the Trustee still being able to reasonably expect that, because of corrections to temporary negative market fluctuations in the value of the fund assets, the fund can be restored to a satisfactory financial position within a year”.

I understand that the Fund’s Shortfall Limit, determined by the Trustee on the basis of previous actuarial advice, is 97.6%.

The Shortfall Limit is expressed as the coverage level of the defined benefit Vested Benefits by the defined benefit assets. It is appropriate to consider the following factors when determining if the Shortfall Limit remains appropriate:

- The guidance provided in the relevant Actuaries Institute Practice Guideline 499.08: Shortfall Limit Required under APRA Prudential Standard 160 dated March 2023;
- The investment strategy for defined benefit assets, particularly the benchmark exposure of 55% to “growth” assets;
- The results of this investigation regarding the extent to which the current and projected Vested Benefits are not linked to the investment return on defined benefit assets (i.e. salary-based benefits) and the current and projected relativity between Vested Benefits and Minimum Requisite Benefits.

Based on the above, I recommend the Trustee maintain the current Shortfall Limit.

The projections also indicate that the level of Minimum Requisite Benefits is not expected to be a constraint in determining the Shortfall Limit. I will reassess the suitability of the adopted Shortfall Limit as part of the next regular actuarial investigation. The Shortfall Limit should be reviewed earlier if there is a significant change to the investment strategy for defined benefit assets – in particular a change to a more defensive strategy which has a benchmark allocation to “growth” assets of less than 35% – or if the Trustee otherwise considers it appropriate to do so.

Monitoring Process

SPS 160 also requires the Trustee to determine and implement a process for monitoring the defined benefit Vested Benefits coverage against the Shortfall Limit for each plan. If this monitoring process indicates that the Vested Benefits coverage has (or may have) fallen below the Shortfall Limit, then under SPS 160:

- An “Interim Actuarial Investigation” may be required (depending on the timing of the next regular actuarial investigation); and
- A Restoration Plan is required to be put in place if an Interim Actuarial Investigation finds the plan has breached its Shortfall Limit. The Restoration Plan must be designed to return the plan to a “satisfactory financial position”, so that the Vested Benefits are fully covered, within a reasonable period that must not exceed 3 years and this must be submitted to APRA.

I recommend that the Trustee continues its monthly monitoring of the Fund’s coverage of vested benefits to ascertain if an assessment of the expected length of the Employer contribution holiday is required.

The Trustee should also continue to monitor the “Notifiable Events” specified in the Fund’s Funding and Solvency Certificate and advise the actuary should any actual or potential Notifiable Events occur.

Requirements due to Unsatisfactory Financial Position

Restoration Plan

Under SPS 160, a Restoration Plan is also required to be put in place if the actuary finds in a regular Actuarial Investigation that a plan:

- Is in an unsatisfactory financial position (whether or not the Shortfall Limit is breached); or
- Is likely to fall into an unsatisfactory financial position.

The Restoration Plan must be designed to return the plan to a “satisfactory financial position”, so that Vested Benefits are fully covered, within a reasonable period that must not exceed 3 years from the investigation date.

An SPS 160 Restoration Plan is not required if the plan is technically insolvent (in which case the insolvency rules must be followed). If an SPS 160 Restoration Plan is already in place then any changes to the contribution program (including its period) must be made within the framework of that Restoration Plan.

As indicated by the financial position and the projections, I consider that:

- The Plan is not in an unsatisfactory financial position; and
- The Plan is not likely to fall into an unsatisfactory financial position.

Hence the special requirements of SPS 160 for funds in an unsatisfactory financial position do not apply at this investigation.

Actuary’s Reporting Requirements

Section 130 of the SIS Act requires that if an actuary forms the opinion that a plan’s financial position may be unsatisfactory, or may be about to become unsatisfactory, and that opinion was formed in performing an actuarial function, the actuary must advise both the Trustee and the prudential regulator (APRA) in writing immediately. An unsatisfactory financial position applies where assets are less than Vested Benefits.

These requirements do not currently apply as I am of the opinion that the Fund’s financial position is not unsatisfactory (or about to become unsatisfactory).

The Fund's assets are sufficient to fully cover the SG Minimum Benefits at 30 June 2023. Therefore, the Fund is not considered to be technically insolvent.

Statements Required by SPS 160

This section provides statements required to be made under APRA Prudential Standard SPS 160. Values cited relate to the Fund as a whole (inclusive of all accumulation members and accounts).

- (a) The value of the Fund's assets as at 30 June 2023 was [REDACTED]. This value excludes assets held to meet the Operational Risk Financial Requirement.
- (b) In my opinion, the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2023 was [REDACTED]. Hence, I consider that the value of the assets at 30 June 2023 is adequate to meet the value of the accrued benefit liabilities of the Fund as at 30 June 2023. Taking into account the circumstances of the Fund, the details of the membership and the assets, the benefit structure of the Fund and the industry within which the Employer operates, I consider that the assumptions and valuation methodology used are appropriate in relation to the determination of the accrued benefit liabilities for the purposes of this report. Further comments on the assumptions and valuation methodology are set out in Sections 4 and 6 of this report. Assuming that the Employer contributes in accordance with my recommendations based on the assumptions used for this actuarial investigation, I expect that assets will remain sufficient to cover the value of accrued benefit liabilities over the period to 30 June 2026.
- (c) In my opinion, the value of the liabilities of the Fund in respect of vested benefits as at 30 June 2023 was [REDACTED]. Hence, I consider that the value of the assets at 30 June 2023 is adequate to meet the value of the vested benefit liabilities of the Fund as at 30 June 2023. Assuming that the Employer contributes in accordance with my recommendations based on the assumptions made for this actuarial investigation, I expect that assets will remain sufficient to cover the value of vested benefit liabilities over the period to 30 June 2026. Hence, I consider that the financial position of the Fund should not be treated as unsatisfactory as defined in SPS 160.
- (d) In my opinion, the value of the liabilities of the Fund in respect of the minimum benefits of the members of the Fund as at 30 June 2023 was [REDACTED]. Hence, the Fund was not technically insolvent at 30 June 2023.
- (e) A projection of the likely future financial position of the Fund over the 3-year period following 30 June 2023, based on what I consider to be reasonable expectations for the Fund for the purpose of this projection, is set out in Section 7 of this report.
- (f) Based on the results of this investigation, I consider that the Shortfall Limit does not require review. Comments are set out earlier in this section.
- (g) In respect of the 3-year period following 30 June 2023, I recommend that the Employer contribute to the Fund at least:

Benefit Category	Contribution Rate (% of Salaries)
2	7.1% deemed member contributions
3	5.9% deemed member contributions
5	Nil
2/3/5	Any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).
Accumulation Members	At the required rate (currently 11% of Ordinary Time Earnings) or such lesser amount as required to meet the Employer's obligations under Superannuation Guarantee legislation or employment agreements. Any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).

(h) The Fund is used for Superannuation Guarantee purposes:

- All Funding and Solvency Certificates required under Division 9.3 of the SIS Regulations have been issued for the period from the date of the last investigation to 30 June 2023;
- I expect to be able to certify the solvency of the Plan in any Funding and Solvency Certificates that may be required in the three year period from 30 June 2023.

Actuarial Certification

Actuary's Certifications

Professional Standards and Scope

I have prepared this report in accordance with generally accepted actuarial principles, Mercer's internal standards, and the relevant Professional Standards of the Actuaries Institute, in particular PS400 which applies to "*...actuarial investigations of the financial condition of wholly or partially funded defined benefit superannuation funds.*"

Use of Report

This investigation report should not be relied upon for any other purpose or by any party other than the Trustee of the Fund. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts. The Trustee should share this report with the Employer who contributes to the Fund. The Employers may consider obtaining separate actuarial advice on the recommendations contained in the report.

The advice contained in this report is given in the context of Australian law and practice. I have made no allowance for taxation, accountancy or other requirements in any other country.

Actuarial Uncertainty and Assumptions

An actuarial investigation report contains a snapshot of a Fund's financial condition at a particular point in time, and projections of the Fund's estimated future financial position based on certain assumptions. It does not provide certainty in relation to a Fund's future financial condition or its ability to pay benefits in the future.

Future funding and actual costs relating to the Fund are primarily driven by the Fund's benefit design, the actual investment returns, the actual rate of salary growth, and any discretions exercised by the Trustee or the Employer. The Fund's actuary does not directly control or influence any of these factors in the context of an actuarial investigation.

The Fund's future financial position and the recommended Employer contributions depend on a number of factors, including the amount of benefits the Fund pays, the cause and timing of member withdrawals, plan expense, the level of taxation and the amount earned on any assets invested to pay the benefits. These amounts and others are uncertain and unknowable at the investigation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, assumptions are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report.

However, the future is uncertain and the Fund's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. For

this reason, this report shows the impact on the Fund's financial position if alternative assumptions were to be adopted.

Actuarial assumptions may also be changed from one investigation to the next because of mandated requirements, Fund experience, changes in expectations about the future and other factors. I did not perform, and thus do not present, an analysis of the potential range of all future possibilities and scenarios.

Because actual Fund experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts and benefit related issues should only be made after careful consideration of possible future financial conditions and scenarios, and not solely on the basis of a set of investigation results.

Additional Information

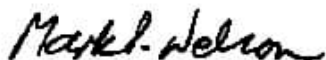
The next **actuarial investigation** is required at a date no later than 30 June 2026. At that time, the adequacy of the Employer contribution levels will be reassessed. The monitoring process recommended may lead to an earlier reassessment ahead of the next full actuarial investigation.

The next **Funding and Solvency Certificate** is required at least 12 months before the expiry of the current Funding and Solvency Certificate (which expires on 30 June 2025).

The next **Benefit Certificate** is required following the expiry of the current Benefit Certificate (which expires 30 June 2028). The current Benefit Certificate is designed to accommodate changes to the legislated Superannuation Guarantee schedule.

Further Information

Please contact me to provide any supplementary information or explanations about this actuarial investigation as may be required.



Mark Nelson

Fellow of the Institute of Actuaries of Australia

15 December 2023

I have reviewed this report under Mercer's professional Peer Review Policy. I am satisfied that it complies with the applicable professional standards and uses assumptions and methods that are suitable for the purpose.



Richard Codron

Fellow of the Institute of Actuaries of Australia

Appendix A

Fund Design

Summary of Benefits

A simplified summary of the main benefit provisions in respect of defined benefit members is set out below. A full description of the benefits provided by the Fund is set out in the Fund's Participation Agreement, as amended from time to time. Reference should be made to the formal governing documents for definitive statements.

Members' Contributions (% of salary)	Category 2: 6.0 (deemed net rate) Category 3: 5.0 (deemed net rate) Category 5: 3.0
Accrual Rate	Category 2: 21% for each year of membership Category 3: 17.5% for each year of membership Category 5: 7.5% for each year of membership
Final Average Salary (FAS)	Average of the member's salaries at the three review dates preceding the date of exit from the Fund
Normal Retirement Age	65
Early Retirement Age	55
Member Account	Accumulation with interest of deemed member contributions
Member Voluntary Account	Accumulation with interest of voluntary member contributions, less tax (where applicable)
Surcharge Account	Accumulation with interest of any surcharge tax assessments
Vesting Factor	<ul style="list-style-type: none"> for members aged 55 and over: 1 for members under age 55: 1 less a 2% simple discount for each year by which the member's age is less than 55, with a minimum Factor of 0.60
Normal Retirement Benefit	Accrual Rate x Membership in years x FAS plus Voluntary Member Account less Surcharge Account The Normal Retirement Benefit will not be less than the Resignation Benefit
Early Retirement Benefit	Accrual Rate x Membership x FAS; plus Voluntary Member Account less Surcharge Account The Early Retirement Benefit will not be less than the Resignation Benefit

Death/Total and Permanent Disability Benefit	A lump sum benefit equal to the Normal Retirement Benefit that would have been payable had the member continued in service to the Normal Retirement Date on their current salary. The Death and Total and Permanent Disablement Benefit will not be less than the Resignation Benefit
Total Temporary Disability Benefit (Temporary Salary Continuance Benefit)	An income benefit equal to 75% of salary payable after a waiting period of three months and for a maximum benefit period of two years, while the member is totally and temporarily disabled.
Resignation Benefit	<p>Category 2 and 3: Accrual Rate x Membership x FAS x Vesting Factor plus Voluntary Member Account less Surcharge Account</p> <p>Category 5: A lump sum benefit equal to: the member's contributions accumulated with interest, plus 4% (or, if Fund membership is ten years or more, 6%) of the member's contributions excluding interest for each complete year of Fund membership, subject to a maximum of 200%</p> <p>plus Voluntary Member Account less Surcharge Account</p>

There are no material discretions available to the Trustee and Employer or member options specified within the Plan's legal documents, to the extent that these affect benefits.

Neither the Trustee nor the Employer has a right within the Trust Deed to review benefits or member contribution rates.

The Superannuation Guarantee (Administration) Act 1992

This Act requires employers to provide minimum superannuation benefits that are fully vested in their employees within a complying superannuation fund.

The contribution rates recommended in this report and the projected financial positions allow for benefits being augmented as necessary to meet the minimum Superannuation Guarantee (SG) benefit described in the Fund's current Benefit Certificate.

Under current legislation the SG rate is currently 11% and will increase to 11.5% on 1 July 2024 and 12% from 1 July 2025.

Appendix B

Calculation of the Actuarial Value of Accrued Benefits

I have calculated the Actuarial Value of Accrued Benefits using a method of apportionment of benefits between past and future membership that satisfies the requirements of Professional Standard No. 402 of the Actuaries Institute and is acceptable for Australian Accounting Standard AASB 1056 purposes.

Defined Benefits

The past membership components of all defined benefits payable in the future from the Fund in respect of current membership are projected forward allowing for assumed future salary increases and credited interest rates and are then discounted back to the investigation date at the investment return rate assumed for the investigation.

The past membership component for the benefit paid on the member leaving service is based on the member's accrued benefit multiple or relevant account balances at the investigation date.

The weighted average term of the accrued benefit liabilities is 6.5 years.

Accumulation Benefits

The value of accumulation benefits is taken as the sum of the balances held in accumulation accounts at the date of the investigation.

Methodology of Calculating the Actuarial Value of Accrued Benefits

The method used for the determination of Accrued Benefits is the same as that used at the previous investigation.

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