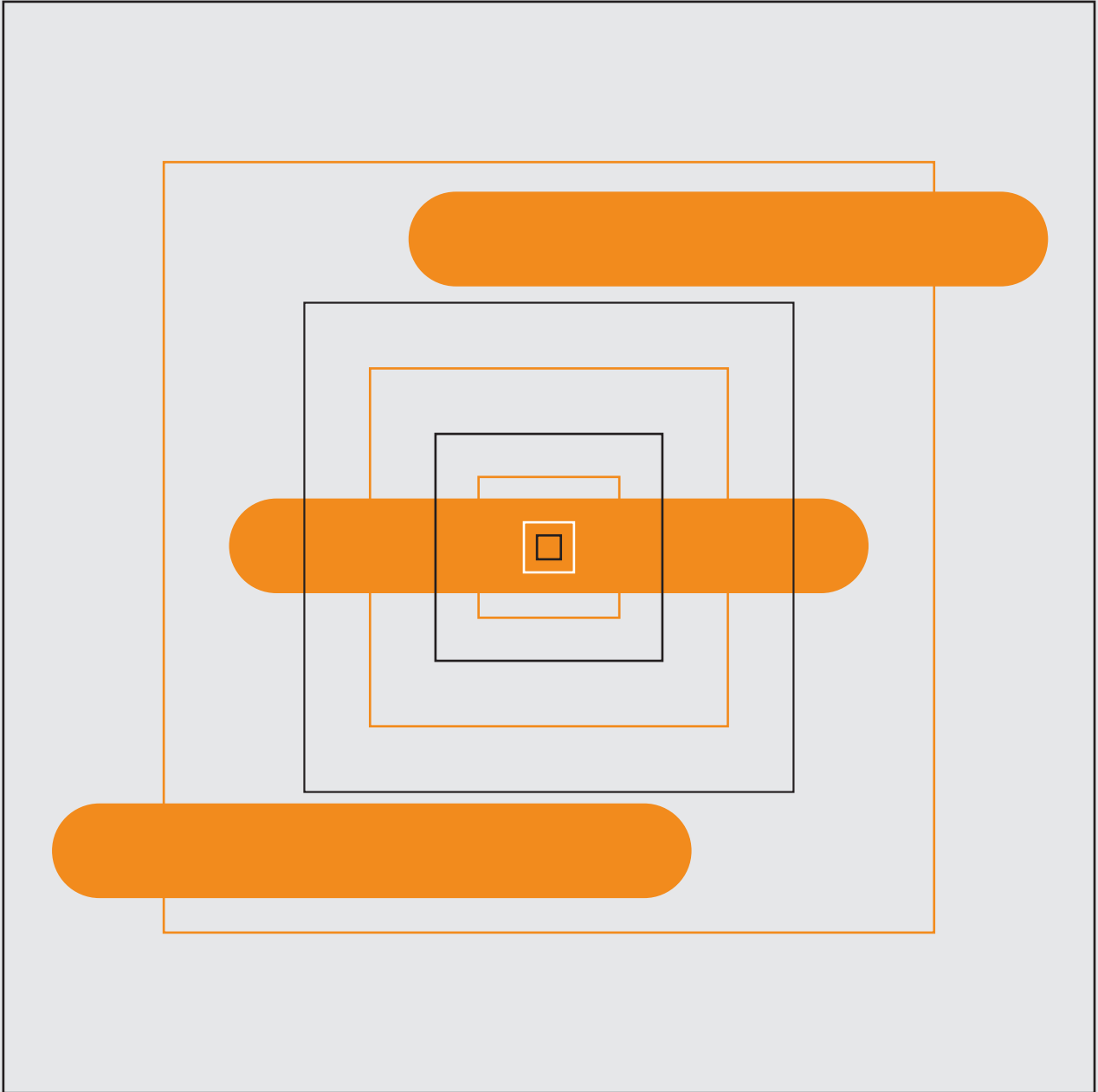
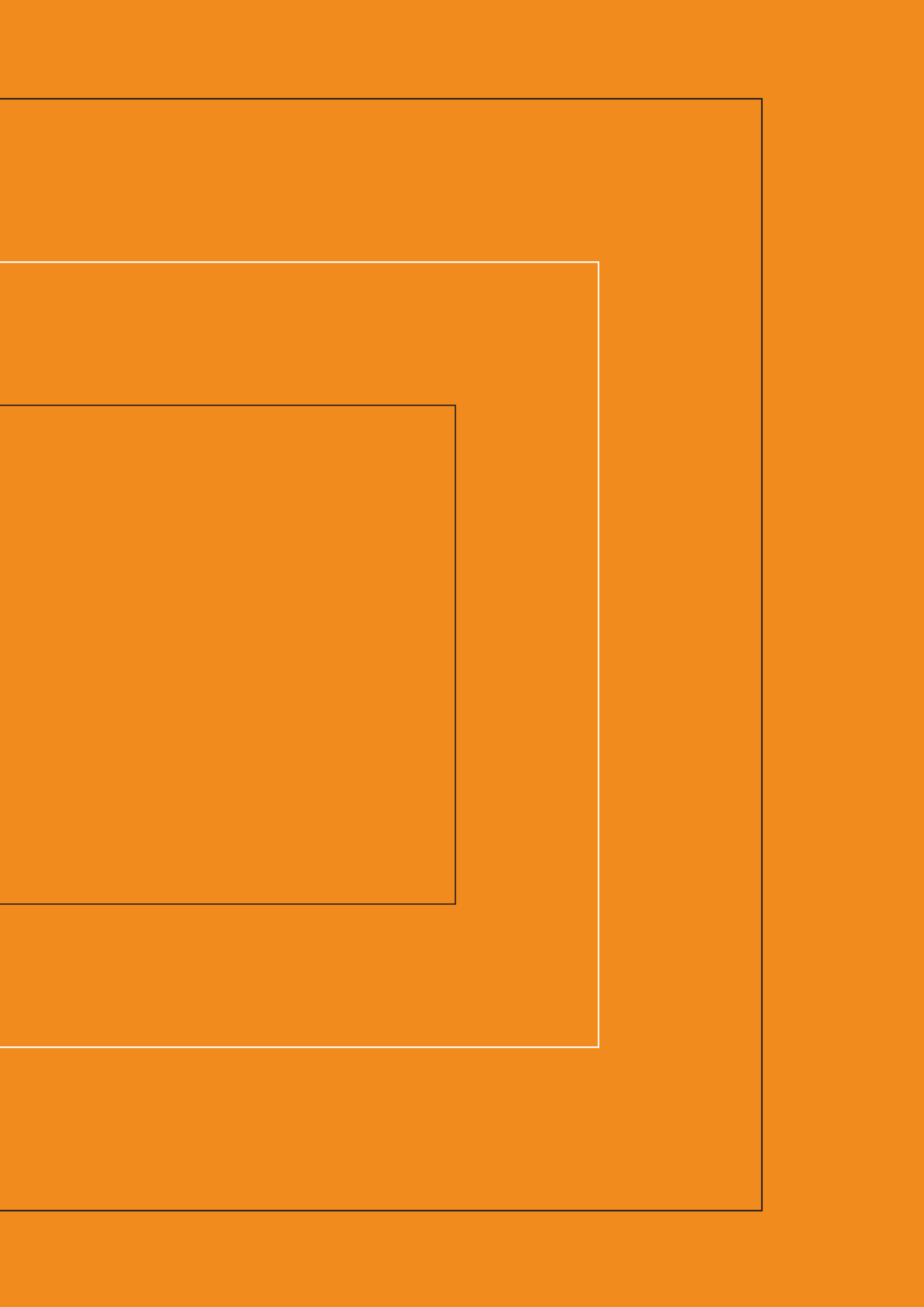


Report to members
2017





A special thank you to Gary Clifford

Whilst this Report to Members is for the period from 1 July 2016 to 30 June 2017, the Fire and Emergency Services Superannuation Board would like to take the opportunity in this Report to acknowledge the long standing service that has been made to the Fire and Emergency Services Superannuation Fund by Gary Clifford, a member elected Board Member who formally retired from his position on the Superannuation Board on 18 August 2017.

Gary's member representation on the Superannuation Board has been for a total period of 26 years, being initially elected as an alternate Board Member in 1991, and then formally elected in 1993 as a Board Member.

During his term as a Board Member Gary was a passionate advocate for the members of the Fund and received formal national industry recognition for his efforts, by being named by the Australian Institute of Superannuation Trustees (AIST) as "Trustee of the Year" in 2013. This prestigious award was made to him at the AIST conference in Brisbane in March 2013, and reflects his unswerving dedication in ensuring that members' interests were always at the forefront of all decisions made by the Superannuation Board.

Gary's devotion, enthusiasm and energy in carrying out his Board Member role will be missed by the remaining Superannuation Board members, and they would like to wish him many happy retirement years ahead.

Investment Market Update

2016/2017 Financial Year Economic Commentary

Despite significant political uncertainty, the performance of share markets was generally strong over the 2016/17 Financial Year. Global trade and investment regained momentum over the year, driven by increased trade flows to and from China, and improved import demand from commodity-exporting emerging market and developed economies. The strong share market returns were experienced across the board, with most major global share markets delivering returns near 20% for the year. The strong returns came despite events such as the US Presidential election surprise, several contentious elections in Europe, and the extension of petroleum production cuts; all events which threatened to cause share market weakness. As share markets went from strength to strength, bond market returns were relatively flat, with increasing global growth and inflation leading to rising bond yields in key markets.

In the US, investors responded favourably to the election victory of Republican candidate Donald Trump, ushering a period of growth in share markets fanned by what some have deemed 'the Trump Trade', with markets quickly adjusting to price-in expected impacts of Trump's expansionist policy agenda. Despite finishing the financial year with some mixed economic data, the US experience was largely positive for the year, with the Federal Reserve increasing the lending rate between financial institutions three times during the year by a total of 0.75% to a target range of 1.00%-1.25%, stating strengthening labour markets and increasing inflation prospects as catalysts for the increases.

In Europe, the political environment was, on a whole, far improved by the end of the financial year when compared to its rocky start immediately post Brexit. In the UK, Theresa May sought to opportunistically consolidate power in the parliament, announcing an early election following the decision to commence withdrawing the UK from the European Union (EU); the result being a hung parliament and a general loss of confidence in her Conservative party. The French rallied behind centrist candidate Emmanuel Macron, denying the nationalist candidate, Marine Le Pen, who campaigned on a protectionist agenda which threatened to erode the relationship between France and the EU. Populism also reared its head in elections in Austria, the Netherlands, and Germany.

Despite this, economic and financial performance was largely positive in Europe. Over the financial year the European share market index (Euro Stoxx 50 Index) returned 20.1% (in local currency terms), more than regaining losses experienced over the previous year.

In China, one of the most notable developments was the decision from MSCI (share market index provider) to include some mainland Chinese shares in their share market indices, signalling a positive further step towards the opening up of the Chinese share market and its global integration. The inclusion came late in June and helped the Shanghai Stock Exchange Composite Index to produce some strong growth over the month of June. Over the year performance was strong despite underperforming developed market economies, with the Shanghai Stock Exchange Composite Index returning 9.0% in local currency terms.

Australian economic indicators were largely positive for the financial year, albeit the Australian labour and property markets were sources of concern for the Reserve Bank of Australia over the year. The Australian dollar was relatively stable relative to the US Dollar, and the Australian share market rose steadily over the year. The Australian economy outperformed its forecast and delivered annualised GDP growth of 1.7% for the year (as at March 2017), marking 103 quarters without two consecutive negative periods, regarded as the longest stretch of positive growth of any developed nation.

The Reserve Bank of Australia (RBA) decided to cut the lending rate between financial institutions in August of 2016 to a new record low of 1.5%, stating a belief that the reduced rate was adequate to generate sustainable economic growth and to maintain inflation in its target range of 2%-3%. Despite a marked improvement in global markets from September to the end of financial year, the RBA decided to maintain a conservative stance, citing mixed domestic economic signals as the reason for maintaining rates at 1.5%. Particularly, the RBA had concerns around divergences in the Australian workforce where, despite unemployment decreasing to 5.5% (as at May 2017) from 5.8% the year previous, the number of employees seeking additional hours remained unchanged, signalling a disproportionate growth in part time work over the year. Similarly, minutes of the June RBA meeting noted some concerns around national housing markets, with residential construction slowing, price growth and auction clearance rates declining, and housing credit growth remaining steady into the end of the financial year.

Australian shares, as measured by the S&P/ASX 300 Index, returned 13.8%. The Materials sector was the best performer, returning 24.5% as markets found comfort in stabilising commodity prices; Utilities and Financials (ex-property trusts) were the other key performers, returning 19.7% and 18.1% respectively. The main detractor from performance was Telecommunication Services, which returned -21.2%. This was the only sector which experienced a negative annual return, with Energy being the next lowest performer with returns of 6.7%.

The Australian dollar rose over the year, despite US dollar strength following the Presidential election, to end at 76.89 US cents (up from 74.26 US cents). Over the same period the Australian dollar also strengthened against the currencies of its major trading partners, with the Trade Weighted Index ending the year at 65.5 (up from 62.5 from last year).

Both Australian and other international bond yields climbed over the course of the financial year. The Australian 10 Year Government bond yield finished 0.6% higher than in June last year at 2.6%, while the US 10 Year Government bond yield climbed 0.8% (to 2.3%) over the same period.

Australian cash, as measured by the Bloomberg AusBond Bank Bill Index, returned 1.8% for the year. Australian fixed interest delivered almost flat performance for the year, with the Bloomberg AusBond Composite Index returning 0.2%. Global fixed interest performance was marginally above Australian fixed interest, with the Barclays Global Aggregate Index (hedged to AUD) returning 0.5% for the financial year.

Note: This investment commentary does not constitute advice. All investment figures quoted relate to before-tax performance of the relevant industry benchmark.

The year in brief

How well did the Fund perform?

The Board declared an annual crediting rate for the Smoothed investment option for 2016/17 of **7.5%**. The declared annual crediting rate for the Smoothed investment option for 2016/17 for pension accounts was **8.3%**.

For the past five years to 30 June 2017, the Fund has averaged a 'smoothed' investment return of **8.2%pa**. Since the Fund's inception in 1977, the smoothed investment return has averaged **9.4%pa**. The table below shows the returns (what the investments actually earned) and the declared crediting rates for each period shown.

Fund Earning Rate v Declared Crediting Rate 'smoothing'

	Fund Earning Rate	Declared Crediting Rate*
2013	15.6%	14.0%
2014	12.0%	11.2%
2015	7.8%	6.4%
2016	1.9%	2.0%
2017	9.1%	7.5%
3 Year average (pa)	6.3%	5.3%
5 Year average (pa)	9.5%	8.2%
10 Year average (pa)	4.5%	4.3%

*After 'smoothing' is applied, see page 7.

Fund Statistics as at 30 June 2017

Membership	2016/17	2015/16
Current Members	1,563	1,480
Retained Members	308	298
Pensioners	271	260
Spouse Accounts	146	144
Total	2,288	2,182

Benefits Paid	2016/17	2015/16
	\$	\$
Total	30,280,029	20,927,840

Contributions	2016/17	2015/16
	\$	\$
Member	10,228,032	1,968,883
Salary Sacrifice	12,393,448	11,805,980
Employer	18,290,675	17,130,216
Spouse	16,930	1,888,770
Transfers In	4,716,740	4,182,167
Total	45,645,825	36,976,016

The Trustees

YOUR SUPER FUND IS ADMINISTERED BY A BOARD

The Fund is administered by the Fire and Emergency Services Superannuation Board, established under the *Fire and Emergency Services Superannuation Act 1985*. The Act sets out the functions, responsibilities and duties of the Board and provides the framework within which it operates. The Board is also responsible for ensuring that the Fund complies with Government legislation, that benefits are paid correctly and that the Fund's assets are appropriately invested.

The Fire and Emergency Services Superannuation Board members at 30 June 2017 were:

Employer Appointed

Mr Frank Sciarrone (Chairman) – Financial Planner and Consultant

Mr Dale Fulcher – ESL Funding Co-ordinator of DFES

Ms Karen Lamont – Human Resources Professional

Member Elected

Mr Gary Clifford – Retired Station Officer

Mr Brian Longman – Station Officer

Mr Kelly Wyeth – Station Officer

The Board is responsible for managing the Fund

The Board is responsible for managing your Fund in line with the Act and the *Fire and Emergency Services (Superannuation Fund) Regulations 1986*. Government laws mean that the Fund must have an equal number of Board Members appointed by the Fire and Emergency Services Commissioner and Board Members elected by the members of the Fund. One of these Board Members is appointed Chairman of the Board.

What does a Board Member do?

Board Members are responsible for making sure the Fund is operated in line with the rules set out in the Act and Regulations. In practical terms they must by law:

- act in the best interest of all members and beneficiaries;
- invest the Fund assets appropriately;
- ensure benefits are paid correctly and on time;
- ensure the Fund has adequate financial backing; and
- exercise care, skill and diligence in decision making.

The Board's investment strategy for the Fund is to invest predominantly with external fund managers with a proportion of the Fund being invested by the Board.

The staff of the Superannuation Board carries out the actual 'day to day' operation of the Fund. Under the provisions of the Act, a Secretary to the Board is appointed. The Chief Finance Officer and Secretary to the Board is Mr Adrian Rutter.

Review of Operations**TAXATION AND COMPLIANCE**

It is the policy of the Board to comply with the Commonwealth Government Superannuation Standards which are primarily contained in the *Superannuation Industry (Supervision) Act 1993* and Regulations made under that Act (SIS). The Board has made an irrevocable election to be regulated under the SIS legislation.

The Fund has complied with the Anti-Money Laundering and *Counter Terrorism Financing Act 2006* and has a comprehensive policy to comply with the legislation.

AMENDMENTS TO THE ACT AND REGULATIONS

There were no amendments made to the *Fire and Emergency Services Superannuation Act 1985* during the year.

There were no amendments made to the *Fire and Emergency Services (Superannuation Fund) Regulations 1986* during the year.

MEMBER INSURANCE

The Board insures with Hannover Life Re of Australasia Ltd to cover members against Death, Total and Permanent Disablement and Income Protection both on and off the job to age 65 years.

OPERATIONAL RISK FINANCIAL REQUIREMENT (ORFR)

The Australian Prudential Regulation Authority (APRA), the superannuation industry regulator, imposed a requirement on trustees of all regulated superannuation funds to establish a financial reserve in those funds with effect from 1 July 2013 for operational risk events that may occur in the future.

In accordance with this formal requirement the Superannuation Board has established an operational risk financial requirement (ORFR) reserve in the Fund accounts.

This ORFR reserve will only be used to meet any claims for compensation from Fund members or their beneficiaries in connection with operational risk events that occur in the Fund such as an overpayment or miscalculation of benefits paid where the amounts involved cannot be recouped from the recipients. The ORFR reserve will be maintained, invested and monitored by the Superannuation Board on an ongoing basis and will be shown separately from members' assets in the Fund accounts.

The effect of this action taken by the Superannuation Board is that all members will be financially protected if an operational risk event occurs in the Fund in the future. No operational risk events have occurred in the Fund during the 2016/17 financial year.

SEGREGATION OF ASSETS

With effect from 1 July 2013 the assets that support the defined benefit members of the Fund and the assets that support the accumulation/pension members of the Fund were segregated for investment and reporting purposes.

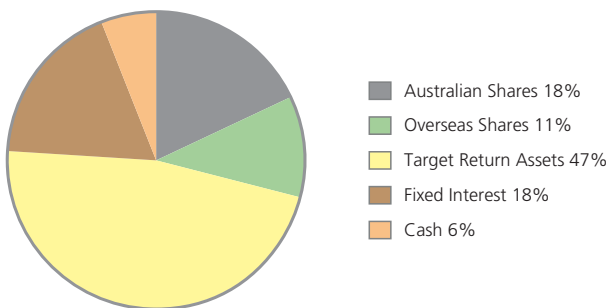
The Board accepted actuarial advice that the long term viability of the defined benefit section requires investment earnings at least 2% per annum greater than the growth of average salaries.

As a result of this, the exposure to investments that target 'CPI plus' returns in the defined benefit section of the Fund was increased. Target return investments include:

- directly held property;
- infrastructure;
- hedge funds; and
- real return funds.

The percentage distribution within each type of investment and the performance as at 30 June 2017 for the defined benefit section is shown in the following charts.

DEFINED BENEFIT ALLOCATION



DEFINED BENEFIT PERFORMANCE

Defined Benefit Return ¹	9.2%
FAS +2%pa ²	5.0%
Benchmark Return	7.6%

¹ Performance is for the one year to 30 June 2017.

² The long term investment objective of the Defined Benefit section of the Fund is to out-perform the growth of final average salaries by 2% per annum.

Further Information

PRODUCT DISCLOSURE STATEMENT

The Fund's Product Disclosure Statement (PDS) is the legal document which describes how superannuation works and has information on the Fund's benefits, fees, the risks associated with the product, how we invest your money and your insurance cover. The PDS was last issued by the Board on 18 April 2017 and a copy is available on request from the Superannuation Board office or on our website.

NEWSLETTERS

A newsletter providing up-to-date information about changes to superannuation and changes with the Fund is distributed to members on a regular basis.

THE ACT, REGULATIONS AND ACTUARIAL STATEMENTS

Copies of the *Fire and Emergency Services Superannuation Act 1985*, the *Fire and Emergency Services (Superannuation Fund) Regulations 1986* and Actuarial Statements are available for inspection at the Superannuation Board office or on our website.

ANNUAL REPORT

Fund Members are provided with this summarised Annual Report (Report to Members). Copies of the Full Annual Report containing audited Financial Statements will be available on request from the Superannuation Board office and will also be uploaded to the Fund website once completed.

ANNUAL BENEFIT STATEMENTS

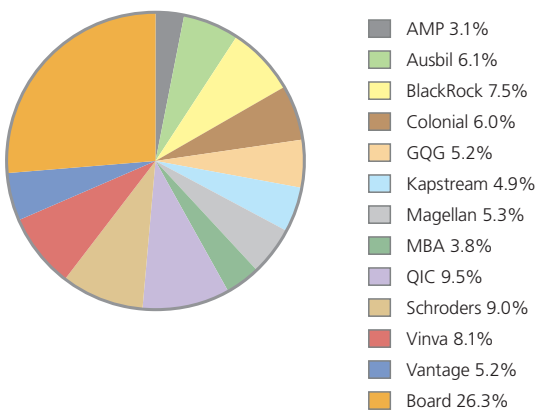
Members are sent an Annual Benefit Statement each year and upon request.

Investments

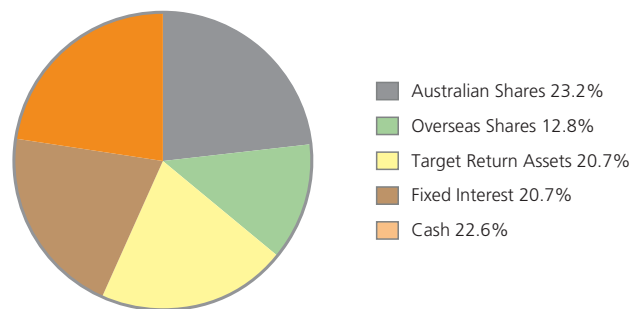
Where are the Assets invested?

The external fund managers are listed in the Directory on the last page of this report. The percentage distribution of assets with the managers and within each type of investment as at 30 June 2017 is shown in the following charts.

INVESTMENT OF ASSETS AT 30 JUNE 2017



DISTRIBUTION OF ASSETS AT 30 JUNE 2017



HOW THE 'SMOOTHED' INVESTMENT RETURN IS CALCULATED

The rate applied to accumulation accounts depends on:

1. The actual performance of the Fund's investments and
2. Plus or minus an amount for what's called 'smoothing'.

When we say 'smoothed investment returns', we mean that an investment fluctuation reserve is used in which a portion of the Fund's earnings are set aside in the good investment periods (i.e. when returns are high) in order to supplement returns in poor investment periods (i.e. when the markets may lose money). In this way, the ups and downs of the investment markets reflected in the crediting rate are 'smoothed'.

For the period up to and including 30 June 2013 the smoothing process was applied to the Smoothed Option's investments on an annual basis at 30 June of each year. However, with effect from 1 July 2013 the smoothing process was applied on a monthly basis where the Superannuation Board consider it necessary to use this smoothing process.

CHOOSING AN INVESTMENT STRATEGY

The Fire and Emergency Services Superannuation Fund offers a choice of investment options to all members with an accumulation style of account. Choosing an investment option allows you to actively participate in the management of your superannuation account and select investments to suit your personal attitude to investment risks and returns.

The Fund's default investment option is the 'Smoothed Option'. If you switch your investments out of the 'Smoothed Option', you cannot move your investment savings back into the Smoothed Option (except in very limited circumstances) at a later date.

For all options except the Smoothed Option, the investment returns allocated to your account each month will be the actual earning rate of the relevant investment option, net of tax and any fees.

WHAT HAPPENS IF YOU LEAVE THE FUND BEFORE THE DECLARED CREDITING RATE IS ANNOUNCED FOR THE MONTH?

Where your total benefit is withdrawn part way through a month or at any time prior to the declared earning rate for that month being determined, an interim earning rate (net of tax and fees) will be applied for the portion of the applicable month and will be used to calculate your benefit.

Member Investment Choice Option Returns

SMOOTHED OPTION

Purpose	To provide a competitive growth investment with smoothed investment returns on a year-to-year basis.		
Objective	To earn at least inflation (CPI) plus 4% per annum over a rolling 10 year period, net of tax and fees.		
Strategy	Invest approximately three quarters in shares/target return assets and one quarter in cash/fixed interest.		
Strategic asset allocation	Australian Shares	25%	
	Overseas Shares	25%	
	Target Return	25%	
	Australian Fixed Interest	20%	
	Cash	5%	
Expected frequency of a negative annual return	<p>It has a medium to high level of risk. We aim to achieve less than three negative annual returns in any twenty year period (on average).</p> <p>However historically the Smoothed Option has produced a smaller frequency of negative returns. This is due to the use of an investment fluctuation reserve in which a portion of the Fund's earnings in this investment option are set aside in the good investment years (i.e. when returns are high) in order to supplement returns in poor investment years (i.e. when the markets may lose money).</p>		

Important: Capital losses can occur within the Smoothed Option. The smoothing/averaging process reduces the likelihood of negative returns (i.e. investment losses) being credited to accumulation accounts in any one year.

Asset Classes	Ranges	Allocation		Crediting Rates	Accumulation Account	Pension Account
		as at 30 June 2017	as at 30 June 2016			
Australian Shares	15%-35%	26%	28%	2012/2013	14.0%	15.0%
Overseas Shares	15%-35%	15%	18%	2013/2014	11.2%	12.5%
Target Return	5%-45%	23%	16%	2014/2015	6.4%	7.5%
Fixed Interest	5%-40%	24%	25%	2015/2016	2.0%	2.2%
Cash	0%-20%	12%	13%	2016/2017	7.5%	8.3%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	6.3%	5.5%	7.1%	5.5%
5 Years (pa)	9.5%	6.0%	10.7%	6.0%
7 Years (pa)	8.0%	6.1%	9.0%	6.1%
10 Years (pa)	4.5%	6.4%	5.1%	6.4%

CASH OPTION

Purpose	To protect members' capital every year.
Objective	To earn investment returns competitive with other cash investments, net of tax and fees.
Strategy	Invest in cash or other short-term investments such as bank deposits and fixed term deposits.
Strategic asset allocation	Cash 100%
Expected frequency of negative return	Not expected in any one year period.

Asset Classes	Ranges	Allocation	Allocation	Crediting Rates	Accumulation	Pension
		as at 30 June 2017	as at 30 June 2016		Account	Account
Australian Shares	0%	0%	0%	2012/2013	2.6%	3.3%
Overseas Shares	0%	0%	0%	2013/2014	2.9%	3.5%
Target Return	0%	0%	0%	2014/2015	2.6%	3.1%
Fixed Interest	0%	0%	0%	2015/2016	2.1%	2.6%
Cash	100%	100%	100%	2016/2017	2.0%	2.4%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	2.6%	1.9%	3.0%	2.2%
5 Years (pa)	3.0%	2.1%	3.5%	2.5%
7 Years (pa)	3.5%	2.7%	4.1%	3.2%
10 Years (pa)	3.8%	3.3%	4.5%	3.9%

MODERATE OPTION

Purpose	To earn higher investment returns than cash while maintaining a conservative approach so the risk of capital losses in any one year remains low.										
Objective	To earn at least inflation (CPI) plus 2% per annum over a rolling 10 year period, net of tax and fees.										
Strategy	Invest approximately one half in shares/target return assets and one half in cash/fixed interest.										
Strategic asset allocation	<table> <tr> <td>Australian Shares</td> <td>15%</td> </tr> <tr> <td>Overseas Shares</td> <td>15%</td> </tr> <tr> <td>Target Return</td> <td>15%</td> </tr> <tr> <td>Australian Fixed Interest</td> <td>30%</td> </tr> <tr> <td>Cash</td> <td>25%</td> </tr> </table>	Australian Shares	15%	Overseas Shares	15%	Target Return	15%	Australian Fixed Interest	30%	Cash	25%
Australian Shares	15%										
Overseas Shares	15%										
Target Return	15%										
Australian Fixed Interest	30%										
Cash	25%										
Expected frequency of negative return	It has a low to medium level of risk. We aim to achieve less than three negative annual returns in any twenty year period (on average).										

Asset Classes	Ranges	Allocation	Allocation	Crediting Rates	Accumulation Account	Pension Account
		as at 30 June 2017	as at 30 June 2016			
Australian Shares	0%-30%	15%	34%	2012/2013	10.2%	11.2%
Overseas Shares	0%-30%	9%	5%	2013/2014	9.1%	10.6%
Target Return	0%-30%	14%	0%	2014/2015	3.2%	4.2%
Fixed Interest	10%-50%	34%	29%	2015/2016	1.4%	1.8%
Cash	10%-50%	28%	32%	2016/2017	7.5%	8.3%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	4.4%	3.5%	5.1%	3.5%
5 Years (pa)	6.8%	4.0%	7.7%	4.0%
7 Years (pa)	6.1%	4.1%	7.0%	4.1%
10 Years (pa)	4.5%	4.4%	5.2%	4.4%

GROWTH OPTION

Purpose	To provide a competitive growth investment.										
Objective	To earn at least inflation (CPI) plus 4% per annum over a rolling 10 year period, net of tax and fees.										
Strategy	Invest approximately three quarters in shares/target return assets and one quarter in cash/fixed interest.										
Strategic asset allocation	<table> <tr> <td>Australian Shares</td> <td>25%</td> </tr> <tr> <td>Overseas Shares</td> <td>25%</td> </tr> <tr> <td>Target Return</td> <td>25%</td> </tr> <tr> <td>Australian Fixed Interest</td> <td>20%</td> </tr> <tr> <td>Cash</td> <td>5%</td> </tr> </table>	Australian Shares	25%	Overseas Shares	25%	Target Return	25%	Australian Fixed Interest	20%	Cash	5%
Australian Shares	25%										
Overseas Shares	25%										
Target Return	25%										
Australian Fixed Interest	20%										
Cash	5%										
Expected frequency of negative return	It has a medium to high level of risk. We aim to achieve less than four negative annual returns in any twenty year period (on average).										

Asset Classes	Ranges	Allocation		Crediting Rates	Accumulation Account	Pension Account
		as at 30 June 2017	as at 30 June 2016			
Australian Shares	15%-35%	26%	28%	2012/2013	15.4%	17.5%
Overseas Shares	15%-35%	15%	18%	2013/2014	11.7%	13.2%
Target Return	5%-45%	23%	16%	2014/2015	7.4%	8.6%
Fixed Interest	5%-40%	24%	25%	2015/2016	1.5%	1.6%
Cash	0%-20%	12%	13%	2016/2017	9.1%	10.2%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	6.3%	5.5%	7.1%	5.5%
5 Years (pa)	9.5%	6.0%	10.7%	6.0%
7 Years (pa)	8.0%	6.1%	9.0%	6.1%
10 Years (pa)	4.5%	6.4%	5.1%	6.4%

AUSTRALIAN SHARE OPTION

Purpose	To provide a diversified investment in Australian shares.
Objective	To earn at least the benchmark return for Australian shares (S&P/ASX 300 Accumulation Index), net of tax and fees.
Strategy	Invest all of the assets in the Australian share market.
Strategic asset allocation	Australian Shares 100%
Expected frequency of negative return	It has a high level of risk. We aim to achieve less than six negative annual returns in any twenty year period (on average).

Asset Classes	Ranges	Allocation	Allocation	Crediting Rates	Accumulation Account	Pension Account
		as at 30 June 2017	as at 30 June 2016			
Australian Shares	90%-100%	100%	100%	2012/2013	26.6%	28.6%
Overseas Shares	0%	0%	0%	2013/2014	20.0%	23.2%
Target Return	0%	0%	0%	2014/2015	3.4%	5.3%
Fixed Interest	0%	0%	0%	2015/2016	-2.2%	-2.4%
Cash	0%-10%	0%	0%	2016/2017	15.4%	16.1%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	5.7%	6.4%	6.4%	6.6%
5 Years (pa)	12.7%	11.2%	14.2%	11.6%
7 Years (pa)	9.3%	8.4%	10.3%	8.8%
10 Years (pa)	4.3%	3.3%	4.8%	3.4%

INTERNATIONAL SHARE OPTION – This investment option commenced on 1 January 2016

Purpose	To provide a diversified investment in international shares.
Objective	To earn at least the benchmark return for international shares (MSCI World ex-Australia Index in \$AUD), net of tax and fees.
Strategy	Invest all of the assets in overseas shares.
Strategic asset allocation	Overseas Shares 100%
Expected frequency of negative return	It has a high level of risk. We aim to achieve less than six negative annual returns in any twenty year period (on average).

Asset Classes	Ranges	Allocation		Crediting Rates	Accumulation Account	Pension Account
		as at 30 June 2017	as at 30 June 2016			
Australian Shares	0%	0%	0%	January – June 2016	-4.3%	-4.7%
Overseas Shares	90%-100%	100%	100%	2016/2017	13.7%	15.9%
Target Return	0%	0%	0%			
Fixed Interest	0%	0%	0%			
Cash	0%-10%	0%	0%			

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
1 Year (pa)	14.1%	12.8%	16.3%	14.7%

FIXED INTEREST OPTION – This investment option commenced on 1 January 2016

Purpose	To provide a diversified investment in Australian Fixed Interest.
Objective	To earn at least the benchmark return (Bloomberg Ausbond Composite Bond Index), net of tax and fees.
Strategy	Invest all of the assets in Australian Fixed Interest.
Strategic asset allocation	Fixed Interest 100%
Expected frequency of negative return	It has a low to medium level of risk. We aim to achieve less than four negative annual returns in any twenty year period (on average).

Asset Classes	Ranges	Allocation	Allocation	Crediting Rates	Accumulation Account	Pension Account
		as at 30 June 2017	as at 30 June 2016			
Australian Shares	0%	0%	0%	January – June 2016	2.8%	3.6%
Overseas Shares	0%	0%	0%	2016/2017	3.2%	3.7%
Target Return	0%	0%	0%			
Fixed Interest	90%-100%	100%	100%			
Cash	0%-10%	0%	0%			

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
1 Year (pa)	3.5%	0.2%	4.1%	0.2%



Financial information

The charts below show the abridged financial information based on the unaudited Financial Statements of the Fund for the year ended 30 June 2017. The full audited Financial Statements and the Auditor General's opinion will be included in the Annual Report.

**NET ASSETS AVAILABLE TO PAY
BENEFITS AS AT 1 JULY 2016** **\$582,404,077**

Inflow 2016/2017

Employer Contributions	18,290,675
Salary Sacrifice Contributions	12,393,448
Member Contributions	10,228,032
Spouse Contributions	16,930
Investment Revenue	53,526,376
Transfers	4,716,740
Other Revenue	1,549,089
Total	100,721,290

Outflow 2016/2017

Benefits Paid	30,280,029
Group Life Premiums	2,743,614
Administration Expenses	2,638,931
Investment Expenses	653,143
Taxation	5,739,906
Total	42,055,623

**NET ASSETS AVAILABLE TO PAY
BENEFITS AS AT 30 JUNE 2017** **\$641,069,744**

**AT 30 JUNE 2017 THE ASSETS OF THE FUND
ARE REPRESENTED BY**

ASSETS

Investments	645,882,926
Other Assets	311,496
Total Assets	646,194,422
Liabilities	5,124,678
Net Assets	641,069,744

Fund Statistics (as at 30 June)

CURRENT MEMBERS

	2017	2016	2015
Members at start of period	1,480	1,443	1,363
New members	149	115	146
Exits	66	78	66
Members at end of period	1,563	1,480	1,443

BENEFIT ENTITLEMENTS

	2017	2016	2015
Death	\$2,452	\$1,507	502
Retirements (includes Redundancies)	\$6,744	\$3,207	7,737
Total Disablement	\$2,149	\$1,917	4,030
Partial Disablement	\$2,189	\$606	917
Resignation	\$2,519	\$3,434	1,429
TOTAL	(\$,000) 16,053	10,671	14,615

PENSIONERS

	2017	2016	2015
Number of Pensioners	271	260	241
Balance of Accounts	(\$,000) 82,297	68,744	58,653

RETAINED MEMBERS

	2017	2016	2015
Number of members	308	298	318
Balance of Accounts	(\$,000) 71,445	78,178	79,023

SPOUSE ACCOUNTS

	2017	2016	2015
Number of members	146	144	146
Balance of Accounts	(\$,000) 18,239	15,651	15,962

OTHER

	2017	2016	2015
Administration Expenses (\$,000)	2,639	2,428	2,385
Investment Income (\$,000)	55,075	13,831	43,188
Net Fund Crediting Rate (Smoothed)	7.5%	2.0%	6.4%

Federal Government legislation changes

The 2017 Federal Government budget announcement outlined a number of key superannuation changes. However it is important to remember that these are only proposals at this stage and that they must be formally approved by Parliament before they are implemented by the Government.

1. New measures targeting housing affordability – downsizing the family home and contributing the proceeds into superannuation. The Government will allow a person aged 65 or over to make a non-concessional superannuation contribution of up to \$300,000 from the proceeds of selling their house from 1 July 2018.
2. First home saver scheme – future voluntary superannuation contributions to be made accessible to fund a deposit for a first home. The Government will allow first homebuyers to withdraw future voluntary contributions to superannuation made from 1 July 2017 for a first home deposit, along with associated deemed earnings on those contributions. These withdrawals will be allowed from 1 July 2018 onwards.
3. New complaints handling body for superannuation and financial services – the Government will replace the Superannuation Complaints Tribunal (SCT), the Financial Ombudsmen Service (FOS) and one other external dispute body with the new Australian Financial Complaints Authority (AFCA) with effect from 1 July 2018.
4. Medicare levy to increase – with effect from 1 July 2019 the Government will increase the Medicare levy by half a percentage point from 2% to 2.5% of taxable income. This will impact on the rates at which superannuation funds must withhold Pay As You Go tax from members' benefit payments.

For more information on any of the above please contact the Superannuation Office.

YOUR SUPER ONLINE!

Members can access general information about the Fund online at **www.fessuper.com.au**.

The website provides the following general information:

- Monthly investment returns for each of the investment options.
- Information on the various investment options.
- Publications, including previous issues of the Report to Members.
- Various forms, including death benefit beneficiary forms, Rollover monies into the Fund Form, Member Investment Choice Application Form and Spouse Application Form.

Why not have a look today?

Other information

ACTUARIAL INVESTIGATION

Each year, an actuarial review of the Fund is carried out to establish the financial position of the Fund and to determine the level of employer contributions required to adequately provide for members' benefits. The Actuary has completed the review of the Fund as at 30 June 2017 and has reported that *"the Fund is currently in a satisfactory financial position as at 30 June 2017 as measured by the coverage of vested benefits by assets"*.

The Fund uses a 'vested benefits index' as a means of valuing the Fund and determining the amount of money required to fund the benefit payments of active members. The Fund's vested benefits index as at 30 June 2017 (including the Supplementary Disablement Pension assets) has been calculated as being 113%. The Fund's target index is 120%.

The financial position of the Fund continues to be monitored closely.

SPECIAL TAX TREATMENT

Superannuation can be a tax effective way to save because it is taxed at a lower rate than many other saving vehicles. To be eligible for this tax advantage, the Fund must operate according to a strict set of laws.

To show that your Fund has complied with these laws, the Board lodges a report each year with the Australian Prudential Regulation Authority (APRA) – a Federal Government body.

The Board is unaware of any event that would cause your Fund to lose this special tax treatment.

WHEN YOU CEASE EMPLOYMENT

If your benefit is below \$10,000 and we have not received instructions about how you want your benefit paid within 30 days after you cease employment, your account balance will be transferred to an Eligible Rollover Fund (ERF). The ERF will hold your money until you apply to them for your benefit to be paid or rolled over to another superannuation fund. The Fund's chosen ERF is:

The Australian Eligible Rollover Fund

Locked Bag 5429

PARRAMATTA NSW 2124

Toll Free: 1800 677 424

If your benefit is \$10,000 or more it will automatically be transferred to a retained benefit account in your name in the Fund and held there until you advise us otherwise. For more information on retained benefit accounts refer to the Fund's Product Disclosure Statement.

If your account balance is transferred to an ERF:

- You will cease to be a member of the Fire and Emergency Services Superannuation Fund;
- Your insurance arrangements with the Fire and Emergency Services Superannuation Fund will cease;
- You will become a member of the ERF and be subject to its governing rules, investment strategies and options, and fees and charges; and
- You will need to contact the ERF directly with queries.

WHAT TO DO IF YOU HAVE A COMPLAINT?

1. Call the Fund Secretary on (08) 9382 8444 to discuss your complaint.
2. If you prefer not to discuss the complaint with the Fund Secretary, or your concern is not satisfactorily resolved, please direct your complaint to:

Complaints Officer
 Fire and Emergency Services Superannuation Fund
 PO Box 513
 SUBIACO WA 6904

The Complaints Officer will ensure that your complaint is investigated as appropriate. You will be provided with a written response.

3. If you do not receive a response to your complaint within 90 days or are not satisfied with the formal response provided after going through the Fund's internal complaints process, you may be eligible to take your complaint to the Superannuation Complaints Tribunal (SCT) whose address and contact details are:

Locked Mail Bag 3060
 MELBOURNE VIC 3001

Call 1300 884 114

The SCT is an independent body set up by the Federal Government to help members and beneficiaries resolve certain types of complaints against decisions made by superannuation trustees.

The SCT may be able to help you resolve your complaint but only if you are not satisfied with the response from the Fund. If the SCT accepts your complaint, its officers will mediate and try to resolve the matter through conciliation. If conciliation is unsuccessful, the complaint will be referred to the Tribunal members for a determination that is binding on both parties.

If you wish to find out whether the SCT can handle your complaint and the type of information you would need to provide to them, please call:

Superannuation Complaints Tribunal
Ph: 1300 884 114 or (03) 8635 5580

If you require any assistance to make a formal complaint, please contact the Fund Secretary in the first instance.

LIKE TO KNOW MORE?

As a member of the Fund you will have been provided with a Product Disclosure Statement (member booklet) containing information about your superannuation and the rules of the Fund. You also receive periodic newsletters and an **Annual Benefit Statement** containing important information about your account in this Fund. Other documents available include:

- the Act and Regulations;
- the Investment Policy Statement;
- the latest audited accounts and auditor's report;
- the Fund's internal inquiries and complaints procedures; and
- the latest Actuarial report.

If you would like a copy of any of the above listed documents, please download them from the website at www.fessuper.com.au or call us on (08) 9382 8444.

Directory

FIRE AND EMERGENCY SERVICES SUPERANNUATION BOARD

242 Rokeby Road
SUBIACO WA 6008

BOARD MEMBERS:

Employer Appointed

Frank Sciarrone – Chairman
Dale Fulcher
Karen Lamont

Member Elected

Gary Clifford
Brian Longman
Kelly Wyeth

MINISTER

Treasurer – Hon Benjamin Wyatt MLA

FUND SECRETARY

Adrian Rutter

ACTUARY

Catherine Nance – PricewaterhouseCoopers

INSURER

Hannover Life Re of Australasia Ltd

ACCOUNTANT

Sharyn Long Chartered Accountants

BANKER

Commonwealth Bank of Australia

AUDITORS

Auditor General (WA)

INVESTMENT MANAGERS

Acure Asset Management

Level 7, 140 St Georges Terrace, PERTH WA 6000

AMP Capital Investors

Level 15, 50 Bridge Street, SYDNEY NSW 2000

Ascot Capital Limited

37 Stirling Highway, NEDLANDS WA 6009

Ausbil Investment Management Limited

Level 27, 225 George Street, SYDNEY NSW 2000

BlackRock

Level 37, 2 Chifley Tower, SYDNEY NSW 2000

Centaur Property

Suite 2, 234 Churchill Avenue, SUBIACO WA 6008

Colonial First State

Level 3, 201 Sussex Street, SYDNEY NSW 2000

GQG Partners

Level 2, 88 Collins Street, MELBOURNE VIC 3000

Kapstream Capital

Level 7, 39 Martin Place, SYDNEY NSW 2000

Magellan Asset Management Limited

Level 7, 1 Castlereagh Street, SYDNEY NSW 2000

Maple-Brown Abbott Limited

Level 31, 259 George Street, SYDNEY NSW 2000

ME Bank

Level 28, 360 Elizabeth Street, MELBOURNE VIC 3000

Primewest Funds Limited

Level 1, 307 Murray Street, PERTH WA 6000

QIC

Level 5, 66 Eagle Street, BRISBANE QLD 4001

Schroders Investment Management Australia Limited

Level 20, Angel Place
123 Pitt Street, SYDNEY NSW 2000

Vantage Wealth Management

Level 1, 7 Havelock Street, WEST PERTH WA 6005

Vinva Investment Management Limited

Level 13, 10 Bridge Street, SYDNEY NSW 2000

Warrington Property

Level 3, 22 Delhi Street, WEST PERTH WA 6005

CORRESPONDENCE

The Secretary

Fire and Emergency Services Superannuation Board
PO Box 513
SUBIACO WA 6904

Phone: (08) 9382 8444

Fax: (08) 9382 8464

Email: admin@fessuper.com.au

DISCLAIMER

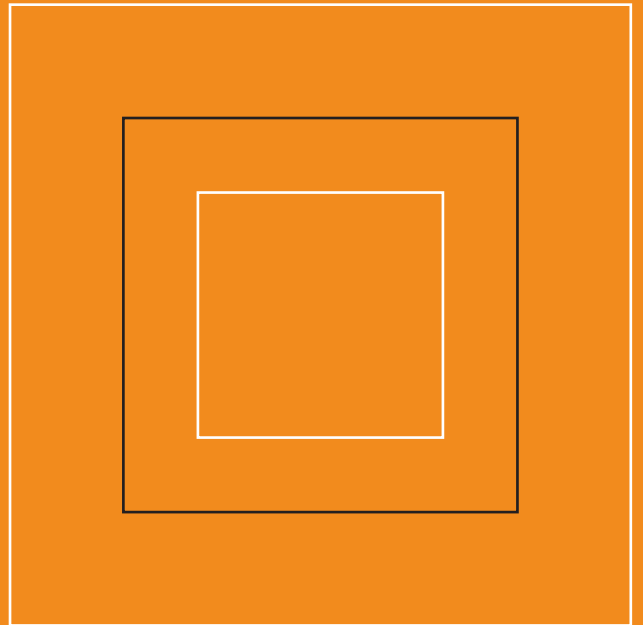
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GENERAL ADVICE WARNING

The information contained in this publication is not financial advice and has been prepared for general purposes only. It is not specific to your individual objectives, financial situation or particular needs. The information may be selective and may therefore not be complete for your needs. Before acting on this information you should seek professional advice.

Issued by

Fire and Emergency Services Superannuation Board
(ABN 55 476 454 384) as trustee of the
Fire and Emergency Services Superannuation Fund
(ABN 43 198 502 058).



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