



Fire & Emergency Services
Superannuation Fund

Report to members
2023



Investment Market Update

2022/23 Financial Year Economic Commentary

The start of the financial year was characterised by heightened volatility with inflation, the actions of central banks and concerns about slowing economic growth having the largest impact on the direction of markets. Geopolitical events and China's actions with respect to COVID-19 also had an impact.

Rhetoric from global central banks (most notably, the US Federal Reserve) reconfirmed their commitment to further interest rate increases to lower inflation (even at the expense of slowing economic growth) which caused markets to sell off over August and September. COVID-19 restrictions in China and the downturn in China's housing market also negatively impacted markets.

As we moved into the December 2022 quarter, signs that the peak levels of inflation had been (or were close to being) reached, prompted central banks to pivot in their approach and slow the pace of interest rate increases. In conjunction with the re-opening of China and continued easing of COVID restrictions, these factors resulted in equity markets rallying over October and November, however, December represented a disappointing end to the calendar year with investors having few places to hide as traditional safe-haven assets such as bonds fell in tandem with equities.

Over the six months to 30 June 2023, equity markets saw strong gains while fixed interest markets were also positive. Inflation continued to trend downwards and appeared to have peaked in most developed countries. Central banks slowed the pace of interest rate increases against a backdrop of easing inflation and signs of weakening economic activity.

During the first quarter of 2023, financial distress at a California-based regional bank culminated in the second largest US bank failure in history. Two other US regional banks went into administration, while outside of the US, the takeover of Credit Suisse by UBS was another significant event. Bond yields fell sharply during March as distress emerged in the finance sector while the prospect that these events would act as an inhibitor to a further tightening in monetary conditions contributed to strength in equity markets.

Moving into the second quarter of 2023, growth assets experienced strong positive returns while fixed income produced generally flat or slightly negative returns. A growing focus on the positives from artificial intelligence saw technology stocks lead equity market higher. The global economy continued to show resilience despite tighter credit conditions and this resilience combined with tapering inflation, contributed to a level of growing optimism that a damaging recession may be avoided.

Looking forward, volatility is expected to remain elevated while the market gets clarity on where global central bank interest rates will peak. Economic growth will slow as the full impact of rate rises feed through the economy and it is expected that the tightness in labour markets will also begin to ease. Equity and Bond returns over the coming financial year will likely be influenced by how long interest rates remain at their current elevated levels with more subdued equity returns expected in the coming financial year.

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

The year in brief

How well did the Fund perform?

The Board declared an annual crediting rate for the Smoothed investment option for 2022/23 of **10.6%**. The declared annual crediting rate for the Smoothed investment option for 2022/23 for pension accounts was **11.6%**.

For the past five years to 30 June 2023, the Fund has averaged a 'smoothed' investment return of **6.2%pa**. Since the Fund's inception in 1978, the smoothed investment return has averaged **9.1%pa**. The table below shows the returns (what the investments actually earned) and the declared crediting rates for each period shown.

Fund Earning Rate v Declared Crediting Rate 'smoothing'

	Fund Earning Rate	Declared Crediting Rate*
2019	7.8%	7.8%
2020	-0.9%	2.7%
2021	14.5%	14.5%
2022	-3.9%	-3.9%
2023	10.6%	10.6%
3 Year average (pa)	6.9%	6.9%
5 Year average (pa)	5.5%	6.2%
10 Year average (pa)	6.7%	6.7%

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

Fund Statistics as at 30 June 2023

Membership	2022/23	2021/22
Current Members	1,628	1,640
Retained Members	447	426
Pensioners	326	306
Spouse Accounts	134	134
Total	2,535	2,506

Benefits Paid	2022/23	2021/22
	\$	\$
Total	57,116,578	40,773,028

Contributions	2022/23	2021/22
	\$	\$
Member	6,758,826	8,445,710
Salary Sacrifice	13,689,032	13,889,522
Employer	20,859,089	21,070,260
Spouse	12,750	237,450
Transfers In	6,252,253	5,306,420
Total	47,571,950	48,949,362

The Trustees

YOUR SUPER FUND IS ADMINISTERED BY A BOARD

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

The Fire and Emergency Services Superannuation Board members at 30 June 2023 were:

Employer Appointed

Mr Boyd Winton (Chairman) – Investment Professional

Mr Richard Burnell – Retired DFES Executive Director

Ms Karen Lamont – Human Resources Professional

Member Elected

Mr Michael Bailey – Senior Firefighter

Mr Kevin Landwehr – Station Officer

The Board is responsible for managing the Fund

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

What does a Board Member do?

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

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

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

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

Review of Operations**TAXATION AND COMPLIANCE**

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

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

AMENDMENTS TO THE ACT AND REGULATIONS

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

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

MEMBER INSURANCE

The Board insures with AIA Australia Limited to cover members against Death, Total and Permanent Disablement and Income Protection both on and off the job to age 65 years.

OPERATIONAL RISK FINANCIAL REQUIREMENT (ORFR)

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

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

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

The effect of this action taken by the Board is that all members will be financially protected if an operational risk event occurs in the Fund in the future. No operational risk events occurred in the Fund during the 2022/23 financial year.

SEGREGATION OF ASSETS

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

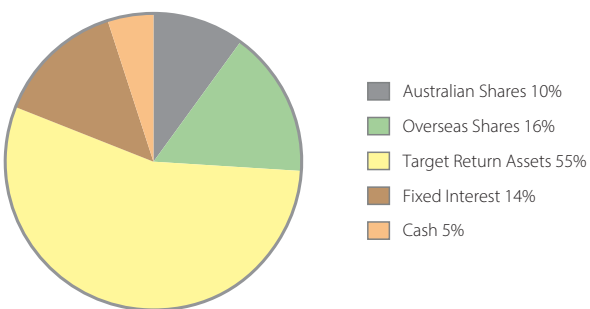
The Board accepted actuarial advice that the long term viability of the defined benefit section requires investment earnings at least 2% per annum greater than the growth of average salaries.

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

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

The percentage distribution within each type of investment and the performance as at 30 June 2023 for the defined benefit section is shown in the following charts.

DEFINED BENEFIT ALLOCATION



DEFINED BENEFIT PERFORMANCE

Defined Benefit Return ¹	8.3%
FAS +2%pa ²	2.8%
Benchmark Return	9.8%

¹ Performance is for the one year to 30 June 2023.

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

Further Information

PRODUCT DISCLOSURE STATEMENT

The Fund's Product Disclosure Statement (PDS) is the legal document which describes how superannuation works and has information on the Fund's benefits, fees, the risks associated with the product, how we invest your money and your insurance cover. The PDS was last issued by the Board on 1 January 2022 and a copy is available on request from the Board office or on our website.

NEWSLETTERS

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

THE ACT, REGULATIONS AND ACTUARIAL STATEMENTS

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

ANNUAL REPORT

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

ANNUAL BENEFIT STATEMENTS

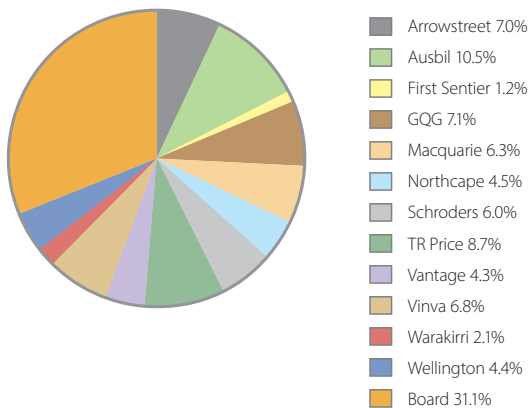
Members are sent an Annual Benefit Statement each year and upon request.

Investments

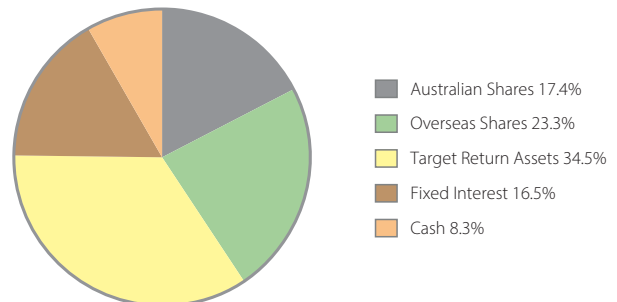
Where are the Assets invested?

The external fund managers are listed in the Directory on the last page of this report. The percentage distribution of assets with the managers and within each type of investment as at 30 June 2023 is shown in the following charts.

INVESTMENT OF ASSETS AT 30 JUNE 2023



DISTRIBUTION OF ASSETS AT 30 JUNE 2023



HOW THE 'SMOOTHED' INVESTMENT RETURN IS CALCULATED

The rate applied to accumulation accounts depends on:

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

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

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

CHOOSING AN INVESTMENT STRATEGY

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

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

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

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

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

Member Investment Choice Option Returns

SMOOTHED OPTION

Purpose	To provide a competitive growth investment with smoothed investment returns on a year-to-year basis.										
Objective	To earn at least the Consumer Price Index (CPI) plus 3% per annum over a rolling 10 year period, net of tax and fees.										
Strategy	Invest approximately 80% in shares/target return assets and 20% in cash/fixed interest.										
Strategic asset allocation	<table> <tr> <td>Australian Shares</td> <td>20%</td> </tr> <tr> <td>Overseas Shares</td> <td>30%</td> </tr> <tr> <td>Target Return</td> <td>30%</td> </tr> <tr> <td>Fixed Interest</td> <td>17%</td> </tr> <tr> <td>Cash</td> <td>3%</td> </tr> </table>	Australian Shares	20%	Overseas Shares	30%	Target Return	30%	Fixed Interest	17%	Cash	3%
Australian Shares	20%										
Overseas Shares	30%										
Target Return	30%										
Fixed Interest	17%										
Cash	3%										
Expected frequency of a negative annual return	<p>No more than three negative annual returns (after smoothing) in any 20 year period (on average). It has a medium to high level of risk.</p> <p>Historically, the Smoothed Option has produced a lower frequency of negative returns. This is due to the use of an investment fluctuation reserve in which a portion of the Fund's earnings in this investment option are set aside in the good investment years (i.e. when returns are high) in order to supplement returns in poor investment years (i.e. when the markets may lose money).</p>										

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

Asset Classes	Ranges	Allocation as at 30 June 2023	Allocation as at 30 June 2022	Crediting Rates	Accumulation Account	Pension Account
Australian Shares	15%-35%	21%	29%	2018/2019	7.8%	8.7%
Overseas Shares	15%-35%	33%	30%	2019/2020	2.7%	3.0%
Target Return	5%-45%	24%	22%	2020/2021	14.5%	15.7%
Fixed Interest	5%-40%	17%	17%	2021/2022	-3.9%	-4.3%
Cash	0%-20%	5%	2%	2022/2023	10.6%	11.6%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	6.9%	8.7%	7.6%	8.7%
5 Years (pa)	6.2%	7.1%	6.9%	7.1%
7 Years (pa)	6.8%	6.8%	7.5%	6.8%
10 Years (pa)	6.7%	6.5%	7.5%	6.5%

CASH OPTION

Purpose	To protect members' capital at all times.
Objective	To earn investment returns competitive with other cash investments, net of tax and fees, over rolling 12 month periods.
Strategy	Invest in cash or other short-term investments such as bank deposits and fixed term deposits.
Strategic asset allocation	Cash 100%
Expected frequency of negative return	Not expected in any one year period.

Asset Classes	Ranges	Allocation as at 30 June 2023	Allocation as at 30 June 2022	Crediting Rates	Accumulation Account	Pension Account
Australian Shares	0%	0%	0%	2018/2019	1.5%	1.9%
Overseas Shares	0%	0%	0%	2019/2020	0.8%	1.1%
Target Return	0%	0%	0%	2020/2021	0.1%	0.2%
Fixed Interest	0%	0%	0%	2021/2022	0.1%	0.2%
Cash	100%	100%	100%	2022/2023	2.4%	2.9%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	1.0%	0.9%	1.2%	1.0%
5 Years (pa)	1.2%	1.0%	1.4%	1.2%
7 Years (pa)	1.4%	1.1%	1.7%	1.3%
10 Years (pa)	1.9%	1.4%	2.2%	1.7%

MODERATE OPTION

Purpose	To earn higher investment returns than cash while maintaining a conservative approach so the risk of capital losses in any one year remains low.										
Objective	To earn at least the Consumer Price Index (CPI) plus 2% per annum over a rolling 10 year period, net of tax and fees.										
Strategy	Invest approximately one half in shares/target return assets and one half in cash/fixed interest.										
Strategic asset allocation	<table> <tr> <td>Australian Shares</td> <td>12%</td> </tr> <tr> <td>Overseas Shares</td> <td>18%</td> </tr> <tr> <td>Target Return</td> <td>35%</td> </tr> <tr> <td>Fixed Interest</td> <td>25%</td> </tr> <tr> <td>Cash</td> <td>10%</td> </tr> </table>	Australian Shares	12%	Overseas Shares	18%	Target Return	35%	Fixed Interest	25%	Cash	10%
Australian Shares	12%										
Overseas Shares	18%										
Target Return	35%										
Fixed Interest	25%										
Cash	10%										
Expected frequency of negative return	No more than three negative annual returns in any 20 year period (on average). It has a low to medium level of risk.										

Asset Classes	Ranges	Allocation as at 30 June 2023	Allocation as at 30 June 2022	Crediting Rates	Accumulation Account	Pension Account
Australian Shares	0%-30%	13%	14%	2018/2019	6.3%	7.1%
Overseas Shares	0%-30%	20%	18%	2019/2020	-0.2%	0.0%
Target Return	0%-30%	35%	38%	2020/2021	9.9%	10.8%
Fixed Interest	10%-50%	25%	24%	2021/2022	-3.6%	-3.9%
Cash	10%-50%	7%	6%	2022/2023	7.5%	8.4%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	4.6%	7.4%	5.1%	7.4%
5 Years (pa)	4.0%	5.5%	4.5%	5.5%
7 Years (pa)	4.8%	5.1%	5.4%	5.1%
10 Years (pa)	4.9%	4.7%	5.5%	4.7%

AUSTRALIAN SHARE OPTION

Purpose	To provide a diversified investment in Australian shares.
Objective	To earn at least the benchmark return for Australian shares (S&P/ASX 300 Accumulation Index), net of tax and fees, over a rolling 10 year period.
Strategy	Invest all of the assets in the Australian share market.
Strategic asset allocation	Australian Shares 100%
Expected frequency of negative return	No more than six negative annual returns in any twenty year period (on average). It has a high level of risk.

Asset Classes	Ranges	Allocation as at 30 June 2023	Allocation as at 30 June 2022	Crediting Rates	Accumulation Account	Pension Account
Australian Shares	90%-100%	100%	100%	2018/2019	8.7%	8.8%
Overseas Shares	0%	0%	0%	2019/2020	-9.3%	-9.3%
Target Return	0%	0%	0%	2020/2021	30.2%	30.2%
Fixed Interest	0%	0%	0%	2021/2022	-5.0%	-5.0%
Cash	0%-10%	0%	0%	2022/2023	14.3%	14.4%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	12.4%	11.1%	12.5%	11.1%
5 Years (pa)	7.1%	7.1%	7.1%	7.1%
7 Years (pa)	9.2%	8.9%	9.4%	8.9%
10 Years (pa)	8.6%	8.5%	9.2%	8.5%

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

Purpose	To provide a diversified investment in international shares.
Objective	To earn at least the benchmark return for international shares (MSCI World ex-Australia Index in \$AUD), net of tax and fees, over a rolling 10 year period.
Strategy	Invest all of the assets in international shares.
Strategic asset allocation	Overseas Shares 100%
Expected frequency of negative return	No more than six negative annual returns in any twenty year period (on average). It has a high level of risk.

Asset Classes	Ranges	Allocation as at 30 June 2023	Allocation as at 30 June 2022	Crediting Rates	Accumulation Account	Pension Account
Australian Shares	0%	0%	0%	2018/2019	11.8%	13.7%
Overseas Shares	90%-100%	100%	100%	2019/2020	3.6%	4.1%
Target Return	0%	0%	0%	2020/2021	18.3%	21.3%
Fixed Interest	0%	0%	0%	2021/2022	-9.7%	-11.1%
Cash	0%-10%	0%	0%	2022/2023	15.6%	18.1%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	7.4%	10.6%	8.7%	12.2%
5 Years (pa)	7.6%	9.1%	8.9%	10.4%
7 Years (pa)	9.6%	10.2%	11.2%	11.7%

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

Purpose	To provide a diversified investment in Australian Fixed Interest.
Objective	To earn at least the benchmark return (Bloomberg Ausbond Composite Bond Index), net of tax and fees, over a rolling 10 year period.
Strategy	Invest all of the assets in Australian Fixed Interest.
Strategic asset allocation	Fixed Interest 100%
Expected frequency of negative return	No more than two negative annual returns in any twenty year period (on average). It has a low to medium level of risk.

Asset Classes	Ranges	Allocation as at 30 June 2023	Allocation as at 30 June 2022	Crediting Rates	Accumulation Account	Pension Account
Australian Shares	0%	0%	0%	2018/2019	5.8%	6.9%
Overseas Shares	0%	0%	0%	2019/2020	2.3%	2.8%
Target Return	0%	0%	0%	2020/2021	1.1%	1.3%
Fixed Interest	90%-100%	100%	100%	2021/2022	-5.2%	-6.1%
Cash	0%-10%	0%	0%	2022/2023	2.2%	2.6%

Performance against Objective	Accumulation Account	Objective	Pension Account	Objective
3 Years (pa)	-0.5%	-3.0%	-0.6%	-3.5%
5 Years (pa)	1.4%	0.4%	1.6%	0.5%
7 Years (pa)	1.8%	0.7%	2.1%	0.8%

Financial information

The charts below show the abridged financial information based on the unaudited Financial Statements of the Fund for the year ended 30 June 2023. The full audited Financial Statements and the Auditor General's opinion will be included in the Annual Report.

NET ASSETS AVAILABLE TO PAY BENEFITS AS AT 1 JULY 2022

843,839,256

Inflow 2022/2023

Employer Contributions	20,859,089
Salary Sacrifice Contributions	13,689,032
Member Contributions	6,758,826
Spouse Contributions	12,750
Investment Revenue	86,015,156
Transfers	6,252,253
Other Revenue	2,242,589
Total	135,829,695

Outflow 2022/2023

Benefits Paid	57,116,578
Group Life Premiums	2,695,357
Administration Expenses	3,730,291
Investment Expenses	593,499
Taxation	12,318,867
Total	76,454,592

NET ASSETS AVAILABLE TO PAY BENEFITS AS AT 30 JUNE 2023

903,214,359

AT 30 JUNE 2023 THE ASSETS OF THE FUND ARE REPRESENTED BY

ASSETS

Investments	911,678,408
Other Assets	172,226
Total Assets	911,850,634
Liabilities	8,636,276
Net Assets	903,214,359

Fund Statistics (as at 30 June)

WORKING MEMBERS

	2023	2022	2021
Members at start of period	1,640	1,619	1,603
New members	100	151	138
Exits	112	130	122
Members at end of period	1,628	1,640	1,619

BENEFIT ENTITLEMENTS

	2023	2022	2021
Death	1,104	750	1,938
Retirements (includes Redundancies)	26,999	25,639	13,641
Total Disablement	8,057	11,473	9,727
Partial Disablement	2,453	1,058	3,509
Resignation	5,231	5,350	2,867
TOTAL	(\$,000) 43,844	44,270	31,682

PENSIONERS

	2023	2022	2021
Number of Pensioners	326	306	291
Balance of Accounts	(\$,000) 128,758	108,525	102,033

RETAINED MEMBERS

	2023	2022	2021
Number of members	447	426	401
Balance of Accounts	(\$,000) 146,116	138,234	136,469

SPOUSE ACCOUNTS

	2023	2022	2021
Number of members	134	134	140
Balance of Accounts	(\$,000) 29,904	25,570	28,124

OTHER

	2023	2022	2021
Administration Expenses	(\$,000) 3,730	3,708	3,241
Investment Income	(\$,000) 88,642	(13,426)	113,545
Net Fund Crediting Rate (Smoothed)	10.6%	-3.9%	14.5%

Changes to Superannuation from 1 July 2023

The upcoming financial year will see more changes to the superannuation rules.

INCREASE IN SUPER GUARANTEE PERCENTAGE

From 1 July 2023, the percentage rate for the Super Guarantee (SG) increases from 10.5% to 11.0%. Employers are required to contribute additional money into their employees' super accounts in line with the higher SG percentage rate.

The SG rate will continue rising 0.5% each year until it reaches its final rate of 12% on 1 July 2025.

INCREASE TO THE TRANSFER BALANCE CAP (TBC) FROM \$1.7 MILLION TO \$1.9 MILLION

The limit on the total amount of super that you, as an individual, can transfer to a retirement income stream will increase by \$200,000, meaning you can now transfer up to \$1.9 million, up from \$1.7 million.

HOW THE INCREASED TRANSFER BALANCE CAP MAY IMPACT YOUR TOTAL SUPERANNUATION BALANCE

Your total super balance is the total amount of super you have with all super funds (not just FES Super) as calculated by the ATO on 30 June each year, based on reports from your super fund(s). Non-concessional (or after-tax) contributions are the payments you can make into your super that come from money that has already had tax deducted, i.e. your take-home pay or savings outside of super.

If your total super balance is equal to or greater than the current transfer balance cap, your non-concessional contribution cap will be zero. This means you won't be able to make any after-tax contributions to super.

From 1 July 2023, the transfer balance cap increases to \$1.9 million. This means that if your total superannuation balance is less than \$1.9 million, you will be able to make non-concessional contributions. Doing so will result in an increase to the total super balance you can have when utilising bring-forward arrangements.

Bring-forward arrangements allow you to contribute three years' worth of non-concessional contributions in less than three years, provided you have completed any previous three-year arrangement. The bring-forward arrangements from 1 July 2023 are:

- If you have a total super balance of \$1.68 million or less, you can make non-concessional contributions of up to \$330,000 by bringing forward the caps over a three-year period.
- If you have a total super balance of more than \$1.68 million but less than \$1.79 million, you can contribute up to \$220,000 by bringing forward the caps over a two-year period.
- If you have a total super balance of more than \$1.79 million but less than \$1.9 million, you can contribute up to \$110,000 (no bring-forward period, as the general non-concessional contributions cap applies).
- But if you have \$1.9 million or more, you're no longer eligible to contribute non-concessional contributions or access the bring-forward rule.

INCREASE TO THE LOW RATE CAP (TAXED ELEMENT) FROM \$230,000 TO \$235,000

If you are between your preservation age and 60, retired, and want to access your super, from 1 July 2023 the amount of taxable super you can withdraw without paying tax will increase from \$230,000 to \$235,000.

INCREASE TO GOVERNMENT CO-CONTRIBUTIONS CAPS

Super co-contributions are Government contributions made automatically to the super funds of eligible low- and middle-income earners to help boost their retirement savings.

From 1 July 2023, if you earn between \$43,445 (previously \$42,016) and \$58,445 (previously \$57,016) and pay extra into your super by making what is known as an after-tax contribution, then you may now be eligible to receive government contributions to your personal super fund.

YOUR SUPER ONLINE!

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

The website provides the following general information:

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

Other information

ACTUARIAL INVESTIGATION

Each year, an actuarial review of the Fund is carried out to establish the financial position of the Fund and to determine the level of employer contributions required to adequately provide for members' benefits. The Actuary has completed the review of the Fund as at 30 June 2023 and has reported that *"the Fund is currently in a satisfactory financial position as at 30 June 2023 as measured by the coverage of vested benefits by assets"*.

The Fund uses a 'vested benefits index' as a means of valuing the Fund and determining the amount of money required to fund the benefit payments of active members.

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

SPECIAL TAX TREATMENT

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

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

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

INACTIVE LOW-BALANCE ACCOUNT

To protect accounts from fee erosion, inactive low-balance accounts will be transferred to the Australian Taxation Office (ATO). Generally, a super account is an inactive low-balance account if the following criteria are met:

- no amount has been received by the Fund for crediting to your account for your benefit within the last 16 months;
- the account balance is less than \$6,000;
- you have not met a prescribed condition of release; and
- there is no insurance on the account.

However, the account will not be an inactive low-balance account if any of the following have occurred in the last 16 months:

- you have changed your investment options;
- you have elected to maintain insurance in your account;
- you have made changes to your insurance coverage;
- you have made or amended a binding beneficiary nomination; or
- you have given the Fund a written notice electing not to be a member of an inactive low-balance account.

Funds are required to identify inactive low-balance accounts on 30 June and 31 December each year and then report and pay them to the ATO.

CHECK YOUR SUPER

You can manage your super using the ATO online services through myGov. This enables you to:

- view details of all your super accounts, including lost or unclaimed amounts;
- consolidate eligible multiple accounts (including any ATO held super) into one account; and
- withdraw your ATO held super where you have met certain conditions of release.

Before consolidating your accounts, you should check with your fund to see if there are fees or whether you will lose important insurance such as life, total and permanent disability, and income protection.

WHAT TO DO IF YOU HAVE A COMPLAINT?

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

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

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

3. If you do not receive a response to your complaint within 90 days, are not satisfied with the handling of your complaint or the Board's decision, you may be able to make a complaint to the Australian Financial Complaints Authority (AFCA).
4. AFCA's contact details are:

Australian Financial Complaints Authority
 GPO Box 3
 MELBOURNE VIC 3001
 Phone: 1800 931 678
 Website: www.afca.org.au
 Email: info@afca.org.au

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

- Fund members;
- persons with an interest in a death benefit; and
- parties (and intending parties) to a Family law agreement or order affecting superannuation.

AFCA will advise you if it is 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.

Please contact AFCA for more information.

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

LIKE TO KNOW MORE?

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

- the Act and Regulations;
- the latest audited accounts and auditor's report;
- the Fund's internal inquiries and complaints procedures; and
- a summary of the latest Actuarial report.

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

RESERVES

A Federal Government requirement is that all superannuation funds detail movements in reserves for the past three years. The Superannuation Board maintains a number of reserves. These reserves provide the Superannuation Board with access to funds to protect members' interests and mitigate the impact of an adverse event regarding the operational, insurance and investment activities of the Fund.

Statement of changes in reserves for the year ended 30 June 2023

	Operational Risk Reserve	SDB Reserve	Smoothed Option Investment Reserve	Defined Benefit Investment Reserve	Total Reserves
Balance at 30 June 2020	2,316,668	31,180,164	0	0	33,496,832
Movement	21,757	4,736,199	0	0	4,757,956
Balance at 30 June 2021	2,338,425	35,916,363	0	0	38,254,788
Movement	257,436	1,038,7610	0	0	1,296,197
Balance at 30 June 2022	2,595,861	36,955,124	0	0	39,550,985
Movement	84,807	3,580,336	0	0	3,665,143
Balance at 30 June 2023	2,680,668	40,535,459	0	0	43,216,128

Operational Risk Reserve

The Superannuation Board established this reserve on 1 July 2013 in response to the operational risk financial requirement introduced by the Australian Prudential Regulation Authority (APRA). The purpose of this reserve is to provide funding for incidents where material losses may arise from operational risks relating to the Fund. This reserve is invested in term deposit.

SDB Reserve

The Supplementary Disablement Benefit (SDB) Reserve is held to fund supplementary disablement claims for members. The employer contributes 1% of salaries. An actuarial review is completed every 3 years for the SDB Reserve to determine the value. This reserve forms part of the defined benefit investment strategy 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 a Defined Benefit Investment Reserve held to smooth out the value of the defined benefit assets against long term values. These are valued annually by the Actuary.

Directory

FIRE AND EMERGENCY SERVICES SUPERANNUATION BOARD

242 Rokeby Road, SUBIACO WA 6008

BOARD MEMBERS:

Employer Appointed

Boyd Winton - Chairman
Richard Burnell
Karen Lamont

Member Elected

Michael Bailey
Kevin Landwehr

MINISTER

Treasurer – Hon Rita Saffioti MLA

FUND SECRETARY

Adrian Rutter

ACTUARY

Nathan Bonarius – PricewaterhouseCoopers

INSURER

AIA Australia Limited

ACCOUNTANT

Sharyn Long Chartered Accountants

BANKER

Commonwealth Bank of Australia

AUDITORS

Auditor General (WA)

INVESTMENT MANAGERS

Acure Asset Management

Level 18, 140 St George's Terrace, PERTH WA 6000

Arrowstreet Capital

50 Martin Place, SYDNEY NSW 2000

Ascot Capital

37 Stirling Highway, NEDLANDS WA 6009

Ausbil Investment Management

Level 27, 225 George Street, SYDNEY NSW 2000

Blackoak Capital

Level 3, 22 Delhi Street, WEST PERTH WA 6005

Centaur Property

Suite 2, 234 Churchill Avenue, SUBIACO WA 6008

First Sentier

Level 5, 300 Barangaroo Avenue, SYDNEY NSW 2000

GQG Partners

Level 2, 88 Collins Street, MELBOURNE VIC 3000

Hall & Prior

16-18 Mayfair Street, WEST PERTH NSW 6005

Harvis Capital

Level 9, 190 St George's Terrace, PERTH WA 6000

Macquarie Group

Level 7, 50 Martin Place, SYDNEY NSW 2000

Northcape Capital

Level 24, 45 Clarence Street, SYDNEY NSW 2000

Primewest Management Limited

Level 1, 307 Murray Street, PERTH WA 6000

Schroders Investment Management Australia

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

T Rowe Price

Level 50, 1 Farrer Place, SYDNEY NSW 2000

Vantage Wealth Management

Level 1, 7 Havelock Street, WEST PERTH WA 6005

Vinva Investment Management

Level 27, 259 George Street, SYDNEY NSW 2000

Wellington Management Company

Level 30, 180 George Street, SYDNEY NSW 2000

CORRESPONDENCE

The Secretary

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

Phone: (08) 9382 8444

Email: admin@fessuper.com.au

DISCLAIMER

The Trustee of the Fire and Emergency Services Superannuation Fund does not guarantee or represent the information in this document is up to date or complete and disclaims liability for all claims, losses, damages, costs, or expenses of whatever nature, howsoever occurring which arise as a result of reliance upon the information, regardless of the form of action whether in contract, tort (including negligence), breach of statutory duty, or otherwise.

GENERAL ADVICE WARNING

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

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