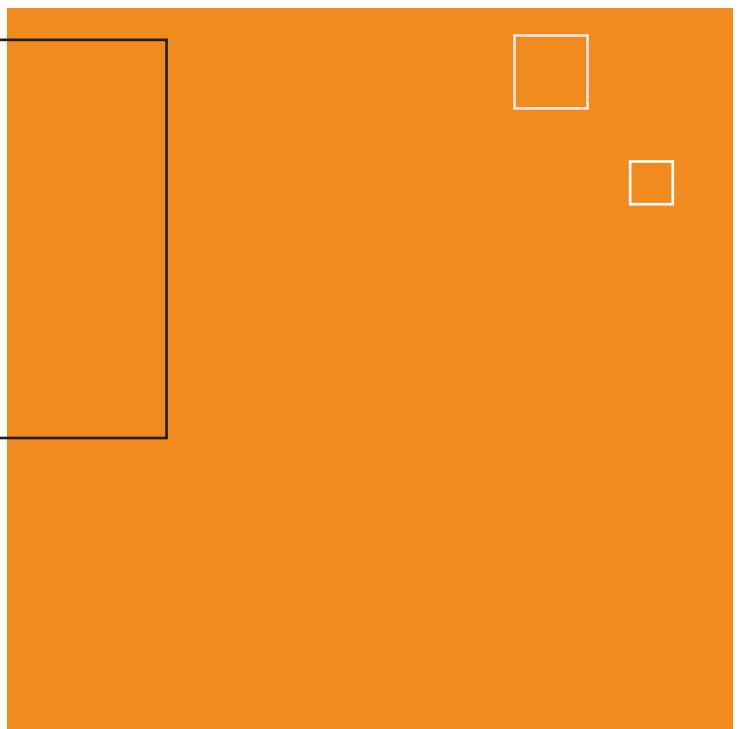
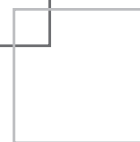
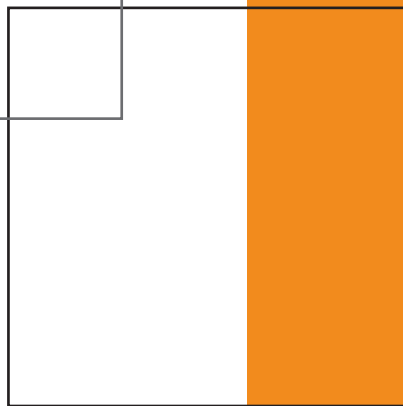
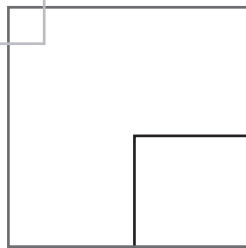
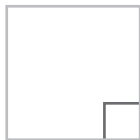
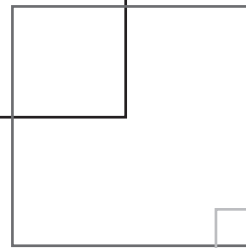
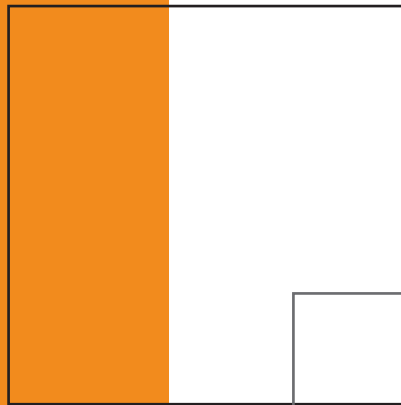
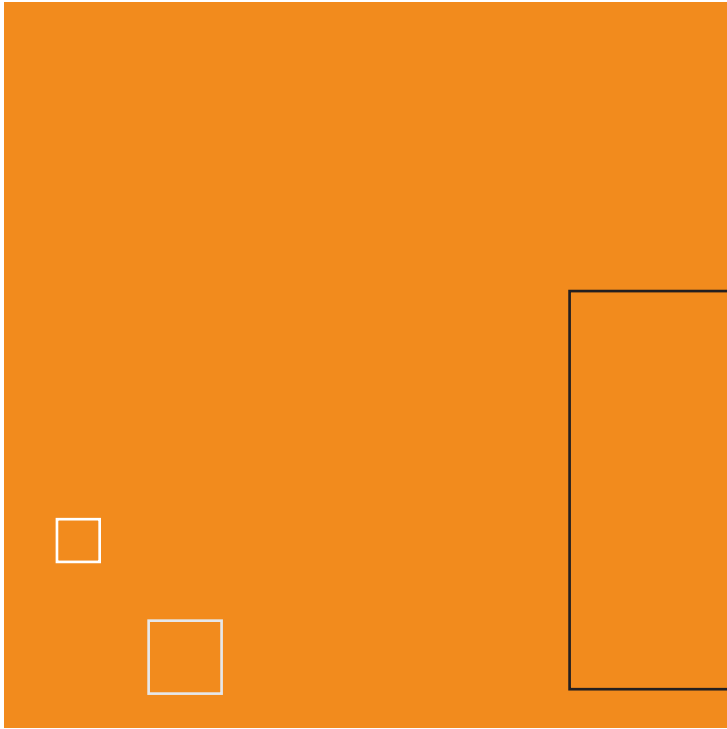




Fire & Emergency Services
Superannuation Fund

Annual Report
2020



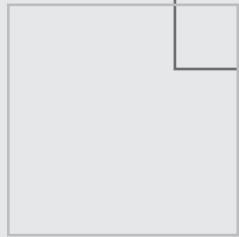
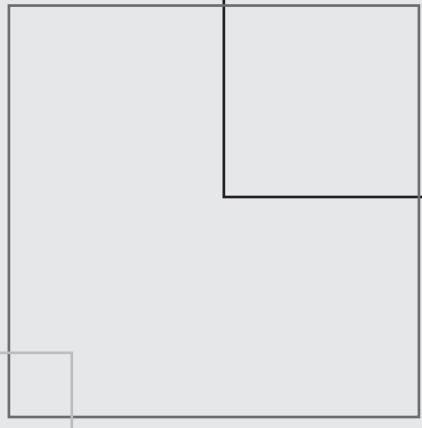
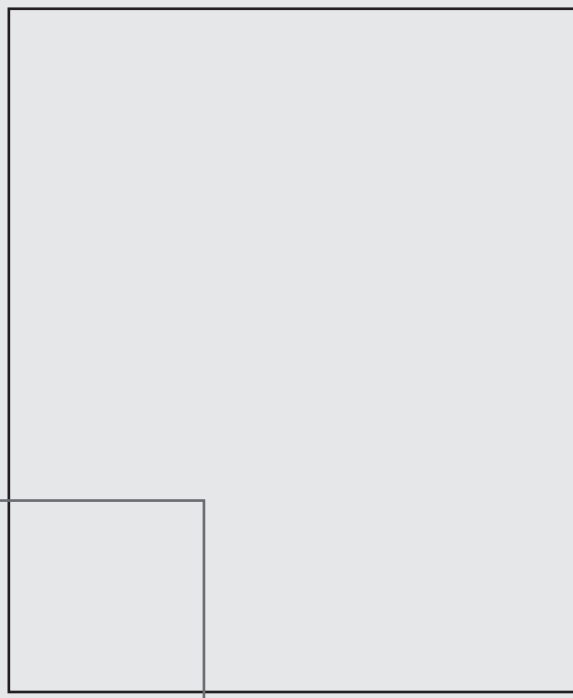
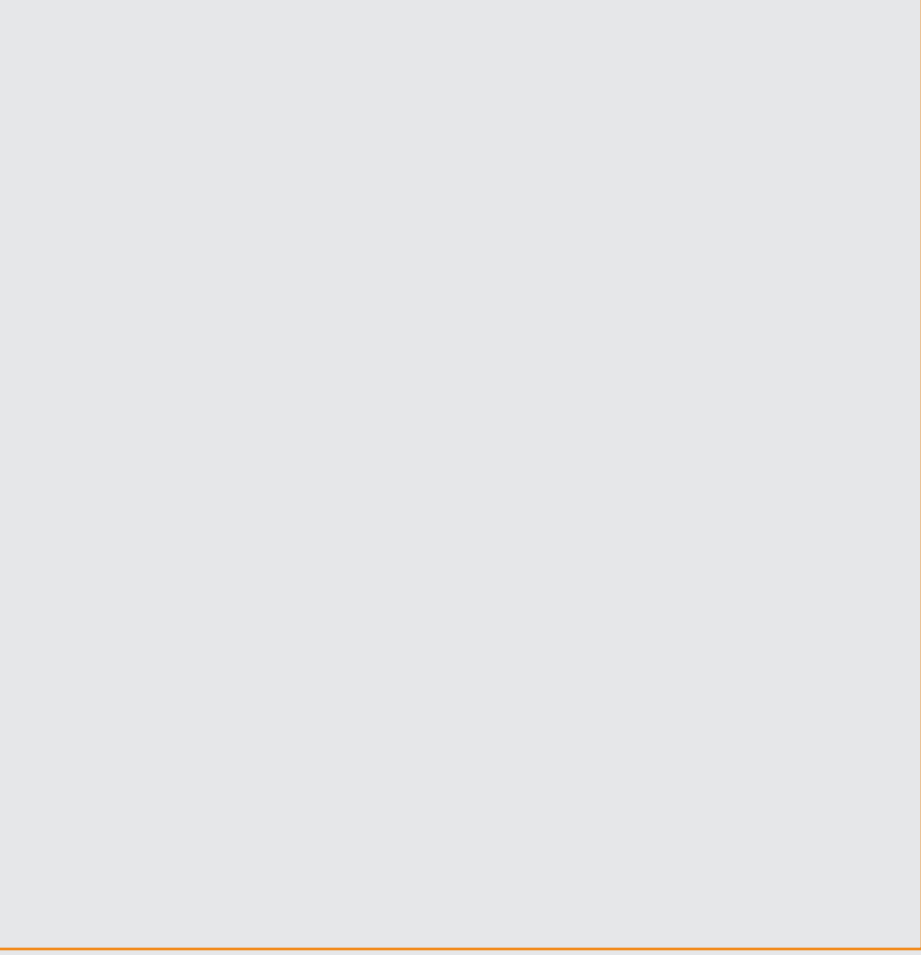
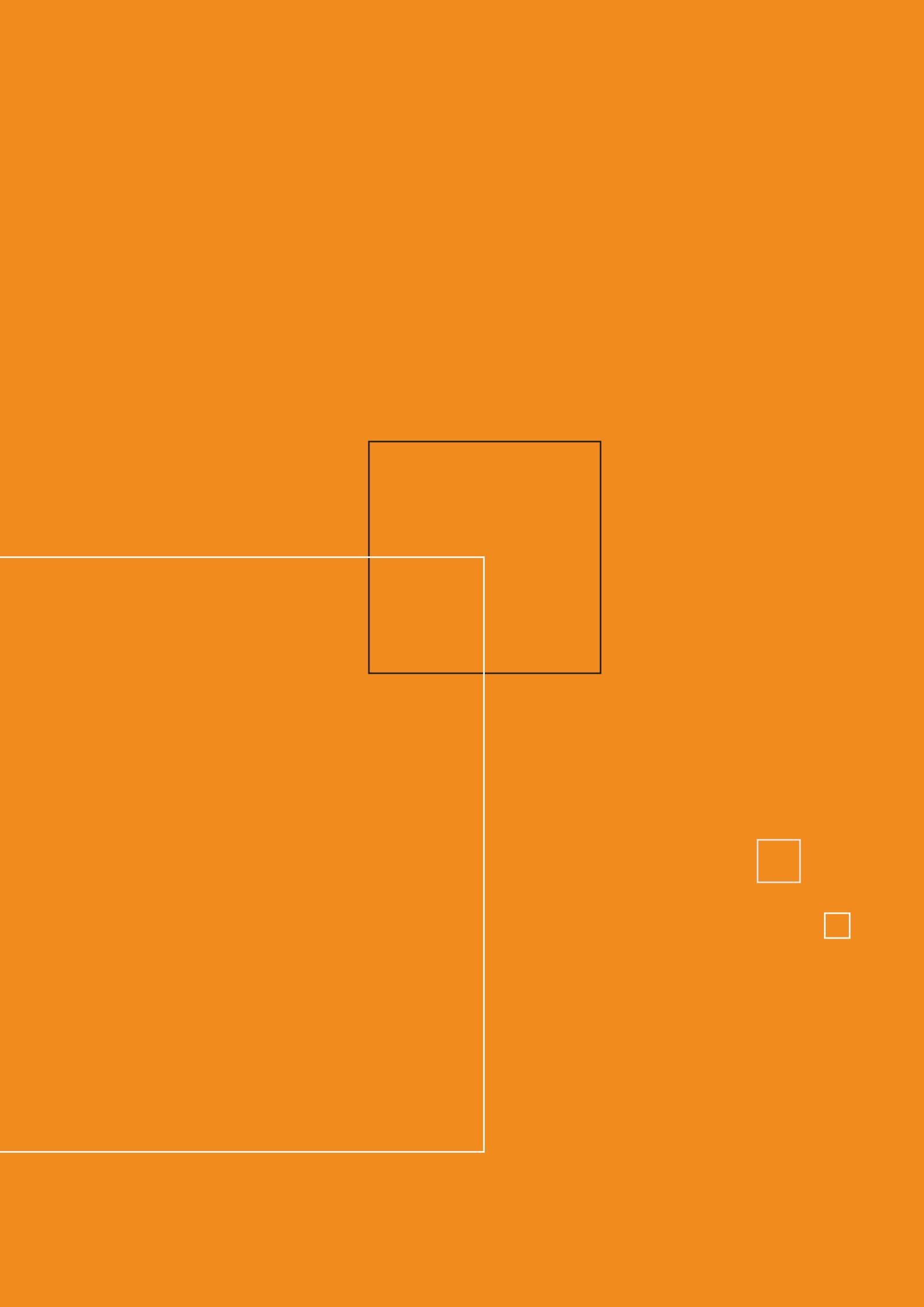


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Statement of Compliance

The Honourable Ben Wyatt MLA

Treasurer; Minister for Finance; Aboriginal Affairs; Lands

In accordance with section 61 of the Financial Management Act 2006 (FMA), we hereby submit for your information and presentation to Parliament, the Annual Report of the Fire and Emergency Services Superannuation Board for the financial year ended 30 June 2020.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006 and the Fire and Emergency Services Superannuation Act 1985.



Frank Sciarrone

Chair

22 September 2020



Brian Longman

Board Member

22 September 2020

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Chairman's Report

On behalf of the Board of Trustees of the Fire and Emergency Services Superannuation Fund, it is once again my pleasure to provide you with our report on the major activities and achievements of the Fund for the year ended 30 June 2020.

Performance and Investments

Market Summary

Asset Class Performance as at 30 June 2020					
Asset Class	6 months	1 year	3 years	5 years	10 years
Australian shares	-10.42%	-7.68%	5.19%	5.95%	7.80%
International shares (AUD)	-4.24%	4.60%	10.59%	9.28%	12.14%
Australian Fixed Interest	1.31%	1.92%	2.51%	2.44%	3.56%
Australian Listed Property	-21.29%	-21.33%	2.00%	4.38%	9.22%
Cash	0.32%	0.85%	1.53%	1.73%	2.68%
Australian Dollar (vs USD)	-1.59%	-1.68%	-3.52%	-2.18%	-1.95%

Last financial year, global investment performance was a tale of two halves. Markets were on track for strong gains in the 7 months to January 2020, led by double-digit gains on international equity markets as the global economic outlook improved on the back of easier monetary policy and a truce in the U.S.-China trade war following the 'Phase One' trade deal. The local share market also reached record highs in early February despite the expected hit to economic growth from the bushfires.

News of the proliferation of the coronavirus in China during January was initially shrugged off by markets on hopes that the spread of the virus would be contained. However, this was not the case and the pandemic quickly escalated into a worldwide health emergency with the virus spreading throughout Europe and the United States. This triggered one of the fastest and most severe market selloffs on record (30-40% in 26 trading days) as investors priced in a severe global recession due to the enforced lockdowns and expected impact on economic activity.

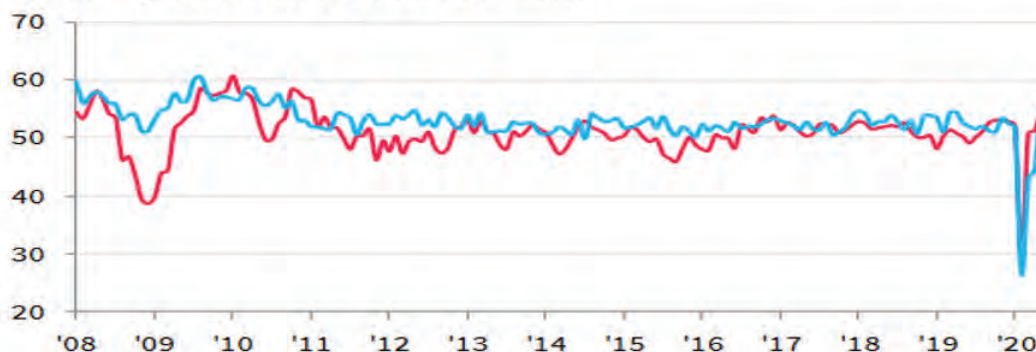
The sell-off was clearly in response to the scale of the crisis but was also made significantly worse by forced selling and a lack of liquidity in some asset classes. Real assets such as property and infrastructure were hit hardest due to the specifics of the crisis which led to almost complete shutdowns of retail property assets and airports.

In late March, markets then staged an impressive recovery as policymakers worked quickly to deliver unprecedented amounts of fiscal and monetary stimulus which worked to lessen the severity of the downturn. This was then supported by a forecast 'peak' in the number of new cases (at the time) and earlier than expected re-opening of many economies out of lockdown.

The near-term global economic outlook will be a function of how successfully individual countries manage the spread of the virus. Some countries such as China have almost eliminated the virus and as a result it has experienced a very strong V-shaped economic recovery which has helped to lift global sentiment.

Manufacturing Output Index Services Business Activity Index

sa, >50 = growth since previous month



Source: Caixin, IHS Markit

The strategies of both the Australian Federal and State governments initially suppressed the spread of the virus, but a fresh outbreak or 'second wave' of cases has emerged in Victoria which will almost certainly complicate any recovery. Other countries such as the United States and populous emerging market countries such as Brazil and India are still grappling with the ongoing surge in cases, as global numbers surpass the 13 million mark.

Beyond the near-term, a sustainable economic recovery will likely need a solution to the virus, in the form of a vaccine and/or effective treatments. Whilst the trajectory and timing of these solutions remains subject to significant uncertainty, on the flip side, policymakers are almost certain to deliver even more fiscal stimulus over the next 3-6 months and keep interest rates low for a very long time.

Under the above-mentioned circumstances, the Board is pleased to advise that the Defined Benefit section of the Fund returned -0.6% and the crediting rate for the Smoothed options was 2.7% for accumulation accounts and 3.0% for pension accounts. I am sure you will agree that these are very good results in a very trying year.

Membership and Assets

- Overall membership of the Fund increased from 2,327 to 2,390 members.
- During the year the Fund paid out \$32.9m (\$34.1m in 2019) in benefits.
- The Fund received \$42.1m (\$38.8m in 2019) in contributions during the year.
- The Fund's net assets reduced from \$757m to \$752m.

Defined Benefit Scheme

Each year the Board commissions an actuarial review of the defined benefit scheme. I am pleased to report that the review conducted as at 30 June 2020 reported that "the financial position of the Fund was satisfactory", with the Vested Benefits Ratio being 118% (including Supplementary Disablement assets). The Funds target index is 120%.

Governance and Compliance

Audit reports from the Office of the Auditor General which examine the operational risk areas of the Fund reported no material matters of a high risk nature. Each year, the Board reviews the Fund's internal risk management policies and procedures. There were no significant matters raised as a result of the reviews in the past year.

Member Services

During the year the Board conducted a member survey in order to ascertain if members were satisfied with the products and services the fund was providing. The results of the survey indicated that 74% of all active members and 90% of pension and retained benefit members surveyed were satisfied with the service the fund was providing.

The Board was pleased with the survey result and will continue to search for ways to improve the products and services being provided to members within the scope of the resources available to the Fund.

Board and Staff

Once again the Fund's staff (led by Adrian Rutter, Fund Secretary) continue to provide an outstanding level of service to members. The Board would like to take this opportunity to thank all staff for their continued hard work in servicing member, Board and Fund requirements throughout the year.

As always, I would like to acknowledge the continuing strong contribution of my fellow Board members who give their time and expertise to ensure that your benefits are managed in a sound and compliant manner.

I commend the 2020 Annual Report of the Fire and Emergency Services Superannuation Board to all interested parties.



Frank Sciarrone
Chair

Executive Summary

Performance Highlights

- The Fund's Actuary has reported that the "financial position of the Fund was satisfactory", with the Vested Benefits Ratio being 118%. The Fund's target index is 120%.
- The Fire and Emergency Services Superannuation Board declared smoothed earning rates of 2.71% for accumulation accounts and 3.03% for pension accounts.
- Overall membership of the Fire and Emergency Services Superannuation Fund increased from 2,327 to 2,390 members.
- The average member balance decreased from \$325,365 to \$314,347.
- During the 2019/20 financial year, the Fund paid out \$32.9m in benefits.
- The Fund received \$42.1m in contributions during the year, which was an increase of 8.5% on the previous year predominantly due to increased member voluntary contributions and rollovers into the Fund.
- Due to negative investment market performance, predominantly due to the COVID-19 crisis, the Fund's assets decreased from \$757m to \$752m.

Operational Structure

The Fire and Emergency Services Superannuation Board delivers services through the following divisions:

- Investments;
- Administration; and
- Risk and Compliance.

Responsible Minister

The Hon. Benjamin (Ben) Sana Wyatt MLA; Treasurer; Minister for Finance; Aboriginal Affairs; Lands.

Enabling Legislation

The Fire and Emergency Services Superannuation Board was established under section 4 of the Fire and Emergency Services Superannuation Act 1985 and is subject to the provisions of Financial Management Act 2006.

Administered Legislation

The administration of the Fire and Emergency Services Superannuation Fund is established under the Fire and Emergency Services Superannuation Act 1985 and Fire and Emergency Services (Superannuation Fund) Regulations 1986.

Other Key Legislation Impacting on the Fire and Emergency Services Superannuation Board

In the performance of its functions, the Fire and Emergency Services Superannuation Board complies with the following Western Australian legislation:

- Auditor General Act 2006
- Corporations (Western Australia) Act 1990
- Corruption and Crime Commission Act 2003
- Electoral Act 1907
- Equal Opportunity Act 1984
- Financial Management Act 2006
- Fire and Emergency Services Superannuation Act 1985
- Freedom of Information Act 1992
- Industrial Relations Act 1979
- Interpretation Act 1984
- Minimum Conditions of Employment Act 1993
- Occupational Safety and Health Act 1984
- Public Sector Management Act 1994
- Stamp Act 1921
- State Records Act 2000
- State Supply Commission Act 1991
- Trustees Act 1962
- Workers' Compensation and Injury Management Act 1981

In the performance of its functions, the Fire and Emergency Services Superannuation Board also complies with the following Australian Federal legislation:

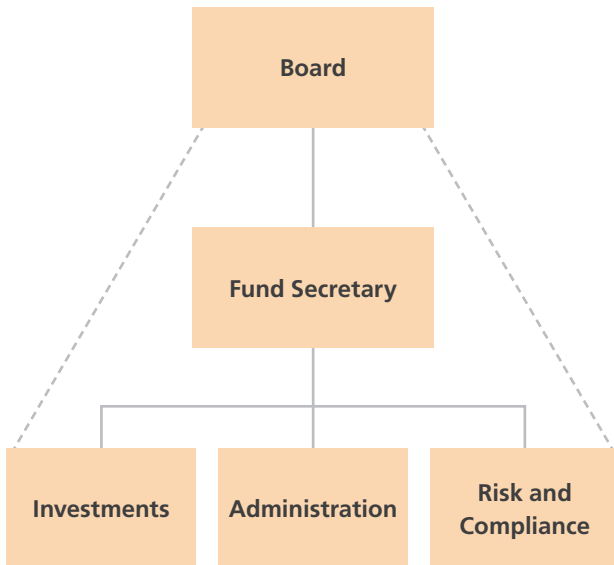
- Anti-Money Laundering and Counter-Terrorism Financing Act 2006
- Australian Prudential Regulation Authority Act 1998
- Corporations Act 2001
- Family Law Act 1975
- Financial Sector (Collection of Data) Act 2001
- Financial Services Reform Act 2001
- Income Tax Assessment Act 1936
- Privacy Act 1988
- Sex Discrimination Act 1984
- Superannuation Contributions Tax (Assessment and Collection) Act 1997
- Superannuation Guarantee (Administration) Act 1992
- Superannuation Guarantee Charge Act 1992
- Superannuation Industry (Supervision) Act 1993
- Superannuation (Resolution of Complaints) Act 1993

Organisational Structure

Vision

To help members achieve financial security in retirement.

Organisational Chart



The Board

The Fire and Emergency Services Superannuation Board (the Board) consists of six (6) Board Members: three (3) are appointed by the Department of Fire and Emergency Services Commissioner and three (3) are elected by members. The Board also has access to a maximum of three (3) Alternate appointed and three (3) Alternate elected members, to stand in for Board Members when required.

As a statutory authority, the Board has powers and functions under the Fire and Emergency Services Superannuation Act 1985 and is accountable to the Minister. The Board has also made an irrevocable election for the Fund to be regulated under the Superannuation Industry (Supervision) Act 1993 to qualify for concessional taxation treatment.

In the course of meeting its responsibilities, the Board must act honestly, fairly and diligently and in the best interests of members.

Board Profiles

MR FRANK SCIARRONE (CHAIRMAN)

Mr Sciarrone was appointed to the Board on 4 April 2011 and has been Chairman since 19 August 2013. His appointment is due to expire on 18 August 2022. Mr Sciarrone is currently the Executive Chairman of Vantage Wealth Management and a member of the Australian Institute of Company Directors, the Financial Planning Association and the Association of Superannuation Funds of Australia Ltd.

MS KAREN LAMONT

Ms Lamont was first appointed to the Board on 18 October 2013 and her appointment is due to expire on 18 August 2022. Ms Lamont is the Head of People and Engagement for Education Horizons Group and a member of the Australian Institute of Company Directors, the Australian Human Resources Institute and the Australian Institute of Superannuation Trustees.

MR RICHARD BURNELL

Mr Burnell was first appointed to the role of Board Member on 26 March 2020 and his current term expired on 30 June 2020. Mr Burnell was previously an Alternate Board Member commencing on 18 August 2018. Mr Burnell is the Executive Director of Corporate Services with the Department of Fire and Emergency Services.

MR BRIAN LONGMAN

Mr Longman was first elected to the Board on 19 August 2009 and his current appointment expires on 18 August 2021. Mr Longman is a Station Officer with the Department of Fire and Emergency Services.

MR KELLY WYETH

Mr Wyeth was first elected to the Board on 19 August 2016 and his current term expires on 18 August 2022. Mr Wyeth is a Station Officer with the Department of Fire and Emergency Services.

MR KEVIN JOLLY

Mr Jolly was first elected to the Board on 19 August 2017 and his current term expires on 18 August 2020. Mr Jolly is the Branch President of the United Firefighters Union of Western Australia.

Alternate Board Member

MR PAUL MARKOVIC

Mr Markovic was elected to the role of Alternate Board Member on 19 August 2017 and his current appointment expires on 18 August 2020. Mr Markovic is a Senior Firefighter with the Department of Fire and Emergency Services.

Senior Officer

MR ADRIAN RUTTER

Mr Rutter joined the management team in 1994 and was appointed Fund Secretary and Chief Finance Officer in May 2001. Mr Rutter is responsible for the day-to-day management of the Fund and reports directly to the Board.

Compensation and Remuneration

Board Members are entitled to remuneration determined by the responsible Minister. Remuneration was paid to Board Members as shown in the following table. Superannuation calculated at 9.5% was paid in addition to the figures shown.

Position	Name	Date of appointment	2019/20 Remuneration
Chairperson	Frank Sciarrone	April 2011	\$21,269
Board Member	Kevin Jolly *	August 2017	Nil
Board Member	Karen Lamont	October 2013	\$13,838
Board Member	Brian Longman *	August 2000	Nil
Board Member	Brendon Shepherd **	November 2018	\$8,072
Board Member	Kelly Wyeth *	August 2016	Nil
Alternate Member	Tania Longman ***	September 2014	\$1,153
Alternate Member	Paul Markovic *	August 2017	Nil
Alternate Member	Richard Burnell *	August 2018	Nil

* In accordance with government policy, Board Members who are public sector employees were not paid additional remuneration for sitting on the Board.

** Mr Shepherd resigned from the Board on 29 January 2020.

*** Mrs Longman's appointment expired on 18 August 2019 and she did not seek re-election to the Board.

Performance Management Framework

Outcome Based Management Framework

Outcome	Key Effectiveness Indicators	
Improved long-term financial security for members.	➔	1. Member satisfaction with services provided by the Board.
	➔	2. Investment performance against objectives: <ul style="list-style-type: none"> a. Performance of the Defined Benefit section against its investment objective. b. Performance of the Accumulation section options against each investment objective. c. Performance of the Pension section options against each investment objective.
Service	Key Efficiency Indicator	
Superannuation products and resources: The Board provides members with access to superannuation, retirement products and a range of information resources.	➔	1. Average administration cost per member account.
	➔	2. Investment Management Expense Ratio (investment management costs as a percentage of portfolio mean value invested).

Changes to Outcome Based Management Framework

The Board's outcome-based management framework did not change during 2019/20.

Shared Responsibilities with Other Agencies

The Board did not share any responsibilities with other Agencies in 2019/20.

Significant Issues Impacting the Board

Current and emerging issues

From 1 July 2020 the following changes will be made to the superannuation rules.

Removal of work test to age 67

Older superannuation members will be able to make contributions into their account without having to meet the requirements of the work test. Members aged between 65 and 66 can make personal non-concessional contributions into their superannuation account without being gainfully employed for 40 hours in 30 consecutive days during the financial year in which they make their contribution.

Increased age limit to receive spouse contributions

The maximum age at which a member can receive a spouse contribution has been increased. Spouse contributions can be made until the receiving spouse reaches age 75 (up from the previous age limit of 69). Receiving spouses aged between 67 and 75 will still need to meet the requirements of the work test.

Temporary reduction in the pension minimum drawdowns

The Government has again reduced the minimum drawdown rates by 50% for account-based pensions and similar products in the 2020/21 income year.

Early release of superannuation

Members can access up to \$10,000 of their superannuation account if they are affected by the adverse economic effects of COVID-19.

Under the temporary access rules, members can access up to \$10,000 of their superannuation savings. Applications must be made between 1 July 2020 and 31 December 2020 and are only available to members with accumulation accounts.

Economic and social trends

There are no economic and social trends that are currently affecting the Board.

Changes in written law

There were no material changes in any written law that affected the Board during the 2019/20 financial year.

Likely developments

The Fire and Emergency Services Superannuation Act 1985 and Fire and Emergency Services (Superannuation Fund) Regulations 1986 are currently under review.

Certification of Financial Statements

The accompanying financial statements of the Fire and Emergency Services Superannuation Board (the Fund) have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records, to present fairly the financial transactions for the financial year ended 30 June 2020, and the financial position as at 30 June 2020.

At the date of signing, we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



A RUTTER

Fund Secretary/Chief Finance Officer
22 September 2020



F SCIARRONE

Chair
22 September 2020



B LONGMAN

Board Member
22 September 2020



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

FIRE AND EMERGENCY SERVICES SUPERANNUATION BOARD

Report on the financial statements

Opinion

I have audited the financial statements of the Fire and Emergency Services Superannuation Board (FESSB) which comprise the Statement of Financial Position as at 30 June 2020, the Income Statement, Statement of Changes in Member Benefits, Statement of Changes in Reserves, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Fire and Emergency Services Superannuation Board for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Fire and Emergency Services Superannuation Board in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Board for the financial statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of FESSB.

Auditor's responsibility for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls**Opinion**

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Fire and Emergency Services Superannuation Board. The controls exercised by FESSB are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Fire and Emergency Services Superannuation Board are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Fire and Emergency Services Superannuation Board for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Fire and Emergency Services Superannuation Board are relevant and appropriate to assist users to assess FESSB's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Board's responsibility for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the FESSB determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Fire and Emergency Services Superannuation Board for the year ended 30 June 2020 included on FESSB's website. FESSB's management is responsible for the integrity of FESSB's website. This audit does not provide assurance on the integrity of FESSB's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
23 September 2020

Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020	2019
		\$	\$
ASSETS			
Cash and cash equivalents	22(b)	12,771,991	6,192,904
Receivables	16	16,657,524	12,192,580
Financial investments	5	679,680,561	707,514,827
Other investments	6	37,647,000	29,410,510
Investment properties	7	6,750,000	6,600,000
Land and buildings	8	1,800,000	1,800,000
Plant and equipment		97,500	106,500
Prepayments		91,746	305,564
Deferred tax assets	15(e)	55,186	55,705
TOTAL ASSETS		755,551,508	764,178,590
LIABILITIES			
Payables	17	504,060	296,924
Current tax liabilities	15(d)	2,493,254	2,214,520
Provisions	18	140,332	105,174
Deferred tax liabilities	15(e)	580,612	4,438,538
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS		3,718,258	7,055,156
NET ASSETS AVAILABLE FOR MEMBER BENEFITS		751,833,250	757,123,434
MEMBER BENEFITS			
Defined contribution member liabilities	12	327,485,859	318,648,881
Defined benefit member liabilities	10	374,942,418	369,457,855
TOTAL MEMBER BENEFITS		702,428,277	688,106,736
NET ASSETS		49,404,973	69,016,698
RESERVES			
Operational risk financial reserve	13	2,316,668	2,179,833
SDB reserve	13	31,180,164	30,378,171
Smoothed option investment fluctuation reserve	13	-	8,465,779
Defined benefit investment fluctuation reserve	13	-	15,572,374
Defined benefits that are over/(under) funded		15,908,141	12,420,541
TOTAL RESERVES		49,404,973	69,016,698

This Statement should be read in conjunction with the accompanying notes.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
SUPERANNUATION ACTIVITIES REVENUE			
Interest revenue		2,210,047	3,148,861
Distributions from unit trusts		32,300,067	27,240,675
Net remeasurement changes in fair value	21	(45,166,227)	26,223,279
Net rentals from directly held property	19	14,552	930,007
Other income		1,553,410	1,314,432
TOTAL SUPERANNUATION ACTIVITIES REVENUE		(9,088,151)	58,857,254
EXPENSES			
Investment expenses		615,489	809,851
Administration expenses		3,037,373	2,521,914
Other operating expenses	20	389,169	344,828
TOTAL EXPENSES		4,042,031	3,676,593
RESULTS FROM SUPERANNUATION ACTIVITIES BEFORE INCOME TAX EXPENSE			
		(13,130,182)	55,180,661
Income tax expense/(benefit)	15(a)(b)	(2,721,267)	2,429,657
RESULTS FROM SUPERANNUATION ACTIVITIES NET RESULT BEFORE INCOME TAX			
		(10,408,915)	52,751,004
Net change in defined benefit member liabilities		(5,607,163)	(34,442,921)
Net benefits allocated to defined contribution member accounts		4,870,132	(21,065,524)
TOTAL ALLOCATION TO MEMBER BENEFITS		(737,031)	(55,508,445)
NET RESULT AFTER INCOME TAX		(11,145,946)	(2,757,441)

This Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Defined Contribution Members	Defined Benefit Members	Total
		\$	\$	\$
YEAR ENDED 30 JUNE 2020				
Opening balance at 1 July 2019		318,648,881	369,457,855	688,106,736
CONTRIBUTION REVENUE				
Employer contributions		4,263,383	28,219,033	32,482,416
Member contributions		3,600,202	237,473	3,837,675
Spouse contributions		27,640	-	27,640
Government co-contributions		8,690	-	8,690
Transfers from other superannuation entities		6,363,284	-	6,363,284
Transfers from defined benefit to defined contribution		22,127,576	(22,127,576)	-
Total contributions		36,390,775	6,328,930	42,719,705
Income tax on contributions	15(c)	(639,507)	(4,232,855)	(4,872,362)
Net after tax contributions		35,751,268	2,096,075	37,847,343
BENEFITS PAID				
Transfers to other superannuation entities		(6,584,412)	-	(6,584,412)
Cash benefit payments		(15,551,195)	-	(15,551,195)
Pension payments		(10,786,227)	-	(10,786,227)
Net benefits paid		(32,921,834)	-	(32,921,834)
INSURANCE				
Insurance premiums charged to member accounts		(4,802)	(11,977)	(16,779)
Income tax benefit on insurance premiums	15(c)	720	1,797	2,517
Insurance premiums charged to defined benefit calculation	-	(2,598,230)	(2,598,230)	
Income tax benefit on insurance premiums credited to defined benefit calculation	15(c)	-	389,735	389,735
Death and disability benefits credited to members accounts		2,415,979	-	2,415,979
Net Insurance (cost)/benefit		2,411,897	(2,218,675)	193,222
INCOME AND EXPENSES				
Reserve transfers to/(from) members:				
Investment reserves		8,465,779	-	8,465,779
Net benefits allocated to members' accounts comprising:				
Net investment income		(4,870,132)	-	(4,870,132)
Net change in defined benefit member benefits		-	5,607,163	5,607,163
Net income/(expenses)		3,595,647	5,607,163	9,202,810
Closing Balance at 30 June 2020	10,12	327,485,859	374,942,418	702,428,277

This Statement should be read in conjunction with the accompanying notes.

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

	Notes	Defined Contribution Member \$	Defined Benefit Member \$	Total Benefit \$
YEAR ENDED 30 JUNE 2019				
Opening balance at 1 July 2018		296,052,320	338,961,652	635,013,972
Employer contributions		3,587,984	27,753,728	31,341,712
Member contributions		2,601,584	261,596	2,863,180
Spouse contributions		200,580	-	200,580
Government co-contributions		10,991	-	10,991
Transfers from other superannuation entities		4,383,583	-	4,383,583
Transfers from defined benefit to defined contribution		21,827,051	(21,827,051)	-
Total contributions		32,611,773	6,188,273	38,800,046
Income tax on contributions	15(c)	(578,635)	(4,163,059)	(4,741,694)
Net after tax contributions		32,033,138	2,025,214	34,058,352
BENEFITS PAID				
Transfers to other superannuation entities		(10,965,829)	(3,582,459)	(14,548,288)
Cash benefit payments		(9,864,887)	-	(9,864,887)
Pension payments		(9,693,281)	-	(9,693,281)
Net benefits paid		(30,523,997)	(3,582,459)	(34,106,456)
INSURANCE				
Insurance premiums charged to member accounts		(66,060)	(410,206)	(476,266)
Income tax benefit on insurance premiums	15(c)	9,909	61,531	71,440
Insurance premiums charged to defined benefit calculation	-	(2,400,939)	(2,400,939)	
Income tax benefit on insurance premiums credited to defined benefit calculation	15(c)	-	360,141	360,141
Death and disability benefits credited to members accounts		972,684	-	972,684
Net Insurance (cost)/benefit		916,533	(2,389,473)	(1,472,940)
INCOME AND EXPENSES				
Reserve transfers to/(from) members:				
Investment reserves		(894,637)	-	(894,637)
Net benefits allocated to members' accounts comprising:				
Net investment income		21,065,524	-	21,065,524
Net change in defined benefit member benefits		-	34,442,921	34,442,921
Net income/(expenses)		20,170,887	34,442,921	54,613,808
Closing Balance at 30 June 2019	10,12	318,648,881	369,457,855	688,106,736

This Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Operational Risk Financial Reserve	Supplementary Disability benefits over/ (under) funded	Smoothed Option Investment Fluctuation Reserve	Defined Benefit Investment Reserve	Defined Benefit over/(under) funded	Total Equity
	\$	\$	\$	\$	\$	\$
YEAR ENDED 30 JUNE 2020						
Opening balance as at 1 July 2019	2,179,833	30,378,171	8,465,779	15,572,374	12,420,541	69,016,698
Amount allocated from defined contribution members	-	-	(8,465,779)	-	-	(8,465,779)
Amount allocated from/(to) defined benefit members	-	-	-	(15,572,374)	15,572,374	-
Net result	136,835	801,993	-	-	(12,084,774)	(11,145,946)
Closing balance as at 30 June 2020	2,316,668	31,180,164	-	-	15,908,141	49,404,973
YEAR ENDED 30 JUNE 2019						
Opening balance as at 1 July 2018	1,972,828	27,238,755	7,631,893	7,832,532	26,203,494	70,879,502
Amount allocated from defined contribution members	60,751	-	833,886	-	-	894,637
Amount allocated from/(to) defined benefit members	84,101	-	-	7,739,842	(7,823,943)	-
Net result	62,153	3,139,416	-	-	(5,959,010)	(2,757,441)
Closing balance as at 30 June 2019	2,179,833	30,378,171	8,465,779	15,572,374	12,420,541	69,016,698

This Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
Cash flows from operating activities			
Interest received		2,307,267	3,409,075
Unit trust distributions		7,654,926	6,357,010
Rental income		474,327	3,390,702
Rental property expenses		(386,260)	(2,035,220)
Fee rebates and other income		210,952	29,250
Investment expenses		(107,298)	(107,499)
Administration expenses		(3,002,761)	(2,935,851)
Income tax paid		(1,037,560)	(1,937,411)
Net cash inflows from operating activities	22(a)	6,113,593	6,170,056
Cash flows from investing activities			
Proceeds from sale of investments		135,894,921	62,695,199
Proceeds from sale of investment properties		-	19,570,300
Payments for purchase of investments		(140,103,213)	(90,232,202)
Purchase of plant and equipment		(10,196)	(55,633)
Net cash outflows from investing activities		(4,218,486)	(8,022,336)
Cash flows from member activities			
Employer contributions		31,873,100	31,341,712
Member contributions		3,832,406	2,863,180
Spouse contributions		27,320	200,580
Government co-contributions		8,690	10,991
Transfers from other superannuation funds		6,363,284	4,383,583
Transfers to other superannuation funds		(6,584,412)	(14,548,288)
Cash benefit payments		(15,551,195)	(9,864,887)
Pension payments		(10,786,227)	(9,693,281)
Insurance recoveries		2,415,979	972,684
Insurance premiums outwards		(2,615,009)	(2,877,204)
Tax paid on contributions		(4,299,956)	(4,723,134)
Net cash (outflows)/inflows from financing activities		4,683,980	(1,934,064)
Net decrease in cash and cash equivalents		6,579,087	(3,786,344)
Cash and cash equivalents at beginning of year		6,192,904	9,979,248
Cash and cash equivalents at end of the financial year	22(b)	12,771,991	6,192,904

This Statement should be read in conjunction with the accompanying notes.

Notes of the Financial Statements

1. REPORTING ENTITY

The Fund is a hybrid fund providing defined benefits as well as defined contribution benefits. The objective of the Trustee is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. The Fund is domiciled in Australia. The registered office of the Fire and Emergency Services Superannuation Fund is:

242 Rokeby Road
Subiaco WA 6008

The Fund was established under the Fire and Emergency Services Superannuation Act 1985 as amended.

The Fund primarily is involved in providing retirement benefits to its members.

The Trustee of the Fund is the Fire and Emergency Services Superannuation Board (RSE No L0001700).

The financial statements were approved by the Fire and Emergency Services Superannuation Board on 22 September 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The Fire and Emergency Services Superannuation Board is a not-for-profit reporting entity. The financial statements constitute general purpose statements which have been prepared in accordance with Australian Accounting Standards including AASB 1056 Superannuation Entities, other applicable Accounting Standards, as applied by the Treasurer's Instructions (TI) and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS"). Several of these accounting standards are modified by the TI to vary application, disclosure and wording.

The Financial Management Act 2006 and the TI are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect, are disclosed in the notes to these financial statements.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

(B) NEW AND AMENDED STANDARDS ADOPTED DURING THE YEAR

The following new and revised Standards and Interpretations have been adopted in the financial statements. Their adoption has not had significant financial or disclosure impact on these financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, rents, dividends, distributions, and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, there has been no impact on the Fund's accounting policies or the amounts recognised in the financial statements.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 establishes principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value to enable it to further its objectives and the receipt of volunteer services. All income received by the Fund is outside the scope of the new standard. As a consequence, there has been no impact on the Fund's accounting policies or the amounts recognised in the financial statements.

AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all leases (including operating leases) to be brought to account onto the balance sheet.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Fund does not have any operating leases and therefore there has been no impact on the Fund's accounting policies or the amounts recognised in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(C) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Fund. None of these are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(D) INVESTMENTS

Investments of the Fund are initially recognised at cost, representing fair value. After initial recognition, investments are measured at fair value through the income statement.

Fair Values have been determined as follows:

Interest bearing investments

Interest bearing investments are carried at face value which materially represents fair value. Interest accrued on these investments is included as a receivable at balance date in accordance with Note 2(j).

Non-market quoted investments

Investments for which market quotations are not readily available are valued at fair value determined by the Board with reference to recent arm's length transactions, current market value of another instrument substantially the same or discounted cash flows.

Shares in unlisted companies

The fair value is determined on the basis of cost for those investments purchased within the current financial year subject to no significant transactions occurring which will impact the fair value. In subsequent periods, the fair value is determined by reference to fair value of the underlying investment.

Preference shares in unlisted companies

The fair value of preference shares acquired is determined as cost of the investment plus accrued dividends which the Board has determined to approximate fair value, in subsequent periods, a fair value model is applied to determine the fair value.

Mortgage loan to unlisted companies

In the year the loan is advanced, the fair value is based on the face value of the loan together with accrued interest which is considered to materially approximate fair value, in subsequent periods, a fair value model is applied to determine the fair value.

Market quoted investments

The fair value of securities in listed entities for which there is a readily available market quotation is determined as the last quoted sale price at the close of business on reporting date.

Units in unlisted unit trusts

The fair value is based on the redemption price or the net asset value at reporting date quoted by the investment managers which are based on the fair value of the underlying investments. Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

Mortgages

Mortgage investments with a term period of 12 months or less are recognised at cost and accrued interest which is considered to approximate fair value. A fair valuation model is applied for investments with a term period greater than 12 months.

Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment). Investment properties are initially recorded at cost of acquisition at the date of acquisition.

The carrying amount of an investment property is the fair value of the property which is determined using the capitalisation of net rental income and the discounted cash flow methods and also having regard to recent market transactions for similar properties in the same location as the Fund's investment property. Generally, the fair value is determined by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Direct operating expenses arising from investment properties are included in net rentals from direct property.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) FINANCIAL INSTRUMENTS

(a) Classification

The Fund's financial assets which include investments in fixed interest securities, securities in listed entities, units in unlisted unit trusts, mortgage investments, shares in unlisted corporations and preference shares in unlisted corporations are classified as at fair value through profit or loss.

These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy.

Financial liabilities, which include payables and provisions, are valued as at fair value through profit or loss.

(b) Recognition

The Fund recognises financial assets and financial liabilities on the date the Fund becomes a party to the contractual provisions of the instrument. Financial assets are recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or liabilities are recorded in the Income Statement.

(c) Measurement

Financial instruments are initially measured at cost, being the fair value of the consideration given. Subsequent to initial recognition all financial instruments are valued at fair value.

(d) Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Fund transfers substantially all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(F) CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

(G) REVENUE RECOGNITION AND MEASUREMENT

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Net remeasurement changes in fair value

Changes in fair value of investments are recognised as revenue and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value at the prior year end or cost (if the investment was acquired during the year).

Interest revenue

Interest revenue is recognised in the income statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest revenue includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. If interest is not received at reporting date it is reflected in the Statement of Financial Position as a receivable.

Distributions from unit trusts

Distributions from units in unit trusts are recognised on the date the unit value is quoted ex-distribution and the Fund is entitled to receive the distribution. If not received at reporting date, the distribution receivable is reflected in the Statement of Financial Position as a receivable at fair value.

Rent

Rental revenue from investment property is recognised on an accrual basis over the term of the lease and if not received at reporting date is reflected in the Statement of Financial Position as a receivable at fair value. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(H) FOREIGN CURRENCY

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the income statement.

(I) INCOME TAX

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act and accordingly the concessional tax rate of 15% has been applied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current tax

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(J) RECEIVABLES AND PAYABLES

Receivables and payables are carried at nominal amounts accrued or due at reporting date, which approximate fair value.

Accrued interest represents accrued interest revenue from interest bearing investments, government securities, other fixed interest securities, money market securities and derivatives.

(K) LAND & BUILDINGS

Land & Buildings are initially recorded at cost of acquisition at the date of acquisition.

The carrying amount of the land and buildings is the fair value of the property which is determined using the direct comparison approach having regard to recent market transactions for similar properties in the same location as the Fund's investment property. The fair value is determined by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

(L) FINANCIAL LIABILITIES

The Fund recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Payables are payable on demand or over short time frames of less than 60 days.

The Fund recognises financial liabilities at fair value as at reporting date with any change in fair values since the beginning of the reporting period included in the income statement.

(M) CONTRIBUTIONS REVENUE AND TRANSFERS FROM OTHER FUNDS

Contributions revenue and transfers from other funds are recognised in the Statement of Changes in Member Benefits when control and benefits have transferred to the Fund and are recorded gross of any tax.

(N) BENEFITS

Benefits paid are recognised in the Statement of Changes in Member Benefits when the Fund has received a valid withdrawal notice from the member and it has been approved by the Fund in accordance with the Fund's regulations.

(O) USE OF ESTIMATES AND JUDGEMENTS

In the application of Accounting Standards, management is required to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

There are no significant critical accounting estimates, assumptions and judgements contained in these financial statements other than those used to determine the liability for accrued benefits as detailed in Note 10 and the fair value of financial instruments (Notes 3, 4, 6 and 8) and investment properties (Note 7).

(P) FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

(Q) COMPARATIVES

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year information and other disclosures.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Estimation

Fair value reflects the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices are used to determine fair value where an active market exists. If the market for a financial asset or liability is not active, fair values are estimated using discounted cash flow or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The Fund's financial assets and liabilities are carried at fair value. The major methods and assumptions used in determining the fair value of financial instruments is disclosed in Note 2(d).

The table below shows financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: valuation technique for which the lowest level input that is significant to the fair value measurement is not observable.

	Level 1	Level 2	Level 3	Total
30 June 2020	\$	\$	\$	\$
Financial and other assets at fair value through profit or loss				
(i) Listed and unlisted securities				
- Securities in listed entities	2,345,058	-	-	2,345,058
- Units in unlisted unit trusts	-	613,801,816	-	613,801,816
- Shares in unlisted companies	-	-	10,386,000	10,386,000
(ii) Interest bearing securities				
- Deposits	31,707,862	-	-	31,707,862
- Fixed interest securities	-	31,825,824	-	31,825,824
- Loans	-	-	27,261,000	27,261,000
(iii) Other Assets				
- Investment properties	-	-	6,750,000	6,750,000
- Land and buildings	-	-	1,800,000	1,800,000
	34,052,920	645,627,640	46,197,000	725,877,560

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Mortgages	Shares in Unlisted Companies	Investment properties	Land and Buildings	Total
30 June 2020	\$	\$	\$	\$	\$
Opening Balance	19,801,573	9,608,937	6,600,000	1,800,000	37,810,510
Total gains and losses in profit or loss	3,859,427	777,063	150,000	-	4,786,490
Transfers in	-	-	-	-	-
Purchases	3,600,000	-	-	-	3,600,000
Sales	-	-	-	-	-
Closing Balance	27,261,000	10,386,000	6,750,000	1,800,000	46,197,000

Gains or losses included in the Income Statement are presented in net remeasurement changes in fair value as follows:

30 June 2020	\$
Total gains/(losses) included in income statement for the period	4,786,490
Total gains/(losses) included in income statement for the period for assets held at the end of the reporting period	4,786,490

	Level 1	Level 2	Level 3	Total
30 June 2019	\$	\$	\$	\$
Financial and other assets at fair value through profit or loss				
(i) Listed and unlisted securities				
- Securities in listed entities	2,586,839	-	-	2,586,839
- Units in unlisted unit trusts	-	644,170,131	-	644,170,131
- Shares in unlisted companies	-	-	9,608,937	9,608,937
(ii) Interest bearing securities				
- Deposits	27,356,927	-	-	27,356,927
- Fixed Interest securities	-	30,739,094	-	30,739,094
- Mortgages	-	2,661,835	-	2,661,835
- Loans	-	-	19,801,573	19,801,573
(iii) Other Assets				
- Investment properties	-	-	6,600,000	6,600,000
- Land and buildings	-	-	1,800,000	1,800,000
	29,943,766	677,571,060	37,810,510	745,325,336

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Mortgages	Shares in Unlisted Companies	Investment properties	Land and Buildings	Total
30 June 2019	\$	\$	\$	\$	\$
Opening Balance	-	9,976,096	27,000,000	2,100,000	39,076,096
Total gains and losses					
- in profit or loss	651,573	(367,159)	(426,041)	(300,000)	(441,627)
Transfers in	5,000,000	-	-	-	5,000,000
Purchases	14,150,000	-	61,519	-	14,211,519
Sales	-	-	(20,035,478)	-	(20,035,478)
Closing Balance	19,801,573	9,608,937	6,600,000	1,800,000	37,810,510

During the year, a Mortgage Loan with a carrying amount of \$5,000,000 was transferred from level 2 to level 3 because observable market inputs were not available.

Gains or losses included in the Income Statement are presented in net remeasurement changes in fair value as follows:

30 June 2019	\$
Total gains/(losses) included in income statement for the period	(441,627)
Total gains/(losses) included in income statement for the period for assets held at the end of the reporting period	(441,546)

The table below sets out information about significant unobservable inputs used at 30 June 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type	Level 3 \$'000	Valuation approach	Key unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Mortgages	27,261,000	Discounted cash flow methodology	Discount rate	Higher the discount rate, lower the valuation
Ordinary Shares in Unlisted Companies	4,615,000	Waterfall calculation based on the fair value of the net assets of the unlisted entity less the fair value allocated to the mortgage loan and preference shares.	Status of the development of the underlying property	N/A
Preference Shares in Unlisted Companies	5,771,000	Discounted cash flow methodology	Discount rate	Higher the discount rate, lower the valuation
Investment Properties	6,750,000	Capitalisation of net rental income and the discounted cash flow methods with regard to recent market transactions for similar properties	Available sales evidence Leasing market conditions Market rental evidence	The higher the rental income and/or available market sales evidence, the higher the fair value
Land and Buildings	1,800,000	Direct comparison approach with regard to recent market transactions for similar properties	Available sales evidence	The higher the available market sales evidence, the higher the fair value
	46,197,000			

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below sets out information about significant unobservable inputs used at 30 June 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type	Level 3 \$'000	Valuation approach	Key unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Mortgages	5,000,000	Based on face value	N/A	N/A
Mortgages	14,801,573	Based on face value for the Mortgage plus accrued interest, discounted for the value of future cash flows.	N/A	N/A
Ordinary Shares in Unlisted Companies	5,123,063	Valued at net asset value of underlying company adjusted for other components of equity	Status of the development of the underlying property	N/A
Preference Shares in Unlisted Companies	4,485,874	Valued at cost plus accrued dividends, discounted for time value of future cash flows	Discount rate	Higher the discount rate, lower the valuation
Investment Properties	6,600,000	Capitalisation of net rental income and the discounted cash flow methods with regard to recent market transactions for similar properties	Available sales evidence Leasing market conditions Market rental evidence	The higher the rental income and/or available market sales evidence, the higher the fair value
Land and Buildings	1,800,000	Direct comparison approach with regard to recent market transactions for similar properties	Available sales evidence	The higher the available market sales evidence, the higher the fair value
	37,810,510			

4. FINANCIAL RISK MANAGEMENT

The Fund's assets principally consist of financial instruments which comprise units in unlisted trusts, interest bearing investments, fixed interest securities, securities in listed entities, mortgage securities and investment in joint venture. It holds these investment assets in accordance with the Board's investment governance policy.

The allocation of assets between the various types of financial instruments is determined by the Board who manages the Fund's portfolio of assets to achieve the Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund on at least a quarterly basis.

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, and the Fund's objectives, policies and processes for measuring and managing risk.

The Board has overall responsibility for the establishment and oversight of the Fund's risk management framework.

4. FINANCIAL RISK MANAGEMENT (continued)

The Board is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund's investment managers, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

In managing and monitoring the risks the Board investment strategy is considered at three levels.

On a quarterly basis the Fund's Asset Consultant reports to the Board on each investment manager and related fund performance compared to the various indices and performance targets agreed to with the managers.

On a quarterly basis, in conjunction with the Fund's Asset Consultant, the performance of each of the Fund's investment options is reviewed against its investment objectives. This review includes review of performance of each investment option over the short and long term against relevant benchmarks, recommendations of changes to strategy, notable investment manager developments, and check of compliance against policy.

The Board appoints the Asset Consultant to complete independent reviews of the Fund's investments when it considers it necessary.

Every three years the total investment strategy and the performance of all investment managers are formally reviewed by the Board.

The Board oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

FAIR VALUE ESTIMATION

The assets and liabilities of the Fund are recognised at fair value as at reporting date. Changes in fair value are recognised through the Income Statement.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investment.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund invests in Australian domiciled investments where the underlying investments may include overseas equities. These investments are all denominated in Australian dollars. The investment managers are charged with recognising changes in market conditions and adjusting their investment strategies in accordance with market conditions.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest-bearing financial assets and interest bearing financial liabilities mature or re-price due to market changes. As a result, the Fund is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are invested in cash management trusts. Investments in debt securities are fixed rate instruments with various terms to maturity. The Fund also invests in Australian domiciled unit trusts where the underlying investments are in fixed interest securities. The investment managers are charged with recognising changes in market conditions and adjusting their investment strategies in accordance with market conditions. The Fund has adopted an investment strategy that includes diversification across investments, markets and geographic regions.

4. FINANCIAL RISK MANAGEMENT (continued)

At the reporting date, the interest rate profile of the Fund's interest-bearing financial instruments was:

	Fair Value	Fair Value
	2020	2019
	\$	\$
Interest bearing financial instruments		
Cash and Term deposits	44,479,853	33,549,831
Fixed interest securities	31,825,824	30,739,095
Mortgages	27,261,000	22,463,408
	<u>103,566,677</u>	<u>86,752,334</u>

Sensitivity analysis

The Fund accounts for fixed interest securities at fair value as determined by the investment manager through the Income Statement.

The investment manager advised that the fair value of the fixed interest securities owned by the Fund are not significantly affected by movements in interest rates as they are "floating rate notes" whose coupon is re-set every three months in line with prevailing market interest rates. Their value is determined primarily by the credit margins of the underlying securities together with other market factors such as liquidity. Should there be a positive or negative movement in interest rates for the interest bearing financial instruments by 75 basis points the net result after tax and net assets available for member benefits would have increased/decreased by \$650,197 (2019: \$552,855).

OTHER PRICE RISK

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Fund's financial instruments are valued at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

Sensitivity analysis

The Board has determined that the standard deviation of the rate of return for each asset class will provide a reasonably possible change in the prices of the investments that comprise each asset class. The five year average standard deviation of rates of return for each asset class has been determined by the Fund based on the relevant indices' for that investment option. The following table illustrates the effect on net result after tax and net assets available for member benefits from possible changes in market price risk.

4. FINANCIAL RISK MANAGEMENT (continued)

30 June 2020 Investment	5 Year Standard Deviation	Net result after tax	Net assets available for member benefits
		\$	\$
Interest bearing investments	0.15%	±47,562	±47,562
Fixed interest securities	2.44%	±776,550	±776,550
Securities in listed entities	2.44%	±57,219	±57,219
Units in unlisted unit trusts	10.64%	±65,329,179	±65,329,179
Mortgages	2.73%	±701,228	±701,228
Shares in unlisted companies	17.72%	±2,119,489	±2,119,489
Investment properties	3.24%	±218,700	±218,700
Land and buildings	3.24%	±58,320	±58,320
Total		±69,308,247	±69,308,247

30 June 2019 Investment	5 Year Standard Deviation	Net result after tax	Net assets available for member benefits
		\$	\$
Interest bearing investments	0.10%	±27,357	±27,357
Fixed interest securities	2.73%	±839,177	±839,177
Securities in listed entities	2.73%	±70,621	±70,621
Units in unlisted unit trusts	6.93%	±44,763,056	±44,763,056
Mortgages	2.73%	±613,251	±613,251
Shares in unlisted companies	12.81%	±1,230,905	±1,230,905
Investment properties	2.30%	±151,800	±151,800
Land and buildings	2.30%	±41,400	±41,400
Total		±47,737,567	±47,737,567

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Fund's investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each investment option's expected return in future years.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

4. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The fair value of financial assets included in the Statement of Financial Position represents the Fund's maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by the Board by quarterly reporting from its investment manager.

Credit risk arising on investments is mitigated by investing primarily in rated instruments or instruments issued by rated counterparties of credit ratings of at least 'AA' or better as determined by Standard and Poor's. Credit risk associated with receivables is considered minimal.

The Fund does not have any significant credit risk exposure (i.e. greater than 10% of funds invested) to any single counterparty or any group of counterparties having similar characteristics. The table below shows the maximum exposure to credit risk at the reporting date. It is the opinion of the Board that the carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date. There were no significant concentrations of credit risk to counterparties.

	2020	2019
	\$	\$
Cash and cash equivalents	12,771,991	6,192,904
Interest bearing investments	31,707,862	27,356,927
Fixed interest securities	31,825,824	30,739,095
Securities in listed entities	2,345,058	2,586,839
Units in unlisted unit trusts	613,801,816	644,170,131
Mortgages	27,261,000	7,661,835
Shares in unlisted companies	10,386,000	9,608,937
Distributions receivable	15,837,947	11,598,261
Other receivables	30,780	347,810
Accrued interest	149,289	246,509
	746,117,567	740,509,248

LIQUIDITY RISK

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity position is monitored on a regular basis. The Fund's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, Fund expenses and investing activities.

To manage liquidity risk the Board:

- manages, monitors and reports on its liquidity position at each Board meeting;
- conducts regular planning and budgeting exercises to monitor and control these risks;
- conducts annual planning and budgeting in advance to control cash flows and fees;
- provides regular reporting and monitoring of actual cash flows against budget cash flows; and
- conducts regular actuarial monitoring and reporting.

4. FINANCIAL RISK MANAGEMENT (continued)

The following tables summarise the expected maturity profile of the Fund's financial liabilities based on the earliest date on which the Fund can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

30 June 2020	Less than 3 months	3 Months to 1 year	Total Contractual Cash Flows	Carrying Amount (Asset)/Liabilities
	\$	\$	\$	\$
Payables	504,060	-	504,060	504,060
Provisions	-	140,332	140,332	140,332
Current tax liabilities	1,874,922	618,332	2,493,254	2,493,254
Vested benefits	685,254,318	-	685,254,318	685,254,318
Total	687,633,300	758,664	688,391,964	688,391,964

30 June 2019	Less than 3 months	3 Months to 1 year	Total Contractual Cash Flows	Carrying Amount (Asset)/Liabilities
	\$	\$	\$	\$
Payables	296,924	-	296,924	296,924
Provisions	105,174	-	105,174	105,174
Current tax liabilities	2,840,105	(625,585)	2,214,520	2,214,520
Vested benefits	665,116,474	-	665,116,474	665,116,474
Total	668,358,677	(625,585)	667,733,092	667,733,092

Vested benefits have been included in the less than 3 months column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

5. INVESTMENTS

	2020	2019
	\$	\$
Interest bearing investments	31,707,862	27,356,927
Fixed interest securities	31,825,824	30,739,095
Securities in listed entities	2,345,059	2,586,839
Units in unlisted unit trusts	613,801,816	644,170,131
Mortgages	-	2,661,835
Total Investment Reserves	679,680,561	707,514,827

6. OTHER INVESTMENTS

	2020	2019
	\$	\$
Fresh Fields Projects (WA) No 1		
Class A Ordinary Shares	4,615,000	5,123,063
Class B Redeemable Preference Shares	3,374,000	2,718,041
Class D Redeemable Preference Shares	2,397,000	1,767,833
	10,386,000	9,608,937
Mortgage loan	5,022,000	5,000,000
Total Fresh Fields Projects (WA) No 1	15,408,000	14,608,937
Karingal Green Aged and Community Care (WA) Pty Ltd		
Mortgage loan	11,312,000	9,547,507
Kogarah Health Aged and Community Care (NSW) Pty Ltd		
Mortgage loan	10,927,000	5,254,066
	37,647,000	29,410,510

Fresh Fields Projects (WA) No 1 Pty Ltd

Fresh Fields Projects (WA) No 1 Pty Ltd (Fresh Fields) is a Joint Venture entity incorporated in March 2018 to acquire land to develop and operate a new residential aged care facility in WA. The Joint Venture entity also acquired and will operate the Freshwater Bay Nursing Home with the intention of transferring the residents, staff and 46 licences to the new aged care facility when it is completed.

The Fire and Emergency Services Superannuation Fund has a 50% interest in the ordinary share capital of Fresh Fields Projects (WA) No 1 Pty Ltd. The Fund also holds Class B and D redeemable preference shares and has advanced a secured loan facility of \$6.3 million, with a drawn balance of \$5 million (2019: \$5 million) as at reporting date.

The Fund has determined that Fresh Fields is an investment entity under Australian Accounting Standards as it meets the following criteria:

1. the Fund obtains funds from members for the purpose of providing those members with investment management services; and
2. the Fund commits to its members that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and the Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

As a consequence, the Fund has elected under paragraph 18 of AASB128 Investments in Associates and Joint Ventures to report its investments in Fresh Fields at fair value, with fair value being determined on the basis of each of the instruments held in the joint venture. The fair value for each of the instruments has been determined as follows.

The Board has engaged Grant Thornton, an independent expert not related to the Fund, to provide a fair value estimation of the investment with each of the components valued as follows.

Ordinary shares in Fresh Fields

The fair value of the shares is based on the fair value of the net assets of the JV Entity less the allocation to the Class D and B Preference shares. The net assets of Fresh Fields are based on the fair value of the assets held in Fresh Fields as at 30 June 2020. The fair value of certain of these assets has been determined by reference to an independent valuation.

6. OTHER INVESTMENTS (continued)

Preference shares in Fresh Fields

The fair value has been determined using the discounted cash flow method. Each of the payments under the terms of the preference shares was discounted to the valuation date using a discount rate of 13.5% - 14.5% for B Class shares and 13% - 14% for the D Class shares, the midpoint value was used for the valuation.

Mortgage loan to Fresh Fields

The fair value of the loan has been based on a discounted cash flow valuation which is considered to materially represent its fair value. A discount rate of between 4% - 5% was applied to the future cash flows for the mortgage loan.

Karingal Green Aged and Community Care (WA) Pty Ltd – Mortgage Loan

The Fund has lent \$9 million (\$2019: \$9 million) to Karingal Green Aged and Community Care (WA) Pty Ltd for an aged care development in High Wycombe in WA.

The key terms of the loan are as follows:

Loan Type:	Second mortgage
Interest Rate:	16% p.a. capitalised quarterly in arrears
Term:	4 years from initial drawdown
Security:	2nd ranking mortgage over all assets of the borrower plus various guarantees

The Board engaged Grant Thornton, an independent expert not related to the Fund, to provide a fair value estimation of the mortgage at 30 June 2020 using the discounted cash flow method. Each payment under the terms of the mortgage was discounted to the valuation date using a discount rate of 13.5% - 14.5% and the midpoint value was used for the valuation.

Kogarah Health Aged and Community Care (NSW) Pty Ltd – Mortgage Loan

The Fund has lent \$8.75 million (2019: \$8.75 million) to Kogarah Health Aged and Community Care (NSW) Pty Ltd for an aged care development in Penshurst in NSW.

The key terms of the loan are as follows:

Loan Type:	Second mortgage
Interest Rate:	16% p.a. capitalised quarterly in arrears
Term:	5 years from initial drawdown
Security:	2nd ranking mortgage over all assets of the borrower plus various guarantees

The Board engaged Grant Thornton, an independent expert not related to the Fund, to provide a fair value estimation of the mortgage at 30 June 2020 using the discounted cash flow method. Each payment under the terms of the mortgage was discounted to the valuation date using a discount rate of 13.5% - 14.5% and the midpoint value was used for the valuation.

7. INVESTMENT PROPERTIES

	2020	2019
	\$	\$
Howe Street, Osborne Park	6,750,000	6,600,000
	6,750,000	6,600,000
Movement in investment properties		
Opening balance as at 1 July	6,600,000	27,000,000
Additions	-	61,519
Sale of property	-	(20,035,478)
Movement in fair value	150,000	(426,041)
	6,750,000	6,600,000

The fair value of the Howe Street property has been arrived at on the basis of a valuation as at 30 June 2020 carried out by Cushman & Wakefield, an independent valuer not related to the Fund. The valuation was prepared in accordance with Australian Property Institutes valuation standards and the API guidelines. Fair values were determined using the Direct Comparison and Income Capitalisation approaches with regard to recent market transactions for similar properties in the same location as the Fund's property. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

8. LAND AND BUILDINGS

	2020	2019
	\$	\$
Rokeby Road, Subiaco	1,800,000	1,800,000
Movement in land and buildings:		
Opening balance as at 1 July	1,800,000	2,100,000
Additions	-	-
Movement in fair value	-	(300,000)
	1,800,000	1,800,000

The fair value of the Fund's land and buildings has been arrived at on the basis of a valuation as at 30 June 2020 carried out by Cushman & Wakefield, independent valuers not related to the Fund. The valuation is prepared in accordance with Australian Property Institutes valuation standards and the API guidelines. Fair value was determined using a direct comparison approach with regard to recent market transactions for similar properties in the same location as the Fund's land and buildings. In estimating the fair value of the property, the highest and best use of the property was their current use.

9. FUNDING ARRANGEMENTS

The funding policy adopted in respect of the Fund is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in framing employer and member contribution rates, the actuary has considered long-term trends in such factors as Fund membership, salary growth, investment returns and average fair value of Fund's assets.

The employer has contributed to the Fund in 2020 at a standard rate of 11.75% (2019: 11.75%) of the salaries of those permanent employees who defined benefit members of the Fund. The employer has also made additional contributions at the rate of 1% (2019: 1%) to fund the supplementary disablement benefits. Defined Benefit members of the Fund contributed at a minimum rate of 6.25% of salary for 2020 (2019: 6.25%).

For those members of the Fund who have not elected, or are unable, to become defined benefit members, the employer contributed at the rate of 9.5% salaries for 2020 (2019: 9.5%).

The Fund also received salary sacrifice contributions from members during the year ended 30 June 2020.

Members make additional voluntary contributions at variable amounts.

10. MEMBER LIABILITIES

(a) Defined contribution member liabilities

Defined contribution members bear the investment risk relating to the underlying assets of the Fund and crediting rates used to measure the member liabilities. The crediting rates are determined on a monthly basis based on movements in the value of investments during the month. Defined contribution member liabilities are measured as the amount of member account balances as at reporting date. The Fund's management of investment risks is as disclosed in Note 4.

Defined contributions members' liabilities are fully vested as at 30 June 2020.

(b) Defined benefit member liabilities

Defined benefit member liabilities are measured annually by a qualified actuary. The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued to the reporting date. The amount of accrued benefits are valued using the amount of a portfolio of investments that would be made at reporting date to yield future net cash inflows that would meet accrued benefits when they are expected to fall due. The valuation of accrued benefits is in respect of past service only and there is no account taken of benefits arising from future services. The accrued benefits are not subject to a minimum of the vested benefits.

The valuation of accrued benefits was undertaken by the Fund's appointed actuary as part of a comprehensive actuarial review dated 30 June 2020 (previously 30 June 2019).

The main assumptions used to determine the actuarial value of accrued benefits at the last review date were:

- The future rate of investment return earned on the Fund's investments would be 4.5% (2019: 4.5%). The future rate of investment return is based on the expected investment return after taking into account the Fund's investment strategy for the assets backing its defined benefit liabilities as at the calculation date.
- The future rate of salary increases would be 1.0% p.a. for the first three years and then 2.5% p.a. thereafter (2019: 1.5% p.a. for the first year and 2.5% p.a. thereafter) for basic salary increases plus an additional age based promotional scale which ranges from 6% at age 25 gradually reducing to 0% at age 55. The assumed annual salary increase has been determined by reference to the Enterprise Bargaining Agreement (EBA) and confirmed with the Employer.

These assumptions are based on the history of Fund's investment returns and history of salary increases. Historically the Fund has achieved a return of 5.0% per annum over the last 5 years and -0.6% over the last year. The employer traditionally has a high degree of control over the salaries and the assumption is consistent with past experience.

The Fund's actuary considers the key risks faced by the Fund and employer are investment risk and higher than expected salary increases. Movements in the main assumptions used to determine the values of accrued benefits are reasonably possible for the 2020 reporting period.

- The future rate of investment return $\pm 1\%$ (2019: $\pm 1\%$).
- The future rate of salary increases $\pm 1\%$ (2019: $\pm 1\%$).

10. MEMBER LIABILITIES (continued)

The impact of the reasonably possible changes in these key assumptions are shown below:

Key Assumptions	Assumed at reporting date	Reasonable Possible Change	(Increase)/Decrease DB member benefit liability
30 JUNE 2020			
Future investment return	4.5%	+1%	(17,713,304)
		-1%	20,524,233
Future rate of salary increase + aged based promotional increases ¹	2.5%	+1%	20,493,052
		-1%	(18,030,518)
30 JUNE 2019			
Future investment return	4.5%	+1%	(17,915,442)
		-1%	20,760,766
Future rate of salary increase + aged based promotional increases ¹	2.5%	+1%	20,660,412
		-1%	(18,179,183)

¹ There is an additional age based promotional scale which ranges from 6% at age 25 gradually reducing to 0% at age 55. This averages to 1.5%.

The Fund's actuary and the Board continue to monitor the Fund's funding position on a regular basis and do not have any reason to believe that the Fund will not continue to meet its funding commitments to the defined benefit section.

The liability for accrued benefits at 30 June is as follows:

	2020	2019
	\$	\$
Defined benefit liability for accrued benefits	374,942,418	369,457,855
Defined benefit assets (excluding investment fluctuation reserve)	390,850,559	414,106,986

The actuary stated the Fund was in a satisfactory financial position at 30 June 2020 (2019: satisfactory) measured by the coverage of vested benefits by assets.

The amount of vested benefits attributable to defined benefit members at 30 June 2020 is \$357,768,459 (2019: \$346,467,593).

11. GUARANTEED BENEFITS

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

12. VESTED BENEFITS

Vested benefits are benefits that are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership as at the reporting date.

	2020	2019
	\$	\$
Defined Contribution Vested Benefits		
Defined Benefit Members	72,664,217	73,283,199
Defined Contribution Benefit Members	28,007,402	28,334,711
Non-Member Spouse Benefits	2,504,587	2,318,419
Spouse Accounts	20,414,237	19,094,493
Allocated Pensioners	90,454,318	91,894,499
Term Allocated Pensioners	519,027	591,828
Retained Benefits	112,922,071	103,131,732
Total defined contribution vested benefits	327,485,859	318,648,881
Defined Benefits Vested Benefits		
Defined benefit members	357,768,459	346,458,056
Supplementary Pension Liabilities	-	9,537
Total defined benefit vested benefits	357,768,459	346,467,593
Total Vested benefits	685,254,318	665,116,474

13. RESERVES

Operational Risk Financial Reserve

The Board established the reserve on 1 July 2013 in response to the operational risk financial requirement introduced into the Superannuation Industry (Supervision) Act 1993 from 1 July 2013. The reserve is operated in accordance with the Operational Risk Reserve Policy. As required under Australian Prudential Regulation Authority standards, the purpose of the reserve is to provide funding for incidents where material losses may arise from operational risk relating to the Fund. The level of the Reserve is determined by the Board based on an assessment of risks faced by the Fund. The Reserve is specifically held in a term deposit set up for the purpose of maintaining the reserve. The interest on the term deposit is reinvested to maintain the reserve at its required level. The reserve is not split between defined benefit and defined contribution sectors of the Fund.

SDB Reserve

The Supplementary Disablement Reserve (SDB) is held to fund supplementary disablement claims for members. A member is entitled to a supplementary disablement benefit when they are retired for medical reasons and are classified as partially and permanently disabled. The employer contributes 1% of salaries. An actuarial review is completed every three years to determine the SDB liability which forms the basis of the reserve. The SDB reserve is reviewed annually by the actuary. The SDB reserve is invested using the same strategy applied to the defined benefit assets of the Fund.

Investment Reserves

The investment reserves include a Smoothed Option Investment Reserve, held in respect of defined contribution members in the smoothed option and an Investment Fluctuation Reserve (IFR) held to smooth out the value of the defined benefit assets against long term values. The investment reserves are valued annually by the actuary. The Board has not set a target amount of the reserve. The reserves are only used on the advice of the actuary or asset consultant. The Smoothed Option Investment Reserve is invested using the same strategy applied to the Smoothed Option assets of the Fund.

13. RESERVES (continued)

The investment reserve is split between defined benefit and defined contribution members as follows:

	2020	2019
	\$	\$
Smoothed Option Investment Reserve (defined contribution)	-	8,465,779
Defined Benefit Investment Fluctuation Reserve (defined benefit)	-	15,572,374
Total Investment Reserves	-	24,038,153

14. INSURANCE ACTIVITIES

The Fund provides death and disability benefits to its members. The Board has a policy in place with a third party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from defined contribution members and defined benefit members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets.

Defined contribution members insurance premiums are all deducted from the member's accounts.

Defined benefit members income protection premiums are deducted from member accounts as this is optional coverage for members, but death and disablement coverage is included in the defined benefit formula calculation.

The insurance premiums charged to members' accounts are recognised in the Statement of Changes in Member Benefits. Insurance premiums that are not deducted from member accounts but instead recovered through the defined benefit formula calculation are recognised separately in the Statement of Changes in Member Benefits:

The Board determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim;
- insurance premiums are only paid through the Fund for administrative reasons; and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

15. TAXATION

	2020	2019
	\$	\$
(a) Major components of tax expense		
Current income tax		
- Current tax charge	1,222,288	1,472,028
- Adjustment to current tax for prior period	8,942	(297,281)
Deferred income tax		
- Movement in temporary differences	(3,952,497)	1,254,910
Income tax expense	(2,721,267)	2,429,657
(b) Numerical reconciliation between income tax expense and net result before income tax		
Net result before income tax	(13,130,182)	55,180,661
Tax applicable at the rate of 15% (2019: 15%)	(1,969,527)	8,277,099
Tax effect of income/(losses) that are not assessable/(deductible) in determining taxable income		
- Investment income	(1,021,672)	(696,898)
- Discount capital gains	2,429,042	(1,022,251)
- Non assessable pension income	(60,905)	(1,145,561)
Tax effect of other adjustments		
- Imputation & foreign tax credits	(2,155,490)	(2,811,540)
- Expenses	48,343	126,089
- Over provision prior periods	8,942	(297,281)
Income tax expense/(benefit)	(2,721,267)	2,429,657
(c) Recognised in the Statement of Changes in Member Benefits		
Contributions, transfers in and insurance premiums recognised in the Statement of Changes in Member Benefits	42,719,705	38,800,046
Tax applicable at the rate of 15% (2019: 15%)	6,407,956	5,820,007
Tax effect of income/(losses) that are not assessable/(deductible) in determining taxable income		
- Member contributions & transfers In	(1,535,595)	(1,078,313)
- Insurance premiums	(392,251)	(431,581)
Income tax expense	4,480,110	4,310,113
Split in members benefits as follows:		
Contributions tax expense	4,872,362	4,741,694
Benefit on insurance premiums credited to members accounts	(2,517)	(71,440)
Benefit on insurance premiums credited to DB formula	(389,735)	(360,141)
Income tax expense	4,480,110	4,310,113

15. TAXATION (continued)

	2020	2019
	\$	\$
(d) Current tax liabilities		
Provision for current income tax		
Balance at beginning of year	2,214,520	3,390,204
Income tax paid – current period	(3,557,466)	(3,567,621)
Income tax paid – prior periods	(1,780,052)	(3,092,923)
Current years income tax expense	6,050,720	5,782,141
Over provision prior year	(434,468)	(297,281)
	2,493,254	2,214,520
(e) Deferred tax assets and liabilities		
Deferred tax asset		
Accrued expenses	55,186	55,705
Deferred tax liabilities		
Unrealised gains on investments	485,524	4,438,538
Contributions receivable	95,088	-
	580,612	4,438,538

Taxable and deductible temporary differences arise from the following:

	Opening balance	Charged to income	Closing balance
	\$	\$	\$
30 June 2020			
Gross deferred tax assets:			
Accrued expenses	55,705	(519)	55,186
Gross deferred tax liabilities:			
Unrealised gains on investments	4,438,538	(3,953,014)	485,524
Contributions receivable	-	95,088	95,088
Net deferred tax liabilities	4,382,833	(3,857,407)	525,426
30 June 2019			
Gross deferred tax assets:			
Accrued expenses	54,970	735	55,705
Gross deferred tax liabilities:			
Unrealised gains on investments	3,182,894	1,255,644	4,438,538
Net deferred tax liabilities	3,127,924	1,254,909	4,382,833

There were no unrecognised deferred tax assets at 30 June 2020 (2019: nil).

16. RECEIVABLES

	2020	2019
	\$	\$
Investment income receivables	15,987,236	11,844,770
Other receivables	20,869	106,175
GST receivable	9,911	5,274
Amount held in Escrow	-	236,361
Contributions receivable	639,508	-
	<u>16,657,524</u>	<u>12,192,580</u>

17. PAYABLES

	2020	2019
	\$	\$
Accounting fees	45,891	40,958
Actuarial fees	26,400	38,500
APRA fees	46,333	51,657
Audit fees	148,500	140,394
PAYG withholding tax	18,437	12,023
Sundry creditors	193,896	13,392
Overpaid Contributions refundable	24,603	-
	<u>504,060</u>	<u>296,924</u>

18. PROVISIONS

	2020	2019
	\$	\$
Employee Benefits:		
Annual leave payable	59,512	42,294
Long service leave payable	80,820	62,880
	<u>140,332</u>	<u>105,174</u>

19. NET RENTALS FROM DIRECTLY HELD PROPERTY

	2020	2019
	\$	\$
Rent received	400,812	2,965,227
Less investment property expenses	(386,260)	(2,035,220)
	<u>14,552</u>	<u>930,007</u>

20. OTHER OPERATING EXPENSES

	2020	2019
	\$	\$
Actuarial fees	69,257	57,166
Audit fees – external	156,621	140,394
Audit fees – internal	113,255	85,655
Board fees & allowances	44,332	59,900
Board elections	5,704	1,713
	389,169	344,828

21. EXPLANATORY STATEMENTS

(A) COMPARISON 2020 RESULTS TO 2019 RESULTS

	Actual 2020	Actual 2019	Variance
	\$	\$	\$
SUPERANNUATION ACTIVITIES REVENUE			
Interest revenue	2,210,047	3,148,861	(938,814)
Distributions from unit trusts	32,300,067	27,240,675	5,059,392
Net remeasurement changes in fair value	(45,166,227)	26,223,279	(71,389,506)
Net rent from directly held property	14,552	930,007	(915,455)
Other income	1,553,410	1,314,432	238,978
TOTAL REVENUE	(9,088,151)	58,857,254	(67,945,405)
EXPENSES			
Investment expenses	615,489	809,851	(194,362)
Administration expenses	3,037,373	2,521,914	514,459
Other operating expenses	389,169	344,828	44,341
TOTAL EXPENSES	4,042,031	3,676,593	365,438
RESULT BEFORE INCOME TAX	(13,130,182)	55,180,661	(68,310,843)
Income tax expense/(benefit)	(2,721,267)	2,429,657	(5,150,924)
RESULT AFTER INCOME TAX	(10,408,915)	52,751,004	(63,159,919)
Net change in DB member benefits	(5,607,163)	(34,442,921)	28,835,758
Net benefits allocated to DC members	4,870,132	(21,065,524)	25,935,656
NET RESULT	(11,145,946)	(2,757,441)	(8,388,505)
MOVEMENT IN MEMBERS BENEFITS			
Contributions & transfers in	42,719,705	38,800,046	3,919,659
Tax on contributions	(4,872,362)	(4,741,694)	(130,668)
Benefits paid	(32,921,834)	(34,106,456)	1,184,622
Insurance premiums charged to members	(16,779)	(476,266)	459,487
Income tax benefit on insurance premiums	2,517	71,440	(68,923)
Insurance premiums charged to DB formula	(2,598,230)	(2,400,939)	(197,291)
Income tax benefit on insurance premiums charged to DB formula	389,735	360,141	29,564
Death and disability benefits credited to members accounts	2,415,979	972,684	1,443,295
Reserve transfers to/(from) members	8,465,779	(894,637)	9,360,416
Net benefits allocated to members' accounts	(4,870,132)	21,065,524	(25,935,656)
Net change in defined member benefits	5,607,163	34,442,921	(28,835,758)
TOTAL MOVEMENT IN MEMBERS BENEFITS	14,321,541	53,092,764	(38,771,223)

21. EXPLANATORY STATEMENTS (continued)

(B) COMPARISON ACTUAL TO ESTIMATES

	Actual	Budget	Variance
	2020	2020	
	\$	\$	
SUPERANNUATION ACTIVITIES REVENUE			
Interest revenue	2,210,047	1,700,000	510,047
Distributions from unit trust	32,300,067	27,000,000	5,300,067
Net remeasurement changes in fair value	(45,166,227)	30,000,000	(75,166,227)
Net rentals from directly held property	14,552	300,000	(285,448)
Other income	1,553,410	1,410,000	143,410
TOTAL REVENUE	(9,088,151)	60,410,000	(69,498,151)
EXPENSES			
Investment expenses	615,489	700,000	(84,511)
Administration expenses	3,037,373	2,370,000	667,373
Other operating expenses	389,169	400,000	(10,831)
TOTAL EXPENSES	4,042,031	3,470,000	572,031
RESULT BEFORE INCOME TAX	(13,130,182)	56,940,000	(70,070,182)
Income tax expense/(benefit)	(2,721,267)	2,000,000	(4,721,267)
RESULT AFTER INCOME TAX	(10,408,915)	54,940,000	(65,348,915)
Net change in DB member benefits	(5,607,163)	-	(4,703,652)
Net benefits allocated to DC members	4,870,132	-	4,870,132
NET RESULT	(11,145,946)	54,940,000	(66,085,946)
MOVEMENT IN MEMBERS BENEFITS			
Contributions & transfers in	42,719,705	40,000,000	2,719,705
Contributions tax	(4,872,362)	(5,000,000)	127,638
Benefits paid	(32,921,834)	(30,100,000)	(2,821,834)
Insurance premiums charged to members	(16,779)	-	(16,779)
Income tax benefit on insurance premiums	2,517	-	2,517
Insurance premiums charged to DB formula	(2,598,230)	(2,700,000)	101,770
Income tax benefit on insurance premiums charged to DB formula	389,735	-	389,735
Death and disability benefits credited to members accounts	2,415,979	1,000,000	1,415,979
Reserve transfers to/(from) members	8,465,779	-	8,465,779
Net benefits allocated to members' accounts	(4,870,132)	-	(4,870,132)
Net change in defined member benefits	5,607,163	-	5,607,163
TOTAL MOVEMENT IN MEMBERS BENEFITS	14,321,541	3,200,000	11,121,541

21. EXPLANATORY STATEMENTS (continued)

(C) EXPLANATION OF SIGNIFICANT VARIANCES

The following notes apply only where a variance in either comparison (a) 2020 results to 2019 results or (b) actuals vary from the estimates is greater than 10%, are material and/or deemed significant in the context of the operations of the Fund.

Interest revenue

Interest was higher than the previous year and the current year budget as the Fund held more interest bearing investments during the year.

Distributions from unit trusts

Distributions vary from year to year and are dependent on the performance of the underlying unit trusts. The Fund is unable to control the trust distributions received from investment managers, they are determined solely by the investment manager based on their individual returns for the year.

Net remeasurement changes in fair value

Investment returns vary from year to year depending on the performance of investment markets. The negative changes in fair value (losses) was mainly related to the global pandemic impacting investment markets in the current financial year.

Net rentals from directly held property

The rent was less than budget as one of the properties was sold and the rent reduced for the other property during the year.

Other income

This represents fee rebates paid by investment managers and the rebates were higher than budget due to the Fund's increased exposure to unit trusts.

Administration expenses

The administration expenses were higher than 2019 and the budget due to additional consulting expenses relating to valuations and investment governance and higher data management expenses.

Income tax expense/(benefit)

The actual tax benefit for the year was \$2.7 million which was due to the investment losses during the year, whereas the budget was based on the Fund achieving positive investment returns and the Fund achieved positive returns for the 2019 year.

Contributions & transfers in

The increase in contributions from last financial year was primarily due to an increase in member voluntary contributions, action over which the Fund has no control.

Benefits paid

The decrease in benefits paid from last financial year was due to less members electing to rollover their superannuation entitlement to other superannuation funds, action over which the Fund has no control. However the cash benefits paid increased due to more members requesting benefits and the impact the Government's COVID-19 early release initiative.

22. CASH FLOW INFORMATION

	2020	2019
	\$	\$
(a) Reconciliation of cash flows from operating activities to result after tax		
Net result after tax	(11,145,946)	(2,757,441)
Net change in defined benefit member benefits	5,607,163	34,442,921
Net benefits allocated to defined contribution member accounts	(4,870,132)	21,065,524
Net changes in fair value of investments	45,166,227	(26,223,279)
Distributions reinvested	(20,405,453)	(15,459,490)
Fee rebates reinvested	(1,342,458)	(1,285,182)
Investment expenses	508,191	702,352
Change in fair value of other assets	19,196	-
(Increase)/Decrease in receivables	(4,095,849)	(5,133,603)
(Increase)/Decrease in deferred tax assets	4,209	(735)
(Increase)/Decrease in prepayments	213,817	548,978
Increase/(Decrease) in creditors and accruals	182,533	(168,525)
Increase/(Decrease) in employee entitlements	35,158	2,047
Increase/(Decrease) in current tax liabilities	189,951	(819,155)
Increase/(Decrease) in deferred tax liabilities	(3,953,014)	1,255,644
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	6,113,593	6,170,056
(b) Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	12,771,991	6,192,904

23. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Fund has determined that key management personnel include board members and other senior officers of the Fund.

Total compensation for key management personnel, comprising board members and other senior officers for the reporting period are presented within the following bands:

	2020	2019
Compensation of board members of the Fund		
\$0 - \$9,999	2	1
\$10,000 - \$19,999	1	3
\$20,000 - \$29,999	1	1
Compensation of other senior officers:		
\$220,000 - \$229,000	-	1
\$240,000-\$249,000	1	-

	2020	2019
	\$	\$
Short term employee benefits	263,735	263,374
Post employment benefits	26,823	28,896
Other long term benefits	16,980	444
Termination benefits	-	-
Total compensation of key management personnel	307,538	292,714

24. RELATED PARTIES

The Trustee of the Fund throughout the year was the Fire and Emergency Services Superannuation Board.

The members of the Board at 30 June 2020 and during the year then ended were:

Directors

Frank Sciarrone (Chairman)
 Kelly Wyeth
 Brian Longman
 Karen Lamont
 Kevin Jolly
 Brendon Shepherd (resigned 29 January 2020)
 Richard Burnell (appointed 26 March 2020, resigned 1 July 2020)
 Boyd Winton (appointed 1 July 2020)

Alternate Directors

Richard Burnell (resigned 25 March 2020, reappointed 1 July 2020)
 Tania Longman (resigned 18 August 2019)
 Paul Markovic

Related Party Transactions

There are 9 (2019: 9) members of the Board who were also members of the Fund. These members contribute to the Fund on the same terms and conditions as other members and are subject to the same terms and conditions as other Fund members.

During the year there were \$48,544 in retirement benefits paid to Board members or their relatives who were members of the Fund (2019: \$65,591).

Vantage Wealth Management is a related party of the Fund as Frank Sciarrone is both a member of the Board and a director of Vantage Wealth Management. Vantage Wealth Management received management fees of \$107,298 during the financial year (2019: \$107,499). There were no amounts payable at 30 June 2020 (2019: \$nil).

The Fund held an investment portfolio managed by Vantage Wealth Management totalling \$34,170,882 at 30 June 2020 (2019: \$34,747,212).

All transactions with Vantage Wealth Management are conducted on normal commercial terms.

24. RELATED PARTIES (continued)

Frank Sciarrone has been appointed by the Board as a director of Fresh Fields Projects (WA) No 1 Pty Ltd, a Joint Venture entity in which the Fund owns 50% of the ordinary shares, B and D Class redeemable preference shares (refer Note 6) and has provided secured bridging finance. Frank Sciarrone does not receive any remuneration in relation to this appointment at the Joint Venture entity.

Apart from the details already disclosed, no related parties have entered into a contract for services with the Fund since the end of the previous financial year and there were no contracts involving related parties existing at year end.

Sponsoring Employers

The following employers are sponsoring employers of the Fund:

- Department of Fire and Emergency Services of Western Australia;
- United Firefighters Union of Australian West Australian Branch;
- Western Australian Volunteer Fire and Rescue Service Association (inc); and
- Fire and Emergency Services Superannuation Board.

Contributions made to the Fund by these employers are disclosed in the Statement of Changes in Member Benefits. Contributions are made in accordance with the recommendations of the Fund's actuary.

25. AUDITOR'S REMUNERATION

	2020	2019
	\$	\$
Amounts paid or due and payable to Auditor General for the following services:		
• Audit of financial statements, controls and KPIs	127,631	127,631
• Other services	-	-
Amounts paid or due and payable to Ernst & Young for the following services:		
• Audit services – internal	113,255	85,564
• Other services	-	-
	240,886	213,195

26. COMMITMENTS

As at 30 June 2020, the Fund had commitments of \$14,028,695 (2019: \$23,626,508) in respect of uncalled capital payments relating to investments. The uncalled commitments relate to the Fund's private equity investments, property and infrastructure investments. Time bands cannot be placed on those commitments, as it is difficult to predict the exact timing and pace of capital calls for any commitment based investment. The Fund has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

27. COVID-19 IMPACT ON FINANCIAL STATEMENTS

The Board considered the following matters relating to the potential impact of the COVID-19 pandemic in the preparation of these financial statements and related disclosures.

- evaluation of any areas of judgment or estimation uncertainty;
- assessment and disclosure of the fair value of the Fund's assets and liabilities;
- adoption of significant assumptions and market inputs used in valuing the Fund's financial instruments;
- assessment and disclosures in relation to financial risk management, including stress testing scenarios which are an integral component of the Board's risk management framework to assess the potential impacts on the portfolio valuations and liquidity;
- review of external market communications, public forecasts and experience from previous economic downturns to identify potential impacts; and
- adoption of significant assumptions used to value the Fund's defined benefit member liabilities.

Key impacts of COVID 19 on the financial statements are summarised below.

VOLATILITY IN GLOBAL AND DOMESTIC INVESTMENT MARKETS

The sensitivity analysis of various financial risks, including the sensitivity in market risk for various asset classes is disclosed in Note 4. The sensitivity in the underlying markets has been derived through a blend of historical analysis and the views of management, the Fund's investment consultant and the Board. However, due to the nature of the pandemic there is a high degree of uncertainty regarding its ultimate impact on financial markets and it is therefore not possible to reliably determine the future impact, if any, COVID-19 may have on the Fund.

Fair value of financial instruments

The Fund reviewed the inputs to its valuation of financial instruments disclosed in Note 3 as well as performing out of cycle valuations to include a consideration of the impact of COVID 19. The impact of changes in valuation inputs has also been considered in terms of the classification of financial instruments in the fair value hierarchy, transfers within the fair value hierarchy and the Level 3 sensitivity analysis. The Fund's financial instruments include a portfolio of unlisted equity investments which, in accordance with the accounting policies disclosed, are measured at fair value as at reporting date.

Risk management

The risk management framework continues to be applied across the Fund's operations and management and the Board continues to monitor the impact of COVID 19 on the Fund's risk profile. Non financial risks emerging from global movement restrictions, and remote working by staff, counterparties and service providers, have been identified, assessed, managed and governed through timely application of the Board's risk management framework.

The Board considers liquidity to be impacted through a range of possible factors, including:

- Decreased contributions from members and employers;
- Increasing benefit payments through the Early Release Scheme; and
- Members shifting into cash or defensive investment options.

Management of liquidity risk is a key element of the Fund's investment processes. The approach to managing liquidity is outlined in Note 4 which is approved by the Board and implemented by management.

Measures implemented to monitor the effects of the pandemic on the Fund, include:

- continual management of the cash flow position;
- active management of each investment option in line with its long-term investment strategy;
- preparing for events that may affect liquidity; and
- frequent stress-testing the portfolios for a range of scenarios.

27. COVID-19 IMPACT ON FINANCIAL STATEMENTS (continued)

EARLY RELEASE OF SUPERANNUATION BENEFITS

On 22 March 2020 the Australian Government announced the COVID-19 Early Release of Superannuation Scheme (ERS) as a temporary measure to stimulate the Australian economy. The ERS allowed eligible members to access up to \$10,000 of their superannuation prior to 30 June 2020. Members withdrew \$247,715 in benefits under the ERS prior to 30 June 2020 which has been reflected in the benefits paid in the financial statements. Members are entitled to withdraw a second benefit payment of up to \$10,000 in the 2021 financial year, and the Fund has paid an additional \$254,000 in ERS benefits since 1 July 2020 up to the date of signing these financial statements.

DEFINED BENEFIT MEMBER LIABILITIES

The Fund reviewed the appropriateness of the significant assumptions used in its valuation of defined benefit member liabilities and disclosures of changes in these assumptions and the impact these may have on the defined benefit surplus as disclosed in Note 10.

28. SUBSEQUENT EVENTS

At the date of signing the financial statements, there is uncertainty on the likely duration and the ultimate impact of COVID-19 on financial markets.

Other than the matter outlined above, there have been no other events subsequent to balance date which would have a material effect on the Fund's financial statements at 30 June 2020.

Actuarial Opinion

This summary has been prepared as at 30 June 2020 for the purposes of Australian Accounting Standard AASB1056, for the Fire and Emergency Services Superannuation Board. The results in this summary should not be used for any purpose other than the preparation of financial statements in accordance with AASB1056.

Note that these results are prepared using the method and assumptions of the actuarial review as at 30 June 2020; and the net assets from the draft financial statements received 8 September 2020.

Results – Defined Benefit Member Liabilities (Defined Benefits DB and Supplementary Disability benefits SDB)

Accrued benefits (DB and SDB)*	\$374,942,418
Vested benefits (DB and SDB)	\$357,768,459

* Accrued benefits does not apply a vested benefits underpin

Statement of Financial Position

	2020	2019
NET ASSETS AVAILABLE FOR MEMBER BENEFITS	\$751,833,250	\$757,123,434
MEMBERS BENEFITS		
Defined contribution member liabilities	\$327,485,859	\$318,648,881
Defined benefit member liabilities (DB and SDB)	\$374,942,418	\$369,457,855
TOTAL MEMBER LIABILITIES	\$702,428,277	\$688,106,736
NET ASSETS	\$49,404,973	\$69,016,698
EQUITY		
Operational risk reserve	\$2,316,668	\$2,179,833
Smoothed option investment fluctuation reserve	\$0	\$8,465,779
Defined benefit investment fluctuation reserve	\$0	\$15,572,374
Supplementary disability benefits that are over/(under) funded	\$31,180,164	\$30,378,171
Defined benefits that are over/(under) funded	\$15,908,141	\$12,420,541
Unallocated surplus/(deficiency)	\$0	\$0
TOTAL EQUITY	\$49,404,973	\$69,016,698

Statement of Changes in Member Benefits

	2020	2019
DB and SDB member liabilities (BOY)	\$369,457,855	\$338,961,652
Actual benefit payments	-\$22,127,576	-\$25,409,510
Interest cost	\$16,127,733	\$21,206,698
Change in base salary inflation assumption	-\$6,548,522	-\$18,412,999
Change in investment return assumption	\$0	\$37,953,060
Addition accrual for 1 year	\$22,239,944	\$18,869,445
Experience	-\$4,207,016	-\$3,710,492
DB and SDB member liabilities (EOY)	\$374,942,418	\$369,457,855

Statement of Changes In Equity

	Operational risk reserve	Smoothed option investment fluctuation reserve ¹	Defined benefit investment fluctuation reserve ²	Supplementary Disability benefits over/(under) funded	Defined benefit over/(under) funded	Unallocated surplus/(deficiency)	Total equity
Opening balance as at 1 July 2019	\$2,179,833	\$8,465,779	\$15,572,374	\$30,378,171	\$12,420,541	\$0	\$69,016,698
Amount allocated from/(to) defined contribution members	\$0	-\$8,465,779	\$0	\$0	\$0	\$0	-\$8,465,779
Amount allocated from/(to) defined benefit members	\$0	\$0	-\$15,572,374	\$0	\$15,572,374	\$0	\$0
Operating profit / Experience	\$136,835	\$0	\$0	\$801,993	-\$12,084,775	\$0	-\$11,145,946
Closing Balance as at 30 June 2020	\$2,316,668	\$0	\$0	\$31,180,164	\$15,908,141	\$0	\$49,404,973

¹ During 2019/20 financial year the Smoothed option investment fluctuation reserve was fully allocated to defined contribution member accounts.

² During 2019/20 financial year the Defined Benefit investment fluctuation reserve was fully allocated to defined benefit assets

Member Liabilities

The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued to the reporting date. The amount of accrued benefits are valued using the present value of the expected future benefits arising from membership up to the reporting date. The valuation of accrued benefits is in respect of past service only and there is no account taken of benefits arising from future services. The accrued benefits are not subject to a minimum of the vested benefits.

The main assumptions used to determine the actuarial value of accrued benefits at the last review date were:

The future rate of investment return earned on the Fund's investments is assumed to be 4.5% pa (2019: 4.5% pa). The future rate of investment return is based on the expected investment return after taking into account the Fund's investment strategy for the assets backing its defined benefit liabilities as at the calculation date.

The future rate of salary increases is assumed to be 1.0% pa for the first three years and then 2.5% pa thereafter (2019: 1.5% pa first year, 2.5% pa thereafter) for basic salary increases plus an additional age based promotional scale which ranges from 6% at age 25 gradually reducing to 0% at age 55.

Key Assumptions	Base Case	Sensitivity Change	Accrued Benefits	Change	Change %
Discount Rate/ Investment Return	4.50%	+1% per annum	\$357,193,463	-\$17,748,955	-5%
		-1% per annum	\$395,507,646	\$20,565,228	5%
Salary increase	1.0% pa for the first three years and 2.5% pa thereafter plus promotional ¹	+1% per annum	\$395,476,456	\$20,534,038	5%
		-1% per annum	\$356,875,560	-\$18,066,858	-5%

¹ There is an additional age based promotional scale which ranges from 6% at age 25 gradually reducing to 0% at age 55.

Defined Benefits (DB and SDB)	2020			2019		
	DB \$	SDB \$	Total \$	DB \$	SDB \$	Total \$
Defined benefit liability for accrued benefits (DB and SDB)	374,942,418	0	374,942,418	369,448,318	9,537	369,457,855
Defined benefit assets (excluding investment fluctuation reserve) (DB and SDB)	390,850,559	31,180,164	422,030,723	381,868,859	30,387,708	412,256,567
Defined benefit accrued benefits overfunded by (DB and SDB)	15,908,141	31,180,164	47,088,305	12,420,541	30,378,171	42,798,712
Defined benefit vested benefits (DB and SDB)	357,768,459	0	357,768,459	346,458,056	9,537	346,467,593

Vested Benefits

	\$
Defined Contribution Vested Benefit	
Category A - Defined Benefit Members	80,046,098
Category A - Notional Accounts	-7,381,882
Accumulation Members (Category B and 1A)	28,007,402
Family Law	2,504,587
Spouse Accounts	20,414,237
Allocated Pensions	90,454,318
Term Account Based Pensions	519,027
Retained Members	112,922,071
Total defined contribution Vested Benefit	327,485,859
Defined Benefit Members (DB)	357,768,459
Supplementary Disability Benefit pensions in payment (SDB)	0
Total defined benefit Vested Benefit (DB and SDB)	357,768,459
Total Vested Benefit	685,254,318

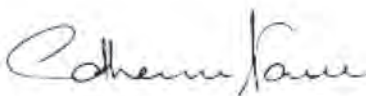
Reserves

	\$
Investment Fluctuation Reserves	
Smoothed Option Investment Fluctuation Reserve	0
Defined Benefit Investment Fluctuation Reserve	0
Total	0



Janice Jones

Fellow of the Institute of Actuaries of Australia
Authorised Representative (#283988) of
PricewaterhouseCoopers Securities Ltd



Catherine Nance

Fellow of the Institute of Actuaries of Australia
Authorised Representative (#265248) of
PricewaterhouseCoopers Securities Ltd

Budget Estimates 2020/21

Statement of changes in net assets	ESTIMATE
	\$
NET ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR	751,288,830
INVESTMENT REVENUE	
Trust Distributions	30,000,000
Interest	1,300,000
Changes in Net Market Value	28,000,000
Rental Income	400,000
Other Investment Revenue	1,500,000
CONTRIBUTION REVENUE	
Employer Contributions	35,000,000
Employee Contributions	4,000,000
Spouse Contributions	100,000
Transfers In	5,900,000
OTHER REVENUE	
Insurance Proceeds	1,500,000
Other	1,000
TOTAL REVENUE	107,701,000
EXPENSES	
Group Life Premiums	2,700,000
Direct Investment Expenses	1,101,000
General Administration Expenses	2,976,000
Benefit Payments	32,000,000
TOTAL EXPENSES	38,777,000
Changes in net assets before income tax	68,924,000
Income Tax Expense	7,030,000
Changes in net assets after income tax	61,924,000
NET ASSETS AT THE END OF THE FINANCIAL YEAR	813,182,830

Performance Indicators

FIRE AND EMERGENCY SERVICES SUPERANNUATION BOARD

CERTIFICATION OF KEY PERFORMANCE INDICATORS

In the opinion of the Board, the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Fire and Emergency Services Superannuation Board's performance, and fairly represent the performance of the Fire and Emergency Services Superannuation Board for the financial year ended 30 June 2020.



Frank Sciarrone
Chair
22 September 2020



Brian Longman
Board Member
22 September 2020

Key Performance Indicators

The Key Performance Indicators in this report are produced in order to evaluate the Board's performance in achieving its outcome and delivering its services. Included are key effectiveness and efficiency indicators required by the Financial Management Act 2006 and Treasurer's Instruction 904. The key effectiveness indicators provide information on the extent to which the agency level government desired outcome has been achieved through the production of the agreed service. The key efficiency indicators link the service the Board provides to the level of resource inputs required to produce them.

Outcome

The Board has statutory obligations under its enabling legislation to provide superannuation and other benefits (such as retirement products) for members employed by or formerly employed by the Department of Fire and Emergency Services, the United Fire Fighters Union of Western Australia, the Western Australian Volunteer Fire and Rescue Services Association (Inc.) and by the Board.

In meeting these obligations, the Board is required to act in the best interests of members. Its outcome is the 'improved long-term financial security for members'. The Board's outcome contributes to the government's goal of sustainable finances – responsible financial management and better service delivery.

The performance highlights section of the Annual Report includes other relevant measures that provide an overview of the Fund's performance during 2019/20.

Key Effectiveness Indicators

1. Member satisfaction with services provided by the Fire and Emergency Services Superannuation Board

Member satisfaction is an important measure in evaluating the Board's performance in achieving its outcome. With the internal sourcing of member services and administration, this measure enables the Board to ensure the high level of service provided to members is maintained.

Achieving member satisfaction through the provision of value-for-money products and services, engaging members in their superannuation and supporting members in making financial decisions relating to their superannuation illustrates how the Board helps members improve their long-term financial security.

Overall member satisfaction with the services provided by the Board was at 74% for active members and 90% for pension and retained members who had provided an email address for the 2019/20 financial year, against a target of 80%. The decrease in member satisfaction for active members was predominantly due to the structure of member entitlements.

There has been a substantial number of member enquiries in regards to the financial benefits of being a defined benefit member against an accumulation member of the Fund. The Board has commissioned an independent assessment to be conducted by the actuarial division of PriceWaterhouseCoopers that will inform the Board on the differences in the financial benefits, under various scenarios.

	Target % 2019/20	Actual % 2018/19	Target % 2018/19	Actual % 2017/18
Active Members who are fairly satisfied or extremely satisfied.	80	74	83	84
Pension and Retained Members who are fairly satisfied or extremely satisfied.	80	90	95	95

An additional 18% of active members and 7% of pension and retained members who had provided an email address reported being neither satisfied nor dissatisfied.

All members who supplied the Fund with an email address were surveyed in June 2020. Two versions of the survey were emailed to members: one survey focused on issues relevant to active members (i.e. members who contributed or whose employer contributed to the Fund at the time of the survey) and one survey focused on issues relevant to pension and retained members (i.e. members who were either drawing a pension from the Fund or whose employer was not contributing to the Fund at the time of the survey).

A total of 1,564 active members and 456 pension/retained members who provided an email address were included in the survey that resulted in a sample size of 347 (22%) active and 237 (52%) pension/retained members who responded to the survey. This generated a margin of error of $\pm 5\%$ for active members and $\pm 4\%$ for pension/retained members at the 95% confidence level.

2. Investment performance against objectives

Measuring investment performance against objectives is an important indicator in evaluating the Board's performance in achieving its outcome of 'improved long-term financial security for members'.

The investment objectives are developed in consultation with the Board's Actuary and Asset Consultant.

a) Performance of Defined Benefit section against its investment objectives

The assets of the defined benefit section of the Fund were segregated on 1 July 2013.

The primary investment objective of the defined benefit section of the Fund is to achieve investment returns of at least 2.0% per annum (net of tax and fees) above increases in final average salaries (FAS) over a rolling ten year period.

The table below shows the net performance along with the ten year FAS performance target.

Return Objective	Return Achieved %pa	Target Return %pa	Relative Performance %pa
2.0% per annum (net of tax and fees) above increases in final average salaries (FAS) over a rolling ten year period.	6.8	4.8	2.0

Note 1: The returns shown are net of tax and fees.

The secondary performance objective is to outperform the asset-weighted benchmark over rolling one, three and five year periods. Returns are measured after tax and fees. The asset class benchmarks are developed in consultation with the Actuary and Asset Consultant.

The table below shows the net performance along with one year, three year and five year performance targets.

One Year			Three Years			Five Years		
Net Return %	Target %	Relative Performance %	Net Return %pa	Target %pa	Relative Performance %pa	Net Return %pa	Target %pa	Relative Performance %pa
-0.6	3.1	-3.7	4.5	6.4	-1.9	5.0	6.1	-1.1

Note: The returns shown are net of tax and fees.

For the one, three and five year periods, the Defined Benefit section of the Fund has underperformed its target, mainly due to an overweight position to Equities which contributed negatively to relative performance against the target over the one year period.

b) Performance of the Accumulation section options against each investment objective

The objective of the Accumulation section is to deliver investment performance in excess of targets over specified rolling periods. More specifically, the objective for the:

- i. Smoothed, Growth and Moderate options is to deliver investment performance in excess of CPI targets over a rolling ten year period.
- ii. Cash, Australian Shares, International Shares and Fixed Interest Options are to deliver investment performance measured against indices over a one year period.

The table below shows the net performance along with the specified performance targets.

Investment Option	Investment Objective	Return Achieved %pa	Target Return %pa	Relative Performance %pa
Smoothed Option ("default" option)	To earn at least CPI + 4.0% per annum over a rolling ten year period.	6.8	5.8	1.0
Growth Option	To earn at least CPI + 4.0% per annum over a rolling ten year period.	7.1	5.8	1.3
Cash Option	To earn at least the benchmark return for Cash (Bloomberg Ausbond Bank Bill Index) over a rolling one year period.	1.0	0.7	0.3
Moderate Option	To earn at least CPI + 2.0% per annum over a rolling ten year period.	5.5	3.8	1.7
Australian Shares Option	To earn at least the benchmark return for Australian Shares (S&P/ASX 300 Accumulation Index) over a rolling one year period.	-9.1	-7.6	-1.5
International Shares Option	To earn at least the benchmark return for Overseas shares (MSCI World ex-Australia Index in \$AUD) over a rolling one year period.	3.8	4.5	-0.7
Fixed Interest Option	To earn at least the benchmark return for Australian Fixed Interest (Bloomberg AusBond Composite Bond Index) per annum over a rolling one year period.	2.5	3.6	-1.1

Note 1: The Investment Objectives are net of tax and fees.

Note 2: The returns shown are net of tax and fees.

The Fund's diversified options (Smoothed, Growth and Moderate) outperformed their investment objectives over the ten year period, reflecting strong investment returns from growth assets over the ten year period.

All of the Fund's other options, except for the Cash option, underperformed their investment objectives over the one year period, mainly due to the underperformance of a few of the Board's investment managers.

c) Performance of the Pension section options against each investment objective

The objective for the Pension Section is to deliver investment performance in excess of targets over specified rolling periods. More specifically, the objective for the:

- i. Smoothed, Growth and Moderate options is to deliver investment performance in excess of CPI targets over a rolling ten year period.
- ii. Cash, Australian Shares, International Shares and Fixed Interest Options are to deliver investment performance measured against indices over a one year period.

The table below shows the net performance along with the specified performance targets.

Investment Option	Investment Objective	Return Achieved %pa	Target Return %pa	Relative Performance %pa
Smoothed Option ("default" option)	To earn at least CPI + 4.0% per annum over a rolling ten year period.	7.5	5.8	1.7
Growth Option	To earn at least CPI + 4.0% per annum over a rolling ten year period.	8.1	5.8	2.3
Cash Option	To earn at least the benchmark return for Cash (Bloomberg Ausbond Bank Bill Index) over a rolling one year period.	1.2	0.8	0.4
Moderate Option	To earn at least CPI + 2.0% per annum over a rolling ten year period.	6.3	3.8	2.5
Australian Shares Option	To earn at least the benchmark return for Australian Shares (S&P/ASX 300 Accumulation Index) over a rolling one year period.	-9.1	-7.6	-1.5
International Shares Option	To earn at least the benchmark return for Overseas shares (MSCI World ex-Australia Index in \$AUD) over a rolling one year period.	4.3	5.2	-0.9
Fixed Interest Option	To earn at least the benchmark return for Australian Fixed Interest (Bloomberg AusBond Composite Bond Index) per annum over a rolling one year period.	2.9	4.2	-1.3

Note 1: The Investment Objectives are net of fees.

Note 2: The returns shown are net of fees.

The Fund's diversified options (Smoothed, Growth and Moderate) outperformed their investment objectives over the ten year period, reflecting strong investment returns from growth assets over the ten year period.

All of the Fund's other options, except for the Cash option, underperformed their investment objectives over the one year period, mainly due to the underperformance of a few of the Board's investment managers.

Key Efficiency Indicators

The Board provides members with access to superannuation, retirement products and a range of information resources.

Value is delivered to members by providing efficient and cost effective superannuation and retirement products and services with above market-average, risk controlled net returns and highly rated member services including member information services.

1. Average Administration cost per member account

The cost of administering member accounts is monitored closely. This measure reflects all costs the Board incurs for administering member accounts except investment-related costs.

	2015/16	2016/17	2017/18	2018/19	2019/20
Administration Cost – Target	\$1,056	\$1,043	\$1,160	\$1,142	\$1,172
Administration Cost – Actual	\$1,122	\$1,154	\$1,270	\$1,225	\$1,362

This is the average cost per member of administering the Fund. The administration cost is not charged to the member as a fee but is deducted from investment returns before earnings are applied to member accounts.

The higher than expected Administration Cost – Actual against the Target was due to extra consultancy costs as a result of Board training and data software upgrades.

2. Investment Management Expense Ratio

The cost of managing the Board's investments is closely monitored. In addition to direct investment management costs incurred by the Board, external specialist investment managers are appointed to invest funds in specific asset classes. Both internal and external management costs are included in determining this indicator to illustrate the full investment costs incurred by the Board.

Investment Management Expense Ratio	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20	Target 2019/20
Investment management costs as a percentage of portfolio mean value invested.	0.39%	0.36%	0.44%	0.36%	0.14%	0.14%

The Investment Management Expense Ratio – Actual against the Target was as forecasted.

Other Disclosures

Audit

The Office of the Auditor General audits the Board's Accounts and Performance Indicators under the provisions of the Financial Management Act 2006.

Trustee Indemnity Insurance

The Board Members and employees of the Board are covered by an indemnity insurance policy to cover possible claims made against them as Board Members and employees.

Compliance with the Electoral Act 1907

In accordance with Section 175ZE of the Electoral Act 1907 and Treasurer's Instruction 903, the Board is required to disclose details of expenditure incurred during the year in relation to the following items:

Advertising Agencies	Nil
Market Research Organisations	Nil
Polling Organisations	Nil
Direct Mail Organisations	Nil
Media Advertising Organisations	Nil

Publications

The Board produces various publications to help members understand their options and entitlements, and to encourage consolidation of superannuation accounts into the Fund. The Board's publications include:

- Product Disclosure Statement (Member Booklet);
- Member Newsletters;
- Report to Members;
- Annual Report;
- Annual Member Statements;
- Fire and Emergency Services Superannuation Act and Regulations; and
- Actuarial Statements (summary).

Freedom of Information (FOI)

Under section 96 of the Freedom of Information Act 1992, the Board is required to publish an information statement that provides background on the operations of the Board, describes the documents held and the way in which the public can access information. It is the aim of the Board to make information available promptly and at the least possible cost.

The Board received no FOI applications during the 2019/20 financial year.

Member Complaints

The Board has procedures in place to deal with any query or complaint a member may raise in relation to their superannuation. All complaints must be in writing and addressed to the Fund Secretary.

There were two formal complaints received during the 2019/20 financial year.

External Complaints Tribunal

If a member is not satisfied with the handling of a complaint or the Board's decision, they may be able to make a complaint to the Australian Financial Complaints Authority (AFCA).

AFCA is an independent body set up by the Federal Government to assist members and beneficiaries to resolve complaints made by:

1. Fund members;
2. Persons with an interest in a death benefit; and
3. Parties (and intending parties) to a Family law agreement or order affecting superannuation.

AFCA will advise the complainant if they are able to deal with the complaint and, if so, the type of information that is required.

If a complaint is lodged directly with AFCA before it is raised with the Fund, AFCA will generally refer the complaint to the Fund to consider the matter within specified timeframes.

For more information on AFCA and the type of information that must be provided, contact 1800 931 678 for the cost of a local call anywhere in Australia.

If assistance is required to make a complaint, please contact the Fund Secretary.

Recordkeeping Plan

In compliance with the State Records Act 2000 the Board's Recordkeeping Plan provides an accurate reflection of the Board's recordkeeping systems, disposal programs, policies and procedures.

The Board's Recordkeeping Plan was approved by the State Records Commission on 17 March 2017.

Governance Disclosures

At the date of reporting, Vantage Wealth Management is a related party of the Fund as Frank Sciarrone is both a member of the Board and a director of Vantage Wealth Management.

The Fund held an investment portfolio managed by Vantage Wealth Management totalling \$34,170,882 at 30 June 2020. Vantage Wealth Management received management fees of \$107,298 during the 2019/20 financial year.

All transactions with Vantage Wealth Management are conducted on normal commercial terms and conditions.

Frank Sciarrone has been appointed by the Board as a director of Fresh Fields Projects (WA) No. 1 Pty Ltd, a joint venture entity in which the Fund owns 50% of ordinary shares, B and D Class redeemable preference shares and has provided secured bridging finance. Frank Sciarrone does not receive any remuneration in relation to this appointment at the joint venture entity.

Apart from these arrangements, no other related parties have entered into a contract for services with the Fund.

Ministerial Directions

No Ministerial directives were received during the financial year.

Derivatives

The Fund does not invest directly in any futures, options or other derivative instruments.

Investment managers are permitted to use futures, options and other derivative instruments to assist with the effective management of the Fund's assets. These instruments may not be used to gear the assets of the Fund. Derivatives may be used to improve liquidity, control risk, enhance returns, and/or provide more cost-effective exposure to certain asset classes or risk premia.

Surcharge

Any payments in connection with the superannuation contributions surcharge or advanced instalments of the surcharge will be drawn from the member's account.

Other Financial Disclosures

Pricing policies of services provided

The Fund charges a fee for administering accounts associated with the accumulation, spouse, retained and pension accounts. These fees are deducted from member accounts, investment returns and Fund assets and are based on the actual costs incurred during the previous financial year.

The costs for administering the defined benefit section of the Fund are factored into the employer's contribution rate.

Capital Works

No capital works were undertaken during the 2019/20 financial year and no capital works are planned for the next financial year.

Occupational safety, health and injury management

The Board is committed to occupational, safety, health and injury management. All employees are regularly consulted on occupational safety and health matters.

Indicator	2020	2019
Number of fatalities	Zero (0)	Zero (0)
Lost time injury/disease (LTI/I) incidence rate	Zero (0)	Zero (0)
Lost time injury severity rate	Zero (0)	Zero (0)
Percentage of injured workers returned to work within 28 weeks	Zero (0) workers injured.	Zero (0) workers injured.

Employment and Industrial Relations

STAFF PROFILE

Employment Status	2020	2019
Full-time permanent	2	2
Full-time contract	0	0
Part-time measured on a FTE basis	2.4	2.4
Part-time contract	2	1
On secondment	0	0

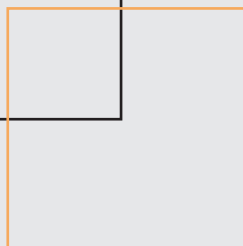
Staff development

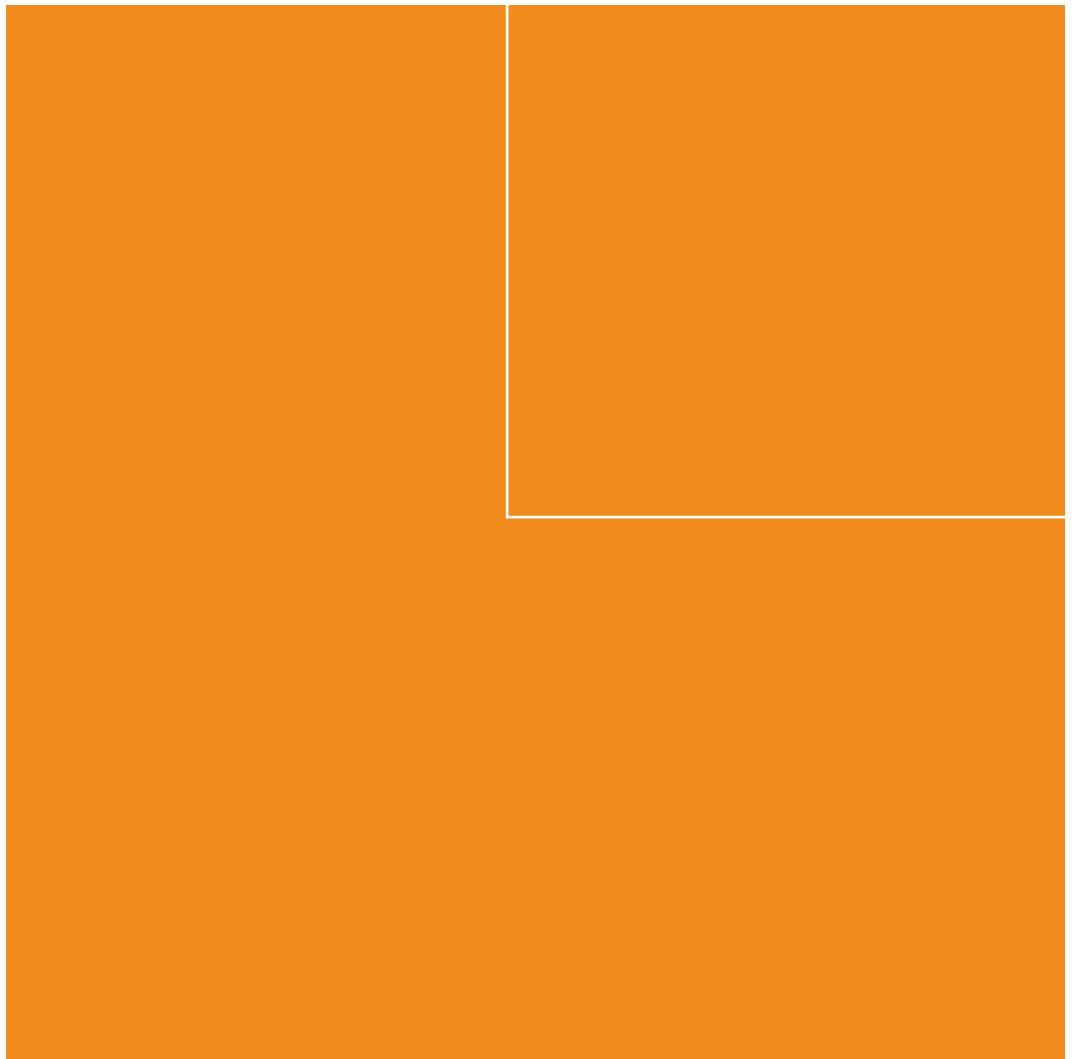
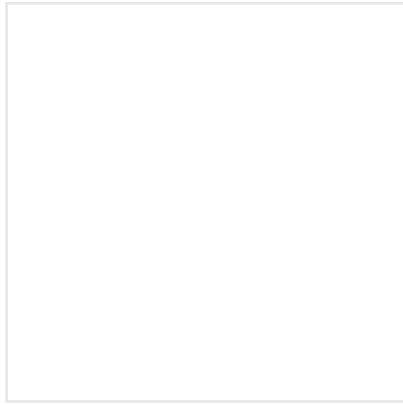
The Board has a commitment to the development of its employees. Our strategy is to build a highly skilled workforce with the ability to adapt to changing business technology and a changing superannuation environment.

During the 2019/20 financial year, our employees received in-house and on-the-job training on:

- Protecting Your Super rules;
- Fraud Awareness;
- Anti-Money Laundering and Counter-terrorism Financing Rules Awareness; and
- Code of Conduct.

Notes





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