Regular Triennial Actuarial Investigation Report to the Trustee of the

Super Directions Fund - Bundaberg Sugar Superannuation Plan

Valuation Date: 1 June 2021

Date of Report: 26 November 2021

Aon Solutions Australia Limited
ABN 48 002 288 646
AFSL No 236667

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Executive Summary

Superannuation regulations and the Trust Deed of the Super Directions Fund - Bundaberg Sugar Superannuation Plan (the Plan) require that the Plan undergo a regular triennial actuarial investigation. This report has been prepared in order to comply with these provisions.

The sponsor of the Plan is Bundaberg Sugar Ltd (the Employer) and the Trustee is N.M. Superannuation Proprietary Limited (the Trustee).

Financial condition

A snapshot of the financial condition of the Plan as at 1 June 2021 is set out below.

	Defined Benefits only	Total Plan	Comments
Vested Benefits Index	115.2%	105.8%	▪ The Plan remains in a satisfactory financial position. ▪ The Plan's Vested Benefit Index for Defined Benefits is above the Shortfall Limit of 100.0%.
Actuarial Value of Accrued Benefits Index	117.0%	106.4%	▪ The Plan remains in an adequate financial position. ▪ The Plan had a surplus on this basis of $1,161,539
Minimum Requisite Benefits Index	124.2%	108.7%	▪ The Plan was solvent in relation to its Minimum Requisite Benefits.

See Sections 4 and 5 for more information on the financial condition of the Plan.

Significant changes since the prior regular triennial actuarial investigation

Below is an explanation of changes or events that have occurred since the last regular triennial actuarial investigation report and that had a significant effect on this regular triennial actuarial investigation.

Significant events

<u>Significant reduction in DB membership</u>

There were significant number of members who left the Plan which are mostly due to anticipated normal retirement (11 members) and early retirement (12 members). Given the Plan was in a good financial position during the period when these terminations occurred and that these terminations are within expectation, the Plan was able to pay the benefits due to these members without any additional contribution required from the Employer.

In addition to these expected retirements, we were informed by the Employer that one of the mills closed in October 2020 resulting in four more DB members leaving the Plan due to redundancy. Redundancy benefit payments are in accordance with the Plan rules and there were no recalculations of benefits required that were considered a notifiable event. The Plan had sufficient surplus to pay these benefits at the time the mill closure occurred and was able to pay the benefits due to impacted members without any additional contribution required from the Employer.

Despite these payments, the Plan remains in a good financial position.

Change in master fund and Trustee

Effective 15 May 2020, the Plan changed master fund and Trustee as AMP consolidated superannuation funds. All members' benefits in the SignatureSuper product were transferred from the AMP Superannuation Savings Trust by way of a successor fund transfer to N.M. Superannuation Proprietary Limited as trustee of the Super Directions Fund. This had no impact in the financial position of the Plan.

Return on Plan assets higher than expected

The return on Plan Assets was higher than expected for the period since the last triennial actuarial investigation specifically for the 12 months prior to 1 June 2021, due to the good performance of investment markets. This has had a positive impact on the value of the Plan Assets and therefore, in isolation, on the funding position.

There were no other significant events for this Plan that had a significant effect on this regular triennial actuarial investigation.

Significant changes to the Plan benefits

There were no significant changes to the Plan benefit structure.

Employer contribution recommendations

I recommend that the Employer pays contributions to the Plan at the rates set out in the table below:

Category	**Employer Rate (% pa of salaries[1])**	
	1/6/2021 to 31/12/2021	**1/1/2022 onwards**
A	SG + 1.0%[2]	Nil[2]
C	SG + 4.0%[2]	Nil[2]
E	SG - 3.0%[3]	Nil[3]
S	SG + Employer Additional account contributions	
I & W	SG	

[1]The Superannuation Guarantee (SG) contribution rate is to be paid based on Ordinary Time Earnings (excluding bonus) and the balance of the contribution rate is paid on the Superannuation Salary. Where there is a contribution holiday, the SG contribuition amount (based on Ordinary Time Earinings excluding bonus) and the Employer Additional account contribution based on Superannuation Salary will be credited from the reserve assets.

[2] This includes Employer Additional account contributions, which is currently 1% for Category A and 4% for Category C.

[3] There is a 3% of Ordinary Time Earnings contribution paid to another complying superannuation fund for these members.

In addition, the following contributions are also payable:

- Member contributions (or member deemed contributions) as a percentage of Superannuation Salary as defined in the Trust Deed for the relevant Category; and
- SG on bonus, if applicable (only required where the OTE salary (excluding bonus) is under the maximum contributions base).

The new recommended rates from 1 January 2022 are lower than those currently being paid.

The above contribution recommendation has considered the financial position as at 1 June 2021 and subsequent investment performance to 13 November 2021.

The Employer Superannuation Guarantee contributions must be paid and/or loaded to members' accounts by the 28th day of the month following the month to which they relate. The Employer contributions in respect of Accumulation members must be paid by the 28th day of the month following the quarter end.

For illustration, the long-term Employer Defined Benefit contribution rates without considering the Plan's current financial position (ie surplus) are as shown in the table below:

Category	Employer rate (% pa of salaries[1])[2,3]
A	23.4%
C	17.7%
E	10.6%

[1]The Superannuation Guarantee contribution rate is based on Ordinary Time Earnings and the balance of the contribution rate is paid on the Superannuation Salary.

[2] Defined Benefit member contributions as defined in the Trust Deed for the relevant Category are paid in addition.

[3] This includes Employer Additional account contributions for Categories A and C.

Please refer to Section 4 for details.

Shortfall Limit recommendations

I have reviewed the Shortfall Limit of 100.0% and propose that the Trustee change the Shortfall Limit to 99.0%. The reason for the change is that there was a change to the proportion of "growth oriented" assets from 52% to 64% supporting the Defined Benefit liabilities and that there was an increase in the proportion of Defined Benefit liabilities that are salary related benefits from 12% to 35%.

Please refer to Section 5 for details.

Insurance recommendations

I have reviewed these formulae and confirm that, in my view, they remain appropriate and the current insurance arrangements should be maintained.

Please refer to Section 6 for details.

Investment recommendations

In my opinion, the retention of the current investment strategy is appropriate to meet the long-term liabilities of the Plan including the projected lump sum benefits of Defined Benefit members on termination of employment or on reaching their Normal Retirement Date and converting to the Plan's Accumulation category.

As noted in the last triennial actuarial investigation report as at 1 June 2018, there are two investment pools for Defined Benefit related assets which remains the same at the valuation date:

- AMP Balanced Growth option: Defined Benefit members' additional accounts that are defined benefit related (ie Employer Defined Benefit Additional Account, Family Law Offset Account and Surcharge Account) are allocated to this investment option.
- AMP Moderate Growth option: All other Defined Benefit related monies are in this option.

I note that the asset balance of the AMP Balanced Growth option is more than the sum of the Defined Benefit related additional accounts due to the unallocated Defined Benefit assets which were invested in this investment option historically.

I recommend that the Trustee consider rebalancing the current holdings for Defined Benefit related assets. Any amounts other than the Defined Benefit related additional accounts should be transferred to the AMP Moderate Growth Option to maintain growth exposure at the previously agreed level. In addition, a change in the cashflow split of processing any expenses should be considered to reflect the new asset allocation after rebalancing.

For more information refer to Appendix C.

Crediting rate recommendations

I have reviewed the crediting rate policy for the Plan and confirm that, in my view, it remains appropriate and should be maintained. For more information refer to Appendix C.

Monitoring recommendations

I have reviewed the current practice of carrying out the regular actuarial investigation on a triennial basis and confirm that, in my view, it remains appropriate based on the current and expected financial position over the next five years.

Actuarial assumptions

There have been changes to the actuarial assumptions since the previous regular triennial actuarial investigation. For more information refer to Section 3.

Material risks

The majority of the Defined Benefit members' benefits are effectively accumulation-based and dependent on investment earnings, due to the Minimum Requisite Benefit underpin. This means that:

- any changes in the investment strategy of Defined Benefit related assets will impact the members' benefits; and
- overall long-term Employer contribution rates are not particularly sensitive to investment strategy changes.

Changing the asset allocation of the Defined Benefit related assets to a less risky strategy would be appropriate to further minimise the volatility of the assets and liabilities of the Plan. Note that as at 1 June 2021, the Plan remains fully funded and with the benefit design, where most members will receive an accumulation-style benefit, the Plan's funding position should be less volatile. The Trustee should consider the impact to the Plan if they wish to change the investment strategy of the Defined Benefit related assets to a more conservative allocation, as this will probably provide lower benefit payments to the members, since expected long term investment returns are likely to be lower.

Please refer to Section 8 for details.

Next actuarial investigation

The next regular triennial actuarial investigation of the Plan should be carried out with an effective date of 1 June 2024.

An annual funding valuation may need to be carried out at an earlier date if one or more of the notifiable events within the Funding and Solvency Certificate occur prior to that date as advised by the Trustee and/or Employer (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the actuary advises the Trustee in writing that such an event does not constitute a notifiable event).

Disclaimer

The calculations provided in this report are based on a number of assumptions. The assumptions used are best estimates only and may not be borne out in practice. It is therefore important to review the calculations in the light of actual experience and obtain regular updates.

Saffron Sweeney

Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
26 November 2021

Section 1 – Introduction

Purpose of the Regular Triennial Actuarial Investigation

The reasons for this regular triennial actuarial investigation are:

- to satisfy the requirements of Superannuation Prudential Standard (SPS) 160 which requires a regular actuarial investigation to be carried out once every three years;
- to review the Plan's financial position as at 1 June 2021 (the Effective Date);
- to examine the Plan's immediate solvency and funding indices;
- to recommend appropriate Employer contribution rates so that the Plan remains in a satisfactory financial position and in order to satisfy the Trust Deed requirements;
- to review the basis for insuring death and disability benefits; and
- to comment on any aspect of the Plan that may assist with improving its objectives.

The main provisions of the Plan that relate to benefits and contributions are set out in Appendix A.

Name of Actuary

This regular triennial actuarial investigation was carried out as at 1 June 2021 by Saffron Sweeney, of Aon Solutions Australia Limited, Fellow of the Institute of Actuaries of Australia. The previous regular triennial actuarial investigation was also completed by Saffron Sweeney as at 1 June 2018. The results are shown in the report dated 26 November 2018.

Compliance with the standards of the Institute of Actuaries of Australia

This report satisfies the requirements of the Professional Standards (including Professional Standards 400, 402 and 404) and Practice Guideline 1 published by the Institute of Actuaries of Australia and Superannuation Prudential Standard (SPS) 160.

Reliance and Limitations in the Report

There have been no restrictions or limitations placed on me in providing the recommendations in this report.

This report is intended for the sole use of the Trustee and Employer for the purposes set out in this report. It may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other reasons than the intended purpose, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the Trustee, should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Solutions Australia Limited (ABN 48 002 288 646, AFSL No 236667) or Aon.

Previous investigation results

The results of the previous investigations were as follows:

	Regular Triennial Actuarial Investigation as at 1 June 2018		
A surplus/(deficit) of Assets over the Actuarial Value of Accrued Benefits	$698,491		
An excess/ A (deficiency) of Assets over the Vested Benefits	$628,883		
Summary of the recommended Employer contribution for DB members	**Category**	**From 1/6/2018 to 31/3/2019**	**From 1/4/2019 onwards**
	A	25.80%[1]	SG + 1.0%[1]
	B	19.70%[1]	SG + 4.0%[1]
	C	19.90%[1]	SG + 4.0%[1]
	E	12.10%[2]	SG – 3.0%[2]

[1]This includes the Employer Additional account contributions.

[2]There is a 3% of Ordinary Time Earnings contribution paid to another complying superannuation fund for these members.

The average long-term Employer contribution rate was 16.3% pa of Defined Benefit members' superannuation salaries as at 1 June 2018.

Contributions have been paid in accordance with the above recommendations since the last regular triennial actuarial investigation to the date of this report.

Section 2 – The Plan's Experience

This section considers the assumptions used in the previous regular triennial actuarial investigation as at 1 June 2018 and the experience of the Plan relative to these assumptions.

The main factors affecting the Plan's financial position during the period since the previous triennial actuarial investigation as at 1 June 2018 were as follows:

	Assumptions at the previous triennial investigation	Plan Experience	Impact on the financial position of the Plan (when considered in isolation)
Investment Returns[1]	▪ 5.0% pa	▪ 6.8% pa ▪ Above the equivalent average return of funds with a similar investment strategy which was 6.3% pa[2]	Favourable effect: The Defined Benefit assets increased at a higher rate than assumed. The Plan earned higher returns than other funds with a similar investment mix.
Salary Increases[3]	▪ 3.5% pa	▪ [redacted]	Favourable effect: The Defined Benefit liabilities increased at a lower rate than assumed.
Average Employer Contribution rate[4]	▪ Long-term rate of 16.3% pa	▪ Recommended rate based on member Category and period	Unfavourable effect: The Defined Benefit assets increased at a lower amount than the long-term cost of providing the defined benefits. As recommended, the Defined Benefit contribution rates were at a lower rate than the long-term cost of providing the defined benefits.
Expenses and Insurance Premiums[5]	▪ 2.5% pa for Expenses ▪ 0.4% pa for Death and TPD insurance premiums ▪ 0.6% pa for SCI insurance premiums	▪ 1.1% pa for Expenses ▪ 0.4% pa for Death and TPD insurance premiums ▪ 0.7% pa for SCI insurance premiums	Favourable effect: The Defined Benefit assets, on average, have paid less expenses and premiums than assumed.

[1]net of investment expenses and tax
[2]based on the SuperRatings Fund Crediting Rate survey issued as at 31 May 2021
[3]for existing Defined Benefit members over the investigation period
[4]% of Defined Benefit members' salaries
[5]Assumption was based on total Defined Benefit salaries.

The other factors affecting the Plan's financial position during the period since the previous regular triennial actuarial investigation include:

- Membership movements:
  - Exits: 27 Defined Benefit members left the Plan during the triennial actuarial investigation period, which is higher than that assumed in the previous investigation. Of the 27 members that left the Plan, 11 were due to normal retirement, 12 were due to early retirement and 4 were due to redundancy. Note that all members who left the Plan due to redundancy were over age 60 at date of termination.

    Overall, more benefits paid were more than the amounts reserved and therefore, in isolation, this has led to an unfavourable effect on the financial position of the Plan.

The overall experience of the Plan during the regular triennial actuarial investigation period has had a positive effect on its financial position.

Section 3 – Assumptions

As part of this regular triennial actuarial investigation, I have analysed the method and assumptions used in the previous regular triennial actuarial investigation as at 1 June 2018. Where appropriate I have maintained these methods and assumptions, however most have changed in light of the experience discussed in Section 2 of this report and after consideration of changes in market expectations. The actuarial method used is described in Appendix D.

Interest/Salary Differential

The most significant financial assumptions used in a regular triennial actuarial investigation are the rate of future investment returns and the rate of future salary increases. These rates must be considered together because of their economic interdependence in the medium to long-term.

While the absolute level of assumed investment returns is relevant in any regular triennial actuarial investigation, the critical factor is the relationship that this rate has with the assumed rate of salary increase. The difference between the two figures is the Interest/Salary Differential. For this investigation I have used an Interest/Salary Differential assumption of 1.5% pa as shown in the table below. Therefore, the Interest/Salary Differential is the same as used in the previous regular triennial actuarial investigation. The overall impact of these assumptions, in isolation to all others, is that the Actuarial Value of Accrued Benefits slightly increased and the long-term contribution rate has slightly increased.

	Net investment return (pa)	Salary increase rate (pa)	Differential (pa)
Assumption as at 1 June 2018	5.00%	3.50%	1.50%
Assumption as at 1 June 2021	4.50%	3.00%	1.50%

These assumptions have taken into account the long-term outlook of economic conditions, in particular:

- The investment return assumption was derived using long term assumptions for each asset class net of tax as determined by Aon's global investment team, multiplied by the strategic asset allocation of the Defined Benefit related assets (based on approximately 59% in the AMP Moderate Growth option and approximately 41% in the AMP Balanced Growth option) and allowing for correlations of investment returns between asset classes and investment fees;
- We expect that inflation will remain under control at around the RBA target of 2% pa to 3% pa. We have assumed CPI will be 2.3% pa.
- The long term outlook for investment returns being somewhat lower than those earned in the last three years; and
- The salary increase rate assumption was determined based on the Employer's expectations and past experience.

Demographic assumptions

The Death and TPD assumptions have been updated from the last regular triennial actuarial investigation based on the overall experience of Master Trusts in the Australian market, Plan experience and current membership profile. The impact of this change in isolation is to create a small increase in the liabilities.

The assumptions for leaving service and early retirement have been updated from the last regular triennial actuarial investigation based on the overall experience of Master Trusts in the Australian market, Plan experience and current membership profile. The impact of this change in isolation is to create a small increase in the liabilities.

Specimen rates of leaving through various causes which have been used in this regular triennial actuarial investigation and the previous regular triennial actuarial investigation are shown in the following table:

Number of exits per 10,000 members

	1 June 2021			**1 June 2018**		
Age Last	**Resignation**	**Death & Disablement**	**Retirement**	**Resignation**	**Death & Disablement**	**Retirement**
30	1,000	9	0	1,500	6	0
35	1,000	11	0	1,333	8	0
45	500	30	0	667	20	0
50	500	62	0	667	42	0
55	0	130	1,000	0	88	2,000
60	0	250	2,400	0	164	3,000
65	0	0	10,000	0	0	10,000

* exact age

No allowance has been made for retrenchment which is consistent with the last triennial actuarial investigation. Note that there is a specific retrenchment benefit for the Plan equal to the greater of the Discounted Accrued Retirement benefit and Resignation benefit with full vesting of 150% for all active Defined Benefit members. Please refer to Appendix A for details. As at 1 June 2021, the retrenchment benefits are equal to the leaving service benefit for all members.

Expenses and Insurance Premiums

The operating expenses and insurance premiums of the Plan are met from the Assets of the Plan, and as such, the regular triennial actuarial investigation requires a specific allowance to be made to meet these costs. The assumed expenses and insurance premiums for this investigation and the previous investigation are shown in the table below.

	1 June 2018	**1 June 2021**
Operating expenses (% pa of Defined Benefit members' salaries)	2.5% pa	1.6% pa^
Death and TPD insurance premiums (% pa of Defined Benefit members' salaries)	0.4% pa	0.5% pa
Salary Continuance Insurance premium (% pa of Defined Benefit members' salaries)	0.6% pa	0.7% pa
Total expense and insurance premium assumption	**3.5% pa**	**2.8% pa**

^ As the assumption is based on total expected Defined Benefit salaries averaged over the next three years, the impact of having fewer Defined Benefit members means that the expenses as a percentage of total Defined Benefit salaries increases. Also note that the quarterly administration fee was removed from September 2020 and this has resulted in a reduction to the expenses assumption.

The overall expenses and insurance premiums assumptions have decreased from the previous regular triennial actuarial investigation to reflect the expected expenses over the next three years**.**

Premiums for any voluntary insurance cover are deducted from Defined Benefit members' accounts and are not funded by the Plan Assets therefore no assumption is required for this cover.

Accumulation members' expenses and insurance premiums for Death/TPD and SCI insurance are deducted from members' accounts, and therefore the assumptions above do not incorporate the cost associated with Accumulation members' expenses and insurance premiums.

The impact of this change in total expense and insurance premiums assumption in isolation has decreased the long-term contribution rate.

Tax

There have been no changes to our assumptions regarding tax since the last regular triennial actuarial investigation. These assumptions are set out below.

Contribution rates for future service benefits include an allowance for the current 15% tax on Employer contributions, net of deductible expenses.

For the purpose of meeting funding requirements, we have made the following assumptions:

- No allowance has been made in the projections for the impact of the surcharge (up to 30 June 2005 but not assessed before 1 June 2021), or withholding tax due to members not providing their Tax File Number to the Trustee, or excessive contributions tax levied on the member where the member has elected the Plan to pay it on their behalf, if not assessed before 1 June 2021;
- No allowance has been made for the additional 15% tax on contributions for high-paid individuals or any excessive contributions tax levied. It is assumed that benefits will be adjusted (via additional accumulation accounts) for affected members to meet these tax amounts assessed;
- No adjustment has been made to the non-concessional contributions, if any, of members where their total superannuation benefit exceeds $1.7 million;
- The Trustee has made a decision in relation to the tax deductibility rules for after-tax contributions from 1 July 2017 in a way that would not lead to a funding implication for Defined Benefit members; and
- That the SG Rate is paid without limitation (ie not limited to the SG maximum salary base) for Defined Benefit members.

Overall effect of changes in assumptions

Overall, the changes have slightly increased the Present Value of Accrued Benefits and decreased the expected long-term cost of providing Defined Benefits to the members of the Plan.

Section 4 – Actuarial Value of Accrued Benefits

I have adopted the actuarial method and assumptions described in Section 3 and in Appendix D of this report to determine the present value of past and future liabilities and Employer contributions in relation to Defined Benefit members. The results of the regular triennial actuarial investigation are detailed in the following table and both the assets and liabilities include the Accumulation member account balances and additional accounts for the Defined Benefit members.

Actuarial Value of Accrued Benefits (past service)	**Total ($)**
Retirement	[redacted]
Death & Disablement	[redacted]
Resignation	[redacted]
Total of Defined Benefit related liabilities	[redacted]
Additional accounts for Defined Benefit members*	[redacted]
Accounts for Accumulation members**	[redacted]
Actuarial Value of Accrued Benefits	[redacted]
Assets**	[redacted]
Surplus/(Deficit)	**1,161,539**

* Family law offset accounts, surcharge accounts and Employer Additional accounts for Defined Benefit members.

** Accumulation members' accounts and Defined Benefit members' additional accounts except those that are included in the Defined benefit related addtional accounts.

Use of excess reserves

The excess of assets over Actuarial Value of Accrued Benefits equates to the surplus of Assets held by the Plan. It is useful to hold a small surplus to protect the Plan from minor fluctuations in asset values and to ensure Vested Benefits are covered.

Total assets exceeded the Actuarial Value of Accrued Benefits as at 1 June 2021 by $1,161,539. This is equivalent to 17.0% of Defined Benefit liabilities (ie excluding accumulation members' benefits and Defined Benefit members' additional accounts) and 90.0% of total Defined Benefit salaries. Any excess can be used to suspend all Employer contributions from 1 January 2022 for Defined Benefit members. Defined Benefit member after tax contributions and any deemed member contributions which are paid on their behalf by the Employer should continue to be paid at the calculated rate.

Analysis of changes in financial position since the last regular triennial actuarial investigation

The following table quantifies the various impacts on the financial position of the Plan since the last regular triennial actuarial investigation as at 1 June 2018. These figures give an indication of the impact of the factors that affect the final regular triennial actuarial investigation result.

	$(000's)
Previous surplus/(deficit)	**698**
Interest on surplus/(deficit)[1]	162
Investment gains/(losses)[2]	78
Employer contributions paid at a higher/(lower) rate than long term rate[3]	(194)
Expense gains/(losses)[4]	262
Salary gains/(losses)[5]	92
Change in basis gains/(losses)[6]	(13)
Withdrawal gains/(losses)[7]	(35)
Fund adjustment[8]	61
Miscellaneous	51
Surplus/(deficit) as at the valuation date	**1,162**

[1] Interest on surplus over the period

[2]An investment gain occurs when investment earnings are higher than assumed.

[3]A contribution loss occurs when employer contributions are paid at a lower rate than the long term rate.

[4]An expense gain arises when expenses are less than assumed.

[5]A salary gain arises when salaries increase at a lower rate than was assumed.

[6]A loss from a change in basis occurs when the overall set of assumptions becomes more conservative.

[7]A withdrawal loss occurs when the benefit paid is higher than reserved for in the Plan.

[8]According to the Plan administrator, this fund adjustment is in relation to the correction of interest rates used for termination payments of relevant exited members.

Long-term contribution rate

The Defined Benefits long-term Employer contribution rate has increased since the last regular triennial actuarial investigation due to the large change in actuarial assumptions and membership.

Present Value of Future Service Liability	**Total ($)**
Retirement	637,960
Death & Disablement	51,703
Resignation	5,649
	695,312
Less member contributions	194,433
Net Future Service Liability	**500,879**
Equivalent net future contribution rate	12.2%
Tax	2.1%
Expense allowance	1.6%
Death and TPD premiums	0.5%
Salary Continuance premiums	0.7%
Employer contribution rate required for Future Service Benefits (pa salary)	**17.1%**

Section 5 – Immediate Solvency and Funding Indices

Immediate tests on the adequacy of the assets

An important objective of this regular triennial actuarial investigation is the measurement of the funding of expected member benefits in respect of their service up to the valuation date.

- Assets: I have taken the fair value of the net assets provided by the Plan administrator, based on the Super Directions Fund general ledger as the value of assets for Defined Benefit members and the value of Accumulation members' benefits for Accumulation members for the purpose of this regular triennial actuarial investigation. The financial statements of Super Directions Fund (which includes the assets of the Plan) at 30 June 2021 were audited and signed on 22 September 2021. The assets are net of any amount held to meet the Operational Risk Financial Requirement (ORFR). The assets are discussed further in Appendix C.
- Liabilities: Appendix D contains a summary of the method used in the regular triennial actuarial investigation to determine the liabilities of the Plan.

The indices described here have been used to assess whether the Assets of the Plan are sufficient to ensure its ongoing solvency and to measure the changes in these indices since the last regular triennial actuarial investigation.

The table below shows the relevant indices calculated by dividing the level of assets by the total of the relevant benefit based on the results of this regular triennial actuarial investigation and the previous regular triennial actuarial investigation.

	1 June 2018			1 June 2021			
	Amount ($)	**Index[1]**	**DB Index[2]**	**Amount ($)**	**Index[1]**	**DB Index[2]**	
Minimum Requisite Benefits	[redacted]	103.7%	107.3%	[redacted]	108.7%	124.2%	A
Vested Benefits	[redacted]	102.0%	103.9%	[redacted]	105.8%	115.2%	A
Leaving Service Benefits[3]	[redacted]	102.0%	103.9%	[redacted]	105.8%	115.2%	A
Actuarial Value of Accrued Benefits	[redacted]	102.2%	104.4%	[redacted]	106.4%	117.0%	A
Retrenchment Benefits	[redacted]	102.0%	103.9%	[redacted]	105.8%	115.2%	A
Accumulation Benefits[4]	[redacted]			[redacted]			B
Assets[6]	[redacted]			[redacted]			C

[1]Index is C/A.

[2]DB Index is (C – B)/(A – B), ie the index excluding accumulation benefits.

[3]The benefit design allows the Employer to grant early retirement consent for Defined Benefit members between ages 55 and 60 for members in Category E. Consent is generally granted.

[4]The accumulation benefits are inclusive of additional accounts (including DB related additional accounts such as surcharge accounts, Family law offset accounts and Employer Additional accounts) for Defined Benefit members and Accumulation members' benefits.

Vested Benefits Index

Vested Benefits are the benefits that members are entitled to receive upon voluntary withdrawal from the Plan. It is either the resignation benefit or early retirement benefit, if eligible (assuming Employer consent is not granted).

The Vested Benefits Index provides a measure of the Plan's ability to meet its minimum obligations to all members if they had withdrawn from the Plan on the valuation date.

To ensure that the Plan is in a satisfactory financial position, it is essential that the Vested Benefits Index is kept above 100%. The Vested Benefits Index was at a satisfactory level at the valuation date.

Leaving Service Benefits Index

Leaving Service Benefits are the benefits that members are entitled to receive upon voluntary withdrawal from the Plan. It is either the resignation benefit or early retirement benefit, if eligible assuming Employer consent is granted.

The Leaving Service Benefits Index provides a measure of the Plan's ability to meet its minimum obligations to all members if they had withdrawn from the Plan on the valuation date and, if eligible for early retirement, assuming Employer consent is granted.

Where the Employer regularly gives consent for early retirement, it is desirable to have the Leaving Service Benefits Index above 100%. The Employer often consents to the early retirement benefit for members.

The Leaving Service Benefits Index was at an adequate level, and therefore the Defined Benefit Leaving Service Benefits Index was at an adequate level at the valuation date.

Shortfall Limit

In accordance with SPS 160, the Trustee has set a Shortfall Limit of 100.0%. This is the extent to which the Trustee considers the Plan can be underfunded (on the basis that assets are insufficient to meet all members' Vested Benefits) but retain a reasonable expectation of returning to a funded position within a year, solely due to a correction to temporary negative market fluctuations in the value of the Plan assets.

This Shortfall Limit is to be compared to the Defined Benefit Vested Benefits Index ie the ratio of Defined Benefit assets and Defined Benefit Vested Benefit liabilities. Accumulation members' benefits and additional accounts for Defined Benefit members are excluded from the assets and liabilities.

The Defined Benefit Vested Benefit Index at 1 June 2021 was 115.2%. Therefore, the Plan has not fallen below the Shortfall Limit at the valuation date**.**

I have reviewed the Shortfall Limit of 100.0% and propose that the Trustee change the Shortfall Limit to 99.0%. The reasons for the change are: there was an increase from 52% to 64% in the proportion of "growth oriented" assets supporting the Defined Benefit liabilities; and an increase in the proportion of Defined Benefit liabilities that are salary related benefits from 12% to 35%. The shortfall limit is determined as follows:

100% – 5% x Vested Benefit Salary related proportion (35%) x Growth investments related (64%)

As the Shortfall Limit is determined with reference to the proportion of growth-oriented assets (as well as salary related benefits) the Shortfall Limit will need to be recalculated if the Trustee changes the investment strategy of Defined Benefit related assets.

Minimum Requisite Benefits Index

Minimum Requisite Benefits (MRBs) are the minimum benefits that members are entitled to under the Superannuation Guarantee legislation. The Plan is ‘solvent’ if the net realisable value of the Assets of the Plan exceeds the MRB of all members of the Plan.

The Minimum Requisite Benefits Index provides a measure of the Plan’s ability to meet its minimum Superannuation Guarantee obligations to all active members if they had withdrawn from the Plan on the valuation date.

The Minimum Requisite Benefits Index was kept above 100% and therefore the Plan was solvent at the valuation date.

Actuarial Value of Accrued Benefits Index

The valuation results shown in Section 4 of this report disclose the Actuarial Value of Accrued Benefits, also known as the Past Service Liability. This figure is not used for AASB1056 purposes. This amount constitutes the “value of the liabilities in respect of accrued benefits” as defined in Division 9.5 of the Superannuation Industry (Supervision) (SIS) Regulations and has been calculated in accordance with Professional Standard 402 issued by the Institute of Actuaries of Australia.

The Trustee has determined to use an approximate method for the AASB1056 Defined Benefit member liabilities to be disclosed in Super Directions Fund’s financial statements. Super Directions Fund’s financial reporting period is 1 July to 30 June each year.

The Actuarial Value of Accrued Benefits Index provides a measure of the Plan’s ability to meet its benefit obligations to all members of the Plan based on membership to the valuation date.

The minimum desirable range for this index is 100%-105% which allows for possible variations in asset values. The index was at an adequate level at the valuation date.

Retrenchment Benefits Index

This index considers the extent to which the Plan could meet the retrenchment benefits applicable to its members if they were all retrenched and the Plan was not terminated. The retrenchment benefit is equal to the greater of the Discounted Accrued Retirement benefit and Resignation benefit with the 150% maximum vesting percentage applying for all Defined Benefit members.

The Retrenchment Benefits Index provides a measure of the Plan’s ability to meet its minimum obligations to all members if they had withdrawn from the Plan due to being retrenched on the valuation date.

A Retrenchment Benefit Index below 100% indicates that a major retrenchment programme would strain the resources of the Plan and therefore may result in higher contributions. The Retrenchment Benefits Index was at a satisfactory level at the valuation date.

Termination of the Plan

In the event of the termination of the Plan, all assets available at that time, net of accruals and expenses, would be distributed to members to the extent of their “termination liabilities” as per the Trust Deed and in accordance with relevant law. Each member would be credited with an amount that the Trustee determines fair and equitable after considering the advice of the Actuary. These are known as “termination liabilities”.

There is no guarantee of adequacy for the termination liabilities, only a priority charge on available assets up to the level of termination liabilities. At 1 June 2021 the available assets exceeded the members’ termination liabilities.

Section 6 – Adequacy of Insurance Arrangements

The Plan Trustee has taken out insurance to protect the assets against certain contingencies which may have a material adverse effect on the solvency of the Plan.

Death & Total and Permanent Disablement insurance (lump sum)

The Trustee has effected Group insurance (with AMP Life) to cover part of the lump sum benefits payable from the Plan in the event of the death or Total and Permanent Disablement (TPD) of members. The Sum Insured is designed to supplement the proportion of the benefit which has already been accrued in respect of the members within the Plan and to provide the balance of the relevant benefit from the insurance arrangement. Insurance replaces the otherwise volatile impact on the Plan of payments required in respect of the 'unfunded' portion of each death or disablement benefit with an annual premium, which can be taken into account in the financial planning of the Plan.

The Trustee has confirmed that there are no unusual terms and conditions in the insurance contract. At the present time, the formulae used to determine the amount to be insured are as follows:

Defined Benefit members

Insured Amount = Death/TPD benefit - Vested Benefit

Accumulation members

Insured Amount* = varies per member category and age of member

*According to the Plan administrator, there is no change in the coverage provision since the last triennial actuarial investigation. Note that the total Death/TPD benefit is equal to the sum of total account balances and the Insured Amount.

Death & Total and Permanent Disablement (TPD) funding and insurance

The following table shows the funded and insured portions of the benefit. It identifies the shortfall or excess amount of insurance in the event that all members were to die or become totally and permanently disabled.

	1 June 2021 ($)
Total sums insured (A)	[redacted]
Plan Assets (B)	[redacted]
Amount of Surplus, if any, set aside for funding purposes (C)*	[redacted]
Plan Assets available to meet Death/TPD benefits (B)-(C)=(D)	[redacted]
Available on Death/TPD (A)+(D)=(E)	[redacted]
Total Death/TPD benefits (F)	[redacted]
Excess/(shortfall) (E) - (F)	684,469

* a portion of the surplus is set aside for funding purposes to make allowance for the recommended contribution rate being lower than the long term Employer contribution rate and therefore this cannot be considered for Death/TPD purposes.

Recommendation

I have reviewed these formulae and confirm that, in my view, they remain appropriate, and the current insurance arrangements should be maintained.

Disability Income insurance

The Trustee also has effected Group Insurance (with AMP Life) to cover disability income benefits payable from the Plan in certain circumstances of disablement. This is a fully insured benefit; however the Plan remains liable for the payment of retirement, death, total and permanent disablement and resignation benefits if a member who receives a disability income benefit terminates service. Benefits are payable for a period of two years in the Plan.

Indemnity insurance

The Trust Deed provides an indemnity to the Trustee against claims which may be made against it. This is secured against the Assets of the Plan.

The Trustee has taken out trustee indemnity insurance to help protect the Trustee, its Directors and the Fund against certain liabilities, that is consistent with the size and nature of its business and industry standards. As with any insurance, the indemnity is subject to the terms and conditions of the relevant insurance policy.

Material issues arising from insurance

There are no material issues arising from insurance, although the Trustee should periodically review that all insurance cover remains sufficient.

Section 7 – Sensitivity Analysis and Projections

Assumption variation

The values of the benefit liabilities shown in this report depend on the assumptions used to calculate them. The main assumptions relate to salary increases and the long-term investment return (net of assumed tax and investment expenses). Examples below provide an indication of the effect on the Actuarial Value of Accrued Benefits and on the Employer contribution rate of changing these assumptions only. The actual investment earning rate and salary increase rate may not be constantly above or below the rates assumed in carrying out the projection of benefits and the actual results may not fall within the ranges shown in the table below:

Assumptions (salary increase rate/long-term investment return)	**Actuarial Value of Accrued Benefits as at 1 June 2021 ($)**	**Overall long-term Employer contribution rate as at 1 June 2021 (pa)**
This valuation (3.0% pa/4.5% pa)	[redacted]	17.1%
Last valuation (3.5% pa/5.0% pa)	[redacted]	17.6%
Last valuation with this valuation decrements (3.5% pa/5.0% pa)*	[redacted]	17.1%
Salary inflation rate plus 1% pa (4.0% pa/4.5% pa)	[redacted]	17.2%
Salary inflation rate minus 1% pa (2.0% pa/4.5% pa)	[redacted]	17.1%
Investment return plus 1% pa (3.0% pa/5.5% pa)	[redacted]	17.0%
Investment return minus 1% pa (3.0% pa/3.5% pa)	[redacted]	17.2%

* This is based on last valuation's financial assumptions only, ie the decrement assumptions are the same as those used for this valuation.

Based on the above results, it is clear that the financial position of the Plan and the required Employer contribution will vary depending on the actual experience of the Plan and particularly in relation to salary increases and long-term investment returns. If the increase in salaries of Defined Benefit members is 1% pa higher than the assumed rate, the long-term cost to the Employer will be 0.1% pa higher than that based on the assumptions used for this valuation. If long-term investment returns are 1% pa higher than assumed, the long-term Employer contribution rate decreases by 0.2% pa.

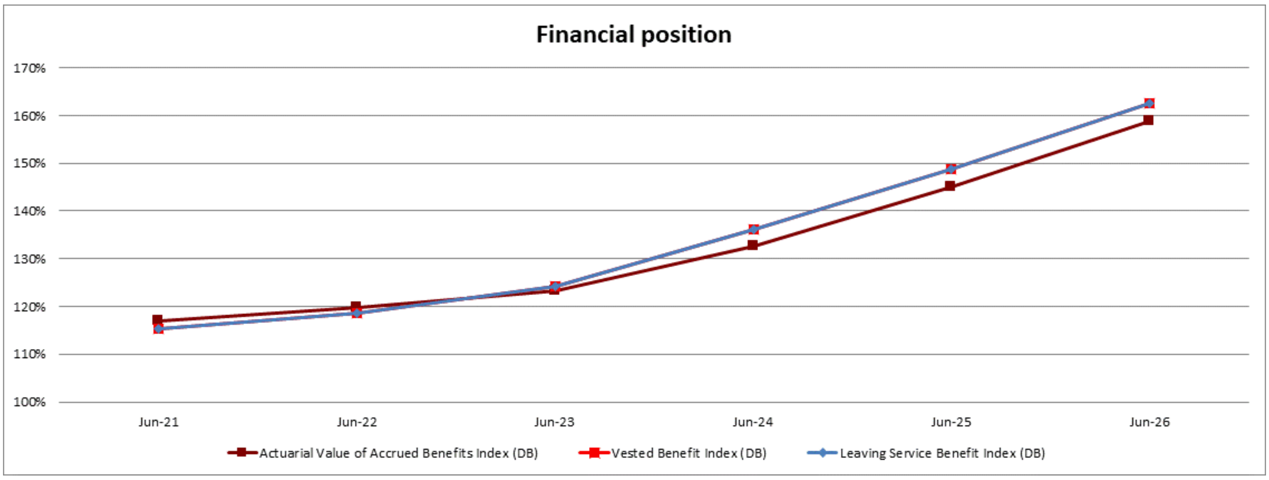
Post valuation events

The Plan has earned an average investment return of 4.9% from the date of the valuation to 13 November 2021. This is higher than the rate assumed for the valuation and has further strengthened the financial position of the Plan. I estimate that coverage of Vested Benefits without Employer's consent (exclusive of Accumulation members' benefits and Defined Benefit members' additional accounts) has increased from 115.2% at the valuation date to approximately 115.7%as at 13 November 2021 This has been taken into account in the recommended Employer contributions.

As Minimum Requisite Benefits (MRBs) are accumulation in nature, they will have moved in line with this investment return. Therefore the funding position, in regards to MRBs, is largely unchanged since the valuation date.

Projection of future liabilities

The graph below shows the projected value of Defined Benefit Vested Benefits, Defined Benefit Leaving Service Benefits and Actuarial Value of Accrued Benefits for Defined Benefit members funding indices over the next 5 years. These projections have been based on defined benefit liabilities and assume that the Employer will pay contributions in accordance with the contribution recommendation (refer to Section 9 of this report) and are based on the assumptions used to calculate past service liabilities at each of the future dates. These projections also allow for the post valuation events described above.



Assuming the Employer contributions are not less than the rates which I have recommended, I expect that on the assumptions, methods and asset values adopted in the valuation, the Assets will remain sufficient to cover the value of these liabilities during the period up to 1 July 2026.

Section 8 – Material Risks

Financial risk

The differences between the assumed and the actual salary increase rate and the assumed and actual long-term investment return has no material impact on the financial position of the Plan, given the Plan has a large proportion of investment related benefits. However, if the salary related portion of the benefit increases or investment related portion declines, the situation could change and the differences could have a material impact on the financial position of the Plan.

Should salaries increase at a higher rate than assumed, the liabilities will be higher than expected and the assets may then be insufficient to cover members' benefits. This may then require the Employer to make larger contributions to the Plan. Similarly, if there are lower than assumed investment returns, the assets of the Plan would be reduced compared to the assets expected and may then be insufficient to cover members' benefits. This may then require larger contributions to be made by the Employer. If the Employer is willing and able to make these larger contributions and accept the volatility involved deterioration in the financial position can be managed. The Employer should be made aware of the effect on the financial position of salary increases being granted above assumed rates.

Employer financial viability

The future of the Plan relies on the Employer remaining a viable entity and being willing and able to pay contributions as and when needed. The Trustee should discuss the valuation report with the Employer and ensure the Employer understands the recommendations before agreeing to the contribution rates.

Plan specific risk

The majority of the Defined Benefit members' benefits are investment earnings-related due to the Minimum Requisite Benefit underpin. This means that:

- any changes in the Defined Benefit investment strategy will impact the members' benefits; and
- overall long-term Employer contribution rates are not particularly sensitive to investment strategy changes.

Changing the asset allocation of the Defined Benefit related assets to a less risky strategy could be appropriate to minimise the volatility of the assets and liabilities of the Plan. As at 1 June 2021, the Plan is fully funded and noting the current practical situation with the benefit design, where most members will receive an accumulation-style benefit, the Plan's funding position should be less volatile. However, if the Trustee wishes to change the asset allocation of the Defined Benefit related assets to a more conservative allocation, the Trustee needs to consider that the Defined Benefit members' expected benefits are likely to be lower as the expected long term investment returns are likely to be lower.

Investment policy

As mentioned above, market risk is a key driver in the financial position of the Plan. However, there are other investment risks to consider. These include:

- Liquidity Risk - the risk that illiquid assets or large cashflows from the Plan cause the payment of benefits to be delayed or assets to be sold at reduced values to meet liability obligations.

  The Plan has a satisfactory liquidity policy in place to ensure that the Plan holds sufficient cash balances and other liquid assets to meet anticipated benefit payments and expenses as they fall due. The Plan's liquidity should continue to be monitored regularly by the Trustee. We were informed that the liquidity policy is reviewed annually as part of the investment management framework review.

- Concentration Risk – the risk that investments are concentrated in one particular asset class, country or manager, the poor performance of which could cause a material effect on the investment return.

  The Trustee mitigates this risk by investing across a number of asset classes each within lower and upper asset class limits, and within each asset class holding a diversified portfolio of securities, and where relevant, across currencies and geographies. We were informed that the policy for mitigating concentration risk is reviewed annually as part of the investment management framework review.

The Trustee should periodically monitor (and more frequently as necessary) the risks summarised in this section and seek advice or take action as may be deemed necessary.

Section 9 – Recommendations and Actuary's Summary Statement for the Purposes of SPS 160

Recommendations

Future contribution recommendations

I recommend that the Employer pays contributions to the Plan at the rates set out in the table below:

Category	Employer Rate (% pa of salaries[1])	
	1/6/2021 to 31/12/2021	**1/1/2022 onwards**
A	SG + 1.0%[2]	Nil[2]
C	SG + 4.0%[2]	Nil[2]
E	SG - 3.0%[3]	Nil[3]
S	SG + Employer Additional account contributions	
I & W	SG	

[1]The Superannuation Guarantee (SG) contribution rate is to be paid based on Ordinary Time Earnings (excluding bonus) and the balance of the contribution rate is paid on the Superannuation Salary. Where there is a contribution holiday the SG contribuition amount (based on Ordinary Time Earinings excluding bonus) and the Employer Additional account contribution based on Superannuation Salary will be credited from the reserve assets.

[2] This includes Employer Additional account contributions, which is currently 1% for Category A and 4% for Category C.

[3] There is a 3% of Ordinary Time Earnings contribution paid to another complying superannuation fund for these members.

In addition, the following contributions are also payable:

- Member contributions (or member deemed contributions) as a percentage of Superannuation Salary as defined in the Trust Deed for the relevant Category; and
- SG on bonus, if applicable (only required where the OTE salary (excluding bonus) is under the maximum contributions base).

The new recommended rates from 1 January 2022 are lower than those currently being paid.

The above contribution recommendation has considered the financial position as at 1 June 2021 and subsequent investment performance to 13 November 2021.

The Employer Superannuation Guarantee contributions must be paid and/or loaded to members' accounts by the 28th day of the month following the month to which they relate. The Employer contributions in respect of Accumulation members must be paid by the 28th day of the month following the quarter end.

The recommended contributions will need to be reviewed prior to the next regular triennial actuarial investigation due with an effective date of 1 June 2024 if one or more of the notifiable events within the Funding and Solvency Certificate occur prior to that date as advised by the Trustee and/or Employer (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the Actuary advises the Trustee in writing that such an event does not constitute a notifiable event).

Shortfall Limit recommendations

I have reviewed the Shortfall Limit of 100.0% (see Section 5) and propose that the Trustee change the Shortfall Limit to 99.0%. The reasons for the change are: there was a change to the proportion of "growth oriented" assets from 52% to 64% supporting the Defined Benefit liabilities; and the proportion of Defined Benefit liabilities that are salary related benefits has changed from 12% to 35%. This will need to be reviewed if the Trustee changes the investment strategy.

Insurance recommendations

I have reviewed these formulae (see Section 6) and confirm that, in my view, they remain appropriate.

Investment recommendations

In my opinion the investment strategy is appropriate to meet:

- the long-term liabilities of the Plan;
- the expected lump sum benefits of Defined Benefit members on termination of employment; and
- a conversion to the Plan's Accumulation category on reaching their Normal Retirement Date.

The levels of liquidity available to the Plan are adequate to meet any of its short-term liquidity requirements.

Accumulation members' assets and Defined Benefit members' additional assets, that are not classed as defined benefit related, are invested in their chosen investment option(s) or the MySuper default if no election is made; this remains appropriate.

In the last triennial actuarial investigation report as at 1 June 2018, I recommended that the Trustee consider rebalancing the current holdings in the AMP Balanced Growth option such that only the Defined Benefit additional accounts are invested in the AMP Balanced Growth option.

As at 1 June 2021, there remains the two investment pools for Defined Benefit related assets:

- AMP Moderate Growth option (around 59% of the total Defined Benefit assets): This includes around 55% growth oriented assets. Defined Benefit related monies are allocated to this investment option.
- AMP Balanced Growth Investment option (around 41% of the total Defined Benefit assets): This includes around 77% growth oriented assets. Defined Benefit members' additional accounts that are defined benefit related (ie Employer Defined Benefit Additional Account, Family Law Offset Account and Surcharge Account) are allocated to this investment option.

I note that the asset balance of the AMP Balanced Growth option as at 1 June 2021 is more than the Defined Benefit related additional accounts due to the unallocated Defined Benefit assets which were invested in this investment option historically.

I recommend that the Trustee consider rebalancing the current holding in the AMP Balanced Growth option to maintain the previously agreed level of growth assets. Any amounts other than the Defined Benefit related additional accounts should be transferred to the AMP Moderate Growth option. In addition, a change in the cashflow split of processing any expenses should be considered to reflect the new asset allocation after rebalancing.

This rebalancing is expected to:

- slightly reduce the volatility of investment returns and reduce the funding level volatility, as more assets will be invested in the AMP Moderate Growth option (which is a more conservative investment strategy than the AMP Balanced Growth option), although the Plan remains fully funded and the benefit design provides most members with an accumulation-style benefit;

- not materially impact the investment earnings assumption and ongoing costs in the long term; and
- have no impact to the Defined Benefit members' benefits, as the amounts requiring a transfer relate to unallocated Defined Benefit assets.

At the date of this investigation we understand that no rebalancing has taken place since the last triennial actuarial investigation.

Crediting rate recommendations

I have reviewed the crediting rate policy for the Plan and confirm that, in my view, it remains appropriate and should be maintained. For more information refer to Appendix C.

Monitoring recommendations

I have reviewed the current practice of carrying out the regular actuarial investigation on a triennial basis and confirm that, in my view, it remains appropriate based on the current and expected financial position over the next five years.

Disclaimer

The calculations provided in this report are based on a number of assumptions. The assumptions used are best estimates only and may not be borne out in practice. It is therefore important to review the calculations in the light of actual experience and obtain regular updates.

Actuary's Statement for the Purposes of SPS 160

I have conducted a regular triennial actuarial investigation of the Super Directions Fund - Bundaberg Sugar Superannuation Plan (the Plan) as at 1 June 2021 covering the three year period to that date.

In my opinion:

1. As at 1 June 2021, the fair value of the net Assets of the Plan for Defined Benefit members, based on audited accounts for the Plan plus the Accumulation members' benefits for Accumulation member assets, was [redacted] and this is the value of assets used to determine the Employer contribution rate with an allowance for investment returns for the period from 1 June 2021 to 13 November 2021.
2. The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Actuarial Value of Accrued Benefits of [redacted] as at 1 June 2021.This amount was not used for the purposes of Australian Accounting Standard AASB1056 as the Super Direction Fund's financial year end is 30 June. The Trustee used an approximate method for the AASB1056 Defined Benefit member liabilities to ensure timely disclosure in the Super Directions Fund financial statements.
3. The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Minimum Requisite Benefits as at 1 June 2021.
4. The investigation disclosed the Plan was in a satisfactory financial position as at 1 June 2021. The Plan's financial condition has not fallen below the Shortfall Limit set by the Trustee at the valuation date.
5. The Plan has no liability in respect of current pensioners. Any member who has postponed retirement or deferred receipt of their benefit remains a member under the Rules and any relevant liability is included with that of other members.
6. I have recommended contributions to ensure that the assets will continue to be adequate to meet the liabilities of the Plan and I expect the Plan to remain in a satisfactory financial position as defined in the SIS Regulations.
7. All Funding and Solvency Certificates required to be obtained during the period of investigation were provided. I expect that an actuary will be able to certify the solvency of the Plan in any Funding and Solvency Certificate required during the three-year period following the valuation date.

Saffron Sweeney

Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
Aon Solutions Australia Limited

26 November 2021

Appendix A – Summary of Plan Rules

The following is a summary of the Plan rules used for the valuation for active Defined Benefit members and Accumulation members as at valuation date. This summary should not be used to calculate benefits or be relied upon in place of the formal Plan rules.

Eligibility

The Defined Benefit categories A, C, and E are closed to new members. Note that as at the valuation date Category B and F have no active members. New members join either Category S, I or W. Category ES is for spouses of Plan members.

Plan structure

The Bundaberg Sugar Ltd Superannuation Plan (the former fund) is a superannuation plan with a Defined Benefit section and a Defined Contribution (Accumulation) section and is constituted by a Trust Deed originally dated 1 August 1955 (as amended from time to time). It was transferred into the AMP Corporate Superannuation Trust to become the Bundaberg Sugar Superannuation Plan (the Plan) within AMP's Signature Super solution on a successor fund basis effective from 1 June 2015. Effective 15 May 2020, the Plan changed master fund and Trustee as AMP consolidated superannuation funds. The master fund name changed to Super Directions Fund and the Plan was transferred by way of successor fund transfer to N.M. Superannuation Proprietary Limited as Trustee of the Super Directions Fund.

All new entrants to the Plan join the Accumulation section. This, and the fact that the Plan provides Minimum Requisite Benefits to satisfy Employer obligations under Superannuation Guarantee arrangements, has ensured that an increased number of benefits are being calculated on an accumulation basis.

The Plan is a complying fund for the purposes of the Superannuation Industry (Supervision) Act 1993. This results in the Plan being taxed at the favourable rate of 15% on income net of allowable deductions.

Defined Benefit Members

Annual Review Date

1 June

Definitions

Normal Retirement Date (NRD)

65th Birthday

Early Retirement Date (ERD)

- from age 55 for categories A or C;
- from age 60 or between ages 55 and 60, with Employer's consent for category E.

Salary

The ordinary annual rate of salary or wages excluding commissions, bonuses, overtime payments and any other additional payments.

Salary Review Date

1 June

Final Average Salary

Final Average Salary is the average of the member's annual salaries at the salary review dates in the three years before retirement.

Service

Membership

Membership is the number of years since the member joined the Plan and former fund. Complete months count as fractions of a year.

Credited membership

Such an additional period of time as decided by the Employer.

Past Service

Past Service is the number of years of service with the employer before becoming a member of the Plan. Complete months count as fractions of a year.

Contributions

These contributions apply to the active Defined Benefit members as at the valuation date.

The following Defined Benefit member accounts are credited with the following gross contributions:

Category	Compulsory Member Account (paid by after tax deduction from employee salary)	Compulsory Deemed Member Account (paid in relation to employee by employer)	Employer Additional Contribution Account	Employer Superannuation Guarantee Account
A	0.00%	7.06%	1%	SG
C	5.00%	0.00%	4%	SG
E	3.00%	0.00%	0%	SG-3.0%*

*3% of the SG is paid to another plan.

Contributions tax is deducted from the Deemed Member Account and the Employer Additional Contribution Account.

Note that Compulsory Member Account contributions are also credited to the SG Member Required Sub Account and Employer Superannuation Guarantee contributions are also credited to the Employer SG Deemed Account.

The Employer also pays the balance of costs of providing Defined Benefits.

Benefits

Normal Retirement Benefit (NRB)

The benefit is equal to:

- Retirement Multiple x FAS

A minimum of the SG Benefit applies.

The Retirement Multiple is the sum of:

Category	
A	23.33% x Membership
C	12.5% x Membership + 3.0% x Past Service
E	7.5% x Membership + 1.0% x Past Service

Please note: Adjustments to the Retirement Multiple are required for service with the Employer before the member joined the Plan, or if the member has changed categories.

Early Retirement Benefit (ERB)

The benefit is calculated as for normal retirement but using membership to the retirement date. If the member retires before age 60, the benefit (not including additional accounts) is reduced by a specific percentage for each year (and proportional for complete months) remaining until their 60th birthday. The specified percentages are:

Category	**Specified Percentage**
A & C	1.0%
E	1.5%

Late Retirement Benefit (LRB)

NRB plus any contributions (net of tax) and investment earnings.

Death Benefit

The benefit is what the member would have received at normal retirement assuming they had continued in service up to NRD on the salary they were on at their date of death.

Total and Permanent Disablement (TPD) Benefit

The TPD Benefit is the same as for the Death Benefit.

Total and Temporary Disablement Benefit

This is a monthly income benefit of one-twelfth of 12.5% of the total and permanent disablement benefit (excluding additional accumulation benefits). The maximum monthly benefit is one-twelfth of 75% of salary immediately prior to date of disablement. The benefit is reduced by any worker's compensation payments or sick pay. Payments start when the member has been disabled for 6 months and continue for up to 2 years.

Resignation Benefit

Category A, C and E

The benefit is equal to Vested Account plus (Vesting Account x Vesting Factor).

All active Defined Benefit members are fully vested as at valuation date. Maximum vesting factor is 150% for Category A and C and 125% for Category E.

A maximum of the Discounted Accrued Retirement Benefit (DARB) applies for these categories (where the discount is 1.5% pa for Category E and 1% pa for Categories A and C based on a simple interest basis for each year (in completed months) the member is under age 60). The DARB equals the Early Retirement Benefit, except that a maximum discount of 30% applies. A minimum of the SG benefit applies for all categories.

The Vested Account is the Member Accounts, whereas the Vesting Account is the Member Accounts without interest.

Illness, Injury and Retrenchment

The benefit is the greater of Discounted Accrued Retirement Benefit (DARB) and Resignation benefit with the maximum vesting percentage of 150% applying.

SG Benefit

The minimum SG Benefit is set out in the Plan's Benefit Certificate. It is the sum of:

- Employer SG Deemed Account
- Employer Vested for SG Account
- SG Member Required Sub Account
- Rollover Multiple Account

Additional Accounts

Employer Additional Account, Surcharge Account and Family Law Offset accounts are in addition to all of the above benefits (apart from the Total and Temporary Disablement Benefit).

Accumulation Members

Leaving Service Benefit

Equal to sum of Accumulation Account balances.

Subject to the SG minimum benefit as defined in the Plan's Benefit Certificate.

Death and TPD Benefits

Sum of the following

- Accumulation account balances
- Standard insurance cover and
- Voluntary insurance cover

All Members

Surcharge Account

All benefits are offset by the Surcharge Account (if any). The Account is the accumulation, with investment earnings, of all surcharge amounts assessed for each member. This is already included in the Additional Account.

Additional Contributions Tax Account

All benefits are offset by the Additional Contributions Tax Account (if any). The Account is the accumulation, with investment earnings, of all additional contributions tax amounts paid by the Plan on behalf of the member.

Family Law Account

All benefits are also offset by the Family Law Account (if any). The Account is any amount paid to a former spouse (a family law split) accumulated at the rate determined by the Government Actuary which is calculated with reference to AWOTE + 2.5% pa from the date the split occurs to the date the non-spouse member's benefit is paid and then accumulated with investment earnings thereafter. This is already included in the Additional Account.

Partial Withdrawals

All benefits are offset by any partial payments made from the Plan accumulated with investment earnings.

Appendix B – Membership

Changes in membership 1 June 2018 – 1 June 2021

	Total
Active DB Membership at 1 June 2018	**40**
Plus	
New Entrants	0
Transfers from other funds	0
Transfers from other categories	0
Less	
Transfer to other funds	0
Transfers to other categories	0
Deaths	0
Total & Permanent Disablement	0
Early retirements	-12
Normal retirements	-11
Resignations	0
Retrenchments	-4
Late retirements	0
Active DB Membership at 1 June 2021	**13**

In addition there were 34 Accumulation members at the valuation date with total salaries of $3,144,752.

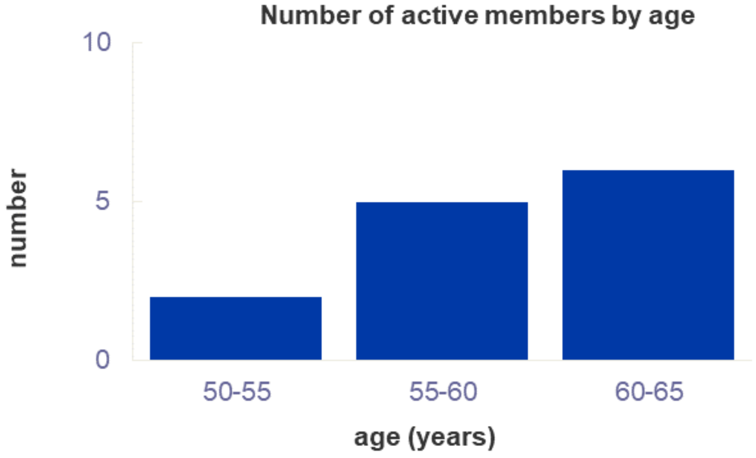
Membership characteristics as at 1 June 2021

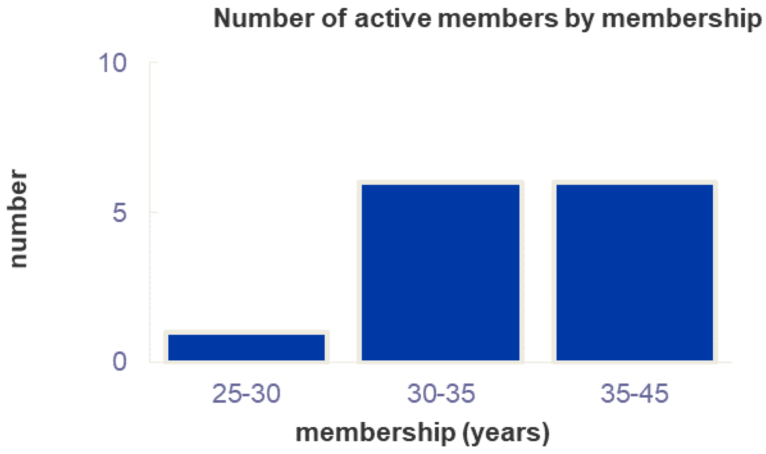
The main characteristics of the Plan's Defined Benefit membership at the valuation date are summarised in the following table. For comparison, active figures for the previous valuation date (1 June 2018) are shown for comparison:

[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

By age and membership

The following graphs outline the distribution by age and membership of the 13 active Defined Benefit members:





Quality of data

Member data was received electronically and was in good order for the purposes of preparing this Report. Defined benefit individual membership data as well as Defined Benefit asset information was reconciled to the last triennial actuarial investigation data.

Accumulation members' cash flow information was not available from the Administrator and therefore a full reconciliation on accumulation members' assets was not carried out.

We have relied on the asset information provided by the Plan administrator as at 1 June 2021 as audited financial statements for the Plan at that date are not available, however we understand that the financial statements of the Super Directions Fund (which includes the assets of the Plan) as at 30 June 2021 have been audited and signed on 22 September 2021.

Aon have relied on data and information provided by the Plan administrator. Aon did not audit the employee data and financial information used in this valuation. However, on the basis of our review of this data, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purpose intended. If the data and information provided is revised for any reason and materially changes the results, then this report may need to be revised.

Administration

No significant variations were detected between the method of calculation of benefits on the administration system and our calculations. The data received was adequate and appropriate for the purposes of the regular triennial actuarial investigation. Data checking included:

- Accrued and normal retirement multiples;
- Final average salary and consistency of salaries from year to year; and
- All benefit calculations at the valuation date (resignation, retirement**,** retrenchment, death and total & permanent disablement benefits)**.**

Appendix C – Accounts and Summary of Assets

Accounts

The following is a summary of the cash flows provided by the Plan administrator for the regular triennial actuarial investigation period 1 June 2018 to 31 May 2021. The final accounts of the Super Directions Fund for year ending 30 June 2021 have received audit clearance.

	1 June 2018 to 31 May 2021 ($)
Plan Assets at start of period (A)	[redacted]
Accumulation accounts at start of period* (B)	[redacted]
Defined Benefit related Plan Assets at start of period (C) = (A) – (B)**	[redacted]
Plus	
Member contributions	[redacted]
Employer contributions	[redacted]
Rollovers/transfers in	[redacted]
Investment income (including capital appreciation/depreciation)	[redacted]
Sundry income	[redacted]
Less	
Group Life premiums	[redacted]
Benefits (net of insurance recoveries)	[redacted]
Transfers out to other funds	[redacted]
Administration and other charges (including plan fee rebates)	[redacted]
Income tax	[redacted]
Other taxes	[redacted]
Others – Fund adjustment^	[redacted]
Defined Benefit related Plan Assets at end of period (D)**	[redacted]
Accumulation accounts at end of period* (E)	[redacted]
Plan Assets at end of period (F) = (D) + (E)	[redacted]

*Accumulation accounts includes accumulation members account balances and Defined benefit accumulation accounts (other than Defined Benefit members' DB related additional accounts).

**This includes Defined Benefit members' DB related additional accounts (surcharge, family law offset and Employer additional accounts.)

^ According to the Plan administrator, this fund adjustment is in relation to the corrections of interest rates used for termination payments of relevant exited members.

Aon have relied on data and information provided by the Plan administrator. Aon did not audit the financial information used in this valuation. However, on the basis of our review of this data, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purpose intended.

If the financial information provided is revised for any reason and materially changes the results, then this report may need to be revised.

Summary of assets

Accumulation members may invest their account balances in any option. Members who do not choose an investment option will have their account balances invested in the MySuper default option.

Defined Benefit related assets are invested in the AMP Moderate Growth option (approximately 60%) and AMP Balanced Growth option (approximately 40%)

A breakdown of the Defined Benefit related assets (including Defined Benefit additional accounts) at 1 June 2021 is as follows:

By option	1 June 2018 (%)	1 June 2021 (%)
SAMG - AMP MODERATE GROWTH	76.4%	59.1%
SABG - AMP BALANCED GROWTH	23.6%	40.9%
Total	**100.0%**	**100.0%**

AMP Moderate Growth (SAMG) (based on benchmark asset allocation)	1 June 2018 (%)	1 June 2021 (%)
Australian Shares	20.0	17.0
International Shares	21.0	25.0
Listed Property	3.0	4.0
Unlisted Property	6.5	7.0
Alternatives Asset - growth	1.5	2.0
Alternatives Asset - defensive	2.0	3.0
Australian Fixed Interest	18.0	17.0
International Fixed Interest	17.0	16.0
Cash	11.0	9.0
Total	**100.0**	**100.0**

AMP Balanced Growth (SABG) (based on benchmark asset allocation)	1 June 2018 (%)	1 June 2021 (%)
Australian Shares	28.0	25.0
International Shares	29.0	32.0
Listed Property	5.0	7.0
Unlisted Property	8.5	7.0
Alternatives Asset - growth	3.5	5.5
Alternatives Asset - defensive	2.0	3.0
Australian Fixed Interest	10.0	10.0
International Fixed Interest	8.0	8.0
Cash	6.0	2.5
Total	**100.0**	**100.0**

The asset valuation method is in accordance with Professional Standard 404 published by the Institute of Actuaries of Australia. There were no material qualifications identified in the latest audit report that impact on the value of assets. We have relied on the asset information provided by the Plan administrator as at 1 June 2021 as audited financial statements at that date are not available, however we understand that the Super Directions Fund financial statements as at 30 June 2021 were audited on 22 September 2021.

Crediting rate policy

The Plan credits the actual return after investment related expenses to members' accounts via a crediting rate mechanism. This method of crediting interest is appropriate as members receive interest on their accounts in accordance with what the Plan has earned and there are no cross-subsidisations.

There were two investment pools, one for Defined Benefit related monies and one for Defined Benefit related additional accounts. The earnings on these pools are credited to the relevant accounts. Investment earnings credited to accounts can be positive or negative.

Please note that the current Plan Rules (Part 1 - 1.1) and the Supreme Court judgement dated 3 February 2015 indicate that Earnings, Net Earnings and Net Earning Rate (collectively referred to as "Earnings") may be positive or negative. Where accounts or benefits need to be updated for Earnings we understand that the Trustee has adopted the Supreme Court interpretation from 1 June 2015 – with the following exceptions:

- The Net Fund Earning Rate will be set to 0%, where Earnings for the year are negative, for the Member Required Account or Salary Sacrifice Required Account which are used to record the contributions required to be made to the Plan by DB members. This is consistent with the Plan Rules Part 3 – 3.6 and the sections of the various Benefit Schedules dealing with the calculation of Withdrawal Benefits.
- The Net Fund Earning Rate will be set to 0%, where Earnings for the year are negative, for a benefit payable due to a delay between the date of entitlement (date of exit) and date of payment in the form of "Interest on late payment of a benefit". This is consistent with the Plan Rules Part 3 – 3.7.

The Net Fund Earning Rates since the previous regular triennial actuarial investigation were:

By Option (%)	Year to 31 May 2019 (pa)	Year to 31 May 2020 (pa)	Year to 31 May 2021 (pa)	3 Years to 31 May 2021 (% pa)
SAMG - AMP Moderate Growth	5.61%	1.59%	12.06%	6.3%
SABG – AMP Balanced Growth	5.47%	1.19%	16.40%	7.5%

These Net Fund Earnings Rates are inclusive of large plan discount of (currently) 0.61% pa.

Appendix D – Funding Method

Funding method

The funding method is the manner in which the Employer's recommended contribution rate is determined. In this regular triennial actuarial investigation I have calculated the recommended Employer contribution rate using an actuarial funding method called the Attained Age Normal method (AAN).

In this method an initial contribution rate is determined for each category which will be sufficient to meet the benefits which will accrue to current members at the valuation date in respect of their future service only.

The contribution rate is constructed so that it is expected to remain constant until the last current member leaves the Plan (assuming the assumptions made are borne out and remain unchanged).

Secondly, the value of current members' Actuarial Value of Accrued Benefits is compared to the value of assets. The future service contribution rates are adjusted in the light of any surplus or deficiency.

This is the same method as was used at the last regular triennial actuarial investigation.

The reason this method is chosen is so that the Employer can be provided with the long-term future cost of providing the benefits based on the current membership which should not vary substantially as it is a smoothed rate. The usage of surplus or funding of a deficit can then be over a time horizon that is considered suitable from both the Trustee and Employer's point of view.

Summary of method of attributing benefits to past membership

In order to determine if the Plan is in surplus or deficit it is necessary to determine what proportion of benefits payable in the future from the Plan are due to past service. The past membership components in respect of the current members are projected forward allowing for future assumed salary increases and then discounted back to 1 June 2021 at the valuation rate of interest assumption.

The past membership component for each type of benefit is:

Retirement Benefits

Based on a member's actual accrued retirement benefit multiple as at the date of valuation.

Death and Disablement Benefits

Based on a member's accrued retirement benefit multiple as at the date of valuation.

Resignation Benefit

In the case of benefits based on the accumulated value of contributions made to the Plan, the past component is based on the accumulated contributions with investment earnings to the valuation date, allowing for future expected investment earnings, vesting and discounted from the projected date of resignation to the valuation date.

In the case of benefits based on a multiple of Final Average Salary, the past component is based on members' actual accrued multiple as at the valuation date.

Adjustments

Additional accumulation accounts for Defined Benefit members and Accumulation members' benefits (eg rollover, voluntary member contribution, etc.) have been added to the past membership liability at their face value and accounts such as the surcharge and/or family law liability account have been deducted.

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