Actuarial Report

In accordance with regulation 9.31 of the Superannuation Industry (Supervision) Regulations 1994 (Cth)

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Extract from Actuarial Report – Actuarial Valuation as at 30 June 2018*

Statements Required by SPS 160

This section provides statements required to be made under APRA Prudential Standard SPS 160. Values cited relate to total defined benefits and assets of the Scheme (i.e. inclusive of both Employer and member-financed defined benefit liabilities. Accumulation-style benefits are excluded from the values below).

i. As at 30 June 2018, the net assets available to pay defined benefits of the Scheme amounted to $1,588,567,189. This value does not include the value of assets held to meet the Scheme's Operational Risk Financial Requirement or the Scheme's Additional Benefits Reserve. This is the value of assets used in determining the recommended contribution rates.

ii. The Scheme's liabilities includes current defined benefit pension liabilities of $602,870,423.

iii. In my opinion, the actuarial value of accrued benefits as at 30 June 2018 was $1,554,133,542. Hence I consider that the value of the assets at 30 June 2018 is adequate to meet the value of the accrued benefit liabilities of the Scheme as at 30 June 2018. In determining the value, I have not applied a minimum of the Vested Benefits.

    Taking into account the circumstances of the Scheme, the details of the membership and the assets, the benefit structure of the Scheme and the industry within which the Employers operate, 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.

    Assuming that the Employers contribute in accordance with my recommendations, then, based on the assumptions made for this actuarial valuation which I consider to be reasonable expectations for the Scheme, I expect that assets will remain sufficient to cover the value of accrued benefit liabilities over the period to 30 June 2021.

iv. In my opinion, the total as at 30 June 2018 of members' Vested Benefits amounted to $1,541,397,807. Hence I consider that the value of the assets at 30 June 2018 is adequate to meet the value of the Vested Benefit liabilities of the Scheme as at 30 June 2018.

    Assuming that the Employers contribute in accordance with my recommendations, then, based on the assumptions made for this actuarial valuation, I expect that assets will remain sufficient to cover the value of Vested Benefit liabilities over the period to 30 June 2021. Hence I consider that the financial position of the Scheme should not be treated as unsatisfactory as defined in SPS 160.

v. In my opinion, the value of the liabilities of the Scheme in respect of the minimum benefits of the members of the Scheme as at 30 June 2018 was $1,197,161,512. Hence the Scheme was not technically insolvent as at 30 June 2018.

vi. A projection of the likely future financial position of the Scheme over the three year period following 30 June 2018, based on what I consider to be reasonable expectations for the purposes of the projection, is set out in Section 5 of this report, below.

vii. In respect of the three year period following 30 June 2018, I recommend that the Employers continue to contribute to the Scheme at the following standard contribution rates:

Employer Standard Contributions for Contributors		
Division B	Division C	Division D
1.9 times member contributions	2.5% of salary	1.64 times member contributions

    Further, additional lump sum Employer contributions are required to be paid by certain Employers. These additional contributions will be reviewed annually.

viii. Based on the results of this valuation, I consider that the Shortfall Limit should be reviewed

ix. The Scheme is used for Superannuation Guarantee purposes. Therefore:

    a. 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 valuation to 30 June 2018; and

    b. I expect to be able to certify the solvency of the Scheme in any Funding and Solvency Certificate(s) that may be required in the three year period from 30 June 2018.

x. In my opinion, there is a 'high degree of probability', as at 30 June 2018, that the Scheme will be able to meet the pension payments as required under the Scheme's governing rules.

*Actuarial Report provided by Mercer Consulting (Australia) Pty Ltd ABN 55 153 168 140.

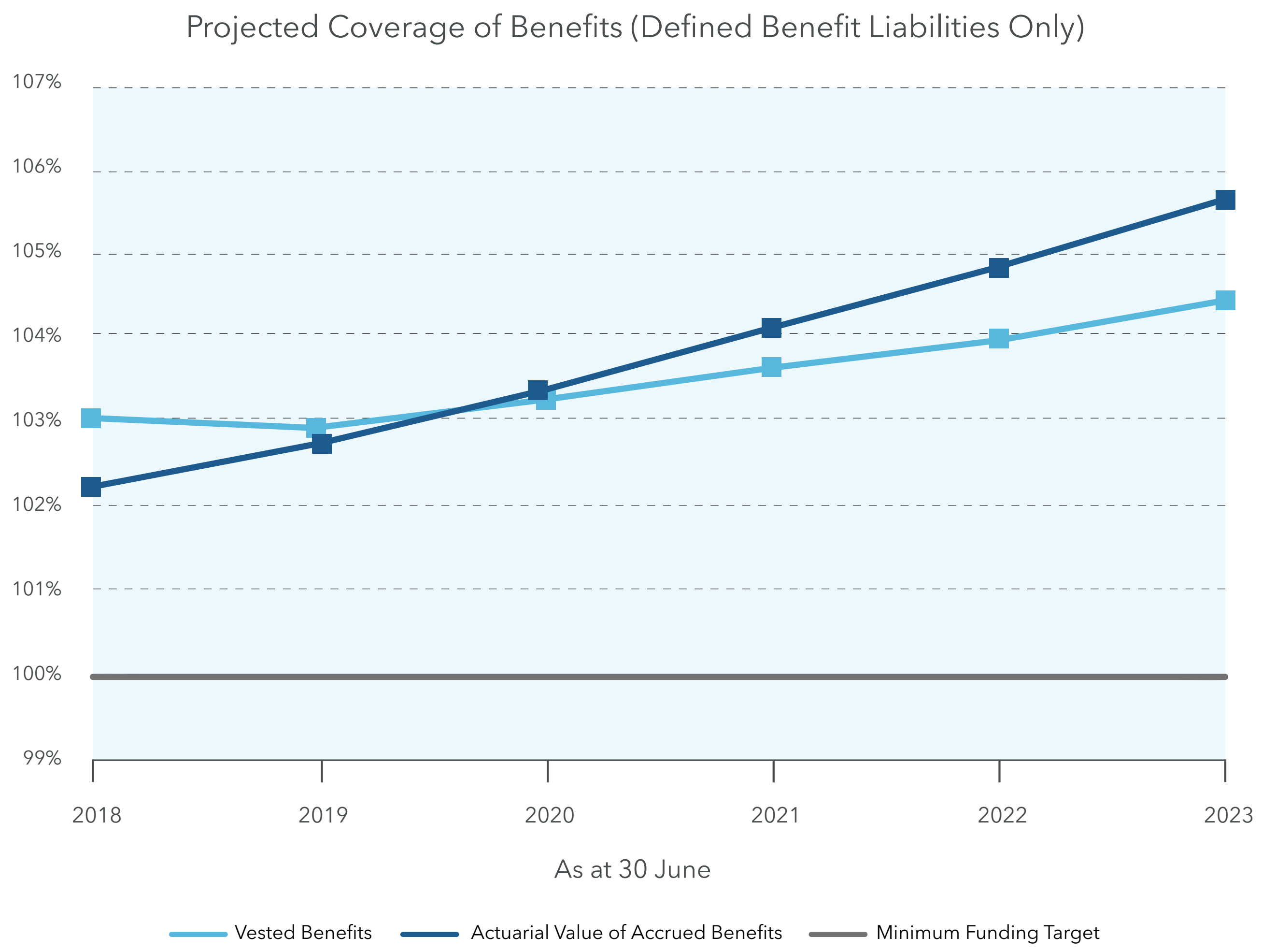
Section 5

Projections

I have prepared the following projection of Scheme assets and benefit liabilities based on:

- the actuarial assumptions adopted for this valuation; and
- assuming that the Employer contributes on the basis as recommended.

The projection does not allow for subsequent investment return experience since 30 June 2018.



The graph above shows that, without any allowance for subsequent investment experience, the recommended contributions are anticipated to maintain the Scheme in a satisfactory financial position (100% coverage of Vested Benefits and Actuarial Value of Accrued Benefits).

The Trustee should note however that this projection is based on the assumptions adopted, which represent a single scenario from a range of possibilities. The future is uncertain and the Scheme'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 a reasonable range and results based on those alternative assumptions would be different.

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