SUNSUPER SUPERANNUATION FUND

A.B.N. 98 503 137 921

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

**Sunsuper Superannuation Fund's registered office
and principal place of business is:**

**30 Little Cribb Street
MILTON QLD 4064**

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FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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TRUSTEE'S STATEMENT

In the opinion of the directors of Sunsuper Pty Ltd (A.C.N. 010 720 840), being the Trustee of Sunsuper Superannuation Fund ("the Fund"):

(i) The attached financial statements are properly drawn up so as to present fairly the net assets of Sunsuper Superannuation Fund and of the Group as at 30 June 2016 and the changes in net assets for the year then ended; and

(ii) The attached financial statements have been drawn up in accordance with Accounting Standards in Australia.

This statement is made in accordance with a resolution of the directors of the trustee company, Sunsuper Pty Ltd.

Ben Swan	Elizabeth Hallett
Director	Director

Brisbane

28 September 2016

Deloitte.

Deloitte Touche Tohmatsu
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Report by the Independent Approved Auditor to the Members of Sunsuper Superannuation Fund
A.B.N. 98 503 137 921

Financial statements

I have audited the financial statements of Sunsuper Superannuation Fund for the year ended 30 June 2016 as set out on pages 6 to 56 attached.

Trustee's responsibility for the financial statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of Sunsuper Superannuation Fund.

My audit has been conducted in accordance with Australian Auditing Standards. These Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the net assets of Sunsuper Superannuation Fund as at 30 June 2016 and the changes in net assets for the year ended 30 June 2016.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S C Woodhouse
Partner
Chartered Accountants
Sydney,
28 September 2016

SUNSUPER SUPERANNUATION FUND
A.B.N. 98 503 137 921

STATEMENT OF NET ASSETS
AS AT 30 JUNE 2016

		Consolidated		Fund	
	NOTES	2016 $ 000	2015 $ 000	2016 $ 000	2015 $ 000
Investments					
Cash and cash equivalents		4,021,097	3,688,688	4,020,397	3,687,988
Fixed interest securities		4,390,172	4,151,273	4,390,172	4,151,273
Australian equities		9,429,510	7,506,302	9,429,510	7,506,302
International equities		8,024,334	8,983,162	8,024,334	8,983,162
Property	9	4,136,210	3,119,506	4,136,210	3,119,506
Alternative assets	3(c)	6,770,078	6,457,368	6,812,861	6,501,662
Total investments		36,771,401	33,906,299	36,813,484	33,949,893
Other assets					
Cash at bank		51,567	66,114	40,053	40,854
Contributions receivable		219,386	200,988	219,386	200,988
Other financial assets	8	133,091	125,645	128,883	122,908
Plant and equipment	10	15,746	14,852	2,065	2,677
Intangible assets	11	9,999	2,808	-	-
Deferred tax asset	17(b)	9,715	37,482	6,121	34,697
Total other assets		439,504	447,889	396,508	402,124
Total assets		37,210,905	34,354,188	37,209,992	34,352,017
Liabilities					
Benefits payable		257,807	247,135	257,807	247,135
Other payables	12	44,309	39,375	47,998	43,724
Provision for employee benefits	13	10,279	9,278	3,326	3,121
Current tax liabilities		226,390	249,806	228,741	249,443
Deferred tax liabilities	17(b)	341,028	299,989	341,028	299,989
Total liabilities		879,813	845,583	878,900	843,412
Net assets available to pay benefits		36,331,092	33,508,605	36,331,092	33,508,605

The above Statement of Net Assets should be read in conjunction with the accompanying notes.

SUNSUPER SUPERANNUATION FUND
A.B.N. 98 503 137 921

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	Consolidated 2016 $ 000	Consolidated 2015 $ 000	Fund 2016 $ 000	Fund 2015 $ 000
Revenue from ordinary activities					
Net investment revenue					
Interest	14	217,357	216,495	216,855	215,862
Dividends & distributions		855,749	865,011	855,749	865,011
Rental and other investment income		35,459	38,028	35,459	38,028
Changes in net market value of investments	15	3,046	1,839,976	1,535	1,843,797
Less: Direct investment expenses	16	(89,034)	(96,412)	(89,034)	(96,412)
		1,022,577	2,863,098	1,020,564	2,866,286
Contribution revenue					
Employer contributions		2,775,145	2,675,446	2,775,145	2,675,446
Member contributions		411,197	448,414	411,197	448,414
Transfers from other funds		984,467	1,118,358	984,467	1,118,358
Transfers from successor funds	23	579,270	546	579,270	546
		4,750,079	4,242,764	4,750,079	4,242,764
Other revenue					
Group life insurance rebate/(reversals)		-	(2,000)	-	(2,000)
Group life insurance proceeds		228,055	253,947	228,055	253,947
Other income		348	316	76	99
		228,403	252,263	228,131	252,046
Total revenue from ordinary activities		6,001,059	7,358,125	5,998,774	7,361,096
Expenditure from ordinary activities					
Direct member expenses					
Group life insurance premiums		356,247	355,072	356,247	355,072
Other member and sub-plan specific expenses		703	444	904	624
		356,950	355,516	357,151	355,696
Indirect member expenses charged to general reserve					
Fund administration expense		130,709	116,443	133,301	125,758
Depreciation expense		5,176	4,709	491	529
Amortisation expense		988	640	-	-
Anti-detriment payments	3(o)	5,503	5,361	5,503	5,361
		142,376	127,153	139,295	131,648
Benefits paid and payable		2,348,750	2,193,652	2,348,750	2,193,652
Total expenditure from ordinary activities		2,848,076	2,676,321	2,845,196	2,680,996
Total revenue less expenditure before income tax		3,152,983	4,681,804	3,153,578	4,680,100
Income tax expense	17(a)	330,496	345,607	331,091	343,903
Total revenue less expenditure after income tax		2,822,487	4,336,197	2,822,487	4,336,197
Net assets available to pay benefits at the beginning of the year		33,508,605	29,172,408	33,508,605	29,172,408
Net assets available to pay benefits at the end of the year		36,331,092	33,508,605	36,331,092	33,508,605

The above Statement of Changes in Net Assets should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. NATURE OF THE FUND

The Fund was established under a Trust Deed dated 1 October 1987. It is a regulated superannuation fund registered by the Australian Prudential Regulation Authority (APRA) as a registrable superannuation entity (RSE). The RSE registration number is R1000337.

The Fund has both accumulation and defined benefit members and is defined, under AAS 25 *Financial Reporting by Superannuation Plans*, as a defined benefit plan. The financial statements of the Fund are therefore prepared in accordance with the defined benefit plan reporting format as illustrated in AAS 25 (Financial report for a Defined Benefit Superannuation Plan which elects to prepare a Statement of Net Assets and a Statement of Changes in Net Assets).

The purpose of the Fund is to provide superannuation and insurance benefits for members and their dependants. The fund operates on profit for member's basis with all profits reinvested to provide improved outcomes for members.

Sunsuper Pty Ltd (ACN 010 720 840) is the Trustee of the Fund and is responsible for managing the Fund, ensuring that it operates the Fund in the best interests of all members and complies with all relevant legal and regulatory requirements.

The Fund is administered by Precision Administration Services Pty Ltd, a 100% owned entity of the Fund.

The custodially held investment assets of the Fund are held by State Street Australia Limited.

The principal place of business of the Fund is 30 Little Cribb Street, Milton, Queensland.

	2016	**2015**
Number of members of the Fund at 30 June	1,136,524	1,134,473

The Fund recognises a member with a zero balance as a member of the Fund.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements are general purpose financial statements of Sunsuper Superannuation Fund ('the Fund') and of the consolidated entity, comprising Sunsuper Superannuation Fund and its controlled entities ('the Group') (refer Note 20) which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, including AAS 25 *Financial Reporting by Superannuation Funds* ('AAS 25') as amended by AASB 2005-13 (December 2005), Accounting Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed dated 1 October 1987 and amendments thereto. To the extent that they do not conflict with AAS25, other Australian Accounting Standards have been applied in the preparation of the financial statements. AAS 25 provides specific measurement requirements for assets, liabilities and accrued benefits.

For the purposes of preparing the financial statements, the Fund is a profit for members entity.

The financial statements were authorised for issue by the Directors on 28 September 2016.

2. BASIS OF PREPARATION (Cont.)

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 3(b), valuation of investments, note 3(k), income tax, and note 3(g), benefit payable.

Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB1031 Materiality

2. BASIS OF PREPARATION (Cont.)

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations which were in issue but not yet effective, and are relevant to the Group, are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1056 'Superannuation Entities'	1 January 2016	30 June 2017
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB15'	1 January 2018	30 June 2019
AASB 16 'Lease'	1 January 2019	30 June 2020
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

2. BASIS OF PREPARATION (Cont.)

Standards and Interpretations in issue not yet adopted (Cont.)

AASB 1056 'Superannuation Entities' has been issued by the AASB in June 2014 and will replace AAS25 'Financial Reporting by Superannuation Plans' from 1 July 2016. The expected impact of initial application for the Fund are summarised below:

<u>Presentation and classification</u>

AASB1056 requires preparation of five following statements:

a. Statement of Financial Position;
b. Income statement;
c. Statement of Changes in Equity/Reserves;
d. Statement of Cash Flows; and
e. Statement of Changes in Member Benefits.

All contributions and benefits affecting member liabilities will be moved from the Statement of Changes in Net Assets to the Statement of Changes in Member Benefits.

The new standard specifies that members' liabilities do not meet the definition of equity, therefore, member benefits will be recognised as liabilities in the Statement of Financial Position rather than in equity. This will result in a transition adjustment on 1 July 2016, which will decrease net assets by $36,054m.

<u>Measurement and disclosure</u>

Assets and liabilities will be measured at fair value in accordance with AASB 13 Fair value measurement, excluding member liabilities, tax assets and liabilities. It has been determined that the change in measurement will not result in a material impact to the financial statements.

<u>Insurance Arrangements</u>

The Fund has arrangements whereby it acts as an agent for external insurers. The premiums collected from members and premiums paid to the insurers will be included in the Statement of Cash Flows. Premiums charged to member accounts and insurance benefits paid to members under the Insurance Agreement will be reported in the Statement of Changes in Member Benefits rather than the Income Statement.

<u>For defined benefit plans</u>

Defined benefit obligations will be measured on an annual basis and disclosed in the statement of financial position. Accrued benefits will be measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits at that date when they are expected to fall due. There is no expected transitional adjustment on 1 July 2016 from this change.

Additional disclosures will be required where there is a difference between the net assets attributable to defined benefit members and the defined benefit member liabilities.

The initial application of the other Standards and Interpretations issued but not yet effective is not expected to have a material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

(a) Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with a bank or other financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash and which are subject to insignificant risk of changes in value. It also includes the value of applicable derivative financial instruments referred to Note 3(d).

(b) Valuation of investments

Investments are included in the Statement of Net Assets at net market value as at the reporting date and changes in the net market value of assets are recognised in the Statement of Changes in Net Assets in the periods in which they occur.
Net market values have been determined as follows:

(i) listed securities, foreign securities quoted on a recognised stock exchange and government and other fixed interest securities are stated at the most recent market quotations available as at the reporting date in the relevant market;
(ii) unit trusts, pooled superannuation trusts and managed fund investments are stated at the redemption price quoted by the fund managers as at the reporting date;
(iii) unlisted securities, including hedge funds and the underlying investments within vehicles that invest in private capital, infrastructure and property, are valued as at the reporting date based on multiples of earnings, discounted cash flow, market equivalents and other market accepted methodologies from:
- independent external valuers;
- the Fund's investment managers using valuation models that typically follow industry guidelines or standards set by the constituent documents of the investment;
- recent third party arm's length transactions of similar securities; or
- cost (less any diminution in value) in cases where investments have been held for a short time and the Trustee is satisfied that significant diminution in value has not occurred.

(iv) insurance policies are based on actuarial assessments of the amount receivable from the insurer as at the reporting date in respect of the policies;
(v) term deposits and other unmarketable loans are stated at the principal plus accrued interest as at the reporting date; and
(vi) direct property investments are included in the financial statements on the basis of independent valuations carried out on at least an annual basis. The valuation of direct property investments are based on discounted cash flow, capitalisation and direct comparison methodologies.

Estimated costs of realisation have been deducted in determining net market value. Net market value is considered a reasonable approximation of net fair value.

Investment income receivable is reported as part of the underlying investment asset class to which the income relates.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Alternative assets

Alternative assets include investments in private capital, hedge funds, infrastructure and opportunistic property and are valued in accordance with Note 3(b)(iii).

(d) Derivative financial instruments

The Fund may, through appointed investment managers, enter into a variety of derivative financial instruments to manage its exposure to equity market, interest rate and foreign exchange rate risk, including options, futures, forward foreign exchange contracts, interest rate swaps and cross currency swaps. The net market value impact of each instrument is included within the related investment classification throughout the financial statements. Further details of derivative financial instruments are disclosed in Note 19 to the financial statements.

(e) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.
Exchange differences are recognised in the Statement of Changes in Net Assets in the period in which they arise except exchange differences on transactions entered into in order to hedge certain foreign currency risks.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(g) Benefits payable

Benefits payable include estimates of member benefits (inclusive of group life insurance proceeds) expected to be paid in respect of valid requests that were submitted to the Fund prior to year end but where the benefit had not been paid by that date.

(h) Operating leases

The Trustee, on behalf of the Fund, has entered into operating leases under which the lessor effectively retains most of the risks and benefits associated with ownership of the leased asset. Operating lease payments are charged to the Statement of Changes in Net Assets in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Incentives received from entering into operating leases are recognised as liabilities. The aggregated benefits of incentives are recognised as a reduction of rental expense when the operating lease payment is incurred, as this represents the pattern of benefits derived from the leased asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(i) Receivables

Receivables are recognised at the amounts expected to be recovered, which approximate fair value.

(j) Plant and equipment

Plant and equipment is recorded at cost less accumulated depreciation and impairment. The Trustee has determined that the carrying amounts approximate net market value.

(k) Income tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 as amended. Accordingly, the concessional tax rate of 15% has been applied.

<u>Current tax</u>

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

<u>Deferred tax</u>

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Net Assets. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the period</u>

Current and deferred tax is recognised as an expense or benefit in the Statement of Changes in Net Assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(l) Intangible assets

Intangible assets acquired separately

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (Note 3(r)).

Internally-generated intangible assets

An internally-generated intangible asset arising from development of an internal project is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Internally-generated intangible assets are reported as cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets

Amortisation of intangible assets is charged to the Statement of Change in Net Assets on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- Computer software 1 - 5 years
- Internally-generated intangible assets 3 – 5 years

(m) Other payables

Other payables represent group life insurance premium payable and liabilities for goods and services provided to the Fund prior to the end of the financial year and which are unpaid. Amounts are unsecured. Other creditors are subject to normal trade credit terms.

(n) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable which is equivalent to net market value. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured. The following recognition criteria relates to the different items of revenue the Group receives:

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) Revenue recognition (Cont.)

Investment revenue

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at the reporting date, the balance is reflected in the Statement of Net Assets as part of the underlying investment category.

Interest revenue

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of financial asset to that asset's net carrying amount. If interest is not received at balance date, it is reflected in the Statement of Net Assets as part of the underlying investment category.

Changes in net market value of investments

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

Rent

Rent from property is recognised in accordance with the rental agreement on an accruals basis.

Distributions from unit trusts

Distributions from unit trusts are recognised as investment income on the date the unit value is quoted ex-distribution. If distributions from unit trusts are not received at the reporting date, the amount is reflected in the Statement of Net Assets as part of the underlying investment category.

Contribution revenue

Employer contributions

Employer contributions are brought to account when control of the asset has been attained and include contributions received up to and including the quarterly superannuation guarantee deadline (28 July each year) which relate to the period to the reporting date.

Member contributions

Member contributions, which include co-contributions received from the Australian Government, are brought to account on a cash basis as this is the only point at which measurement is reliable.

Transfers from other Funds

Transfers from other funds are brought to account on a cash basis as this is the only point at which measurement is reliable.

Other revenue

Group life insurance rebate

The group life insurance rebate is recognised on an accruals basis when the rebate amount is made available for the benefit of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) Revenue recognition (Cont.)

Group life insurance proceeds

Group life insurance proceeds are recognised on an accruals basis whereby an estimate of outstanding insurance claims as at reporting date is brought to account. Group life insurance proceeds received and receivable by the Fund are included when paid or accrued to members as part of benefits paid and payable.

Other income

The Group recognises other income, such as financial planning service revenue and actuarial consulting service revenue, when the outcome of a transaction involving the rendering of services can be estimated reliably. Revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period.

(o) Anti-detriment payments

Anti-detriment payments are paid to ensure that the level of death benefits received by financial dependants from a complying superannuation fund is not reduced as a result of the tax on taxable contributions. These amounts are fully recovered from the Australian Tax Office. Anti-detriment payments are brought to account on a cash basis. The recovery from the Australian Tax Office is brought to account as a reduction to the current taxation liabilities of the Fund.

(p) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled wholly within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled wholly within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

(q) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Fund (the parent entity) and its controlled entities that are not exempted from consolidation as defined in Accounting Standard AASB 10 'Consolidated Financial Statements' and amended in AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'. The Fund has assessed that it meets the definition of investment entity as it invests money on behalf of its members for the purpose of obtaining an investment return and it measures investments on a fair value basis. As a result, certain entities are not consolidated. A list of all controlled entities appears in Note 20 to the financial statements.
Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Fund obtains control and until such time as the Fund ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(r) Impairment of assets

The carrying amounts of the Group's assets, other than investments and deferred tax assets (Note 3(k)), are reviewed at each balance date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated (see below).

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(s) Rounding

Due to the size of the Fund's assets, the financial statements and notes to the financial statements have been rounded to the nearest $1,000, except where otherwise indicated.

(t) Comparative amounts

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, some line items in the notes to the financial statements have been amended. Comparative figures have been adjusted to conform to the current year's presentation.

4. VESTED BENEFITS

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

	Fund	
	2016	**2015**
	$ 000	**$ 000**
Vested benefits - accumulation members	35,874,069	33,119,462
Vested benefits - defined benefit members	158,308	88,225
Total vested benefits	36,032,377	33,207,687
Net assets available to meet vested benefits of:		
Accumulation members	36,151,618	33,409,966
Defined benefit members	179,474	98,639
Total net assets available to meet vested benefits	36,331,092	33,508,605

5. LIABILITY FOR ACCRUED BENEFITS

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries. For accumulation members, it is calculated as the difference between the carrying amounts of assets and liabilities (excluding defined benefit assets and liabilities) as at the reporting date.

The liability for accrued benefits for defined benefit members is actuarially measured as part of an actuarial investigation. The liability is determined as the present value of expected future payments which arise from membership of the Fund up to the date of measurement. The present value is determined by reference to expected future salary levels and by application of a current market based risk adjusted discount rate and appropriate actuarial assumptions.

Actuarial investigations are generally conducted every three years. Within the Fund, there is more than one defined benefit sub-plan. For sub-plans with the same actuarial investigation date, the accrued benefit liability has been aggregated. Comparative actuarial data is not included for sub-plans where the previous actuarial dates preceded the date when the defined benefit plans transferred to the Fund.

	2016 $ 000	2015 $ 000
Accrued benefits for accumulation members: (1)		
As at 30 June	36,151,618	33,409,966

Accrued benefits for defined benefit members:	Latest actuarial review $ 000	Previous actuarial review $ 000
Actuarial valuation date – 30 June 2013	40,523	40,941
Actuarial valuation date – 30 June 2014	36,988	50,323
Actuarial valuation date – 30 June 2015	20,929	32,885
Actuarial valuation date – 1 December 2015 (2)	79,798	n/a
Range of long term discount rates used in the measurement of accrued benefits	3% - 7%	4% - 7.5%

(1) Accrued benefits for accumulation members includes the Fund reserves referred to in note 22

(2) One defined benefit sub-plan transferred to the Fund effective 1 December 2015. An actuarial investigation of this sub-plan has been completed for that valuation date.

6. GUARANTEED BENEFITS

No guarantees have been made by the Trustee, on behalf of the Fund, in respect of any part of the liability for accrued benefits (2015: nil).

7. FUNDING ARRANGEMENTS

Contributions to the Fund are determined by the type of membership. For accumulation members, employers are expected to contribute at a minimum rate as determined by Industrial Awards or Superannuation Guarantee Legislation. The Superannuation Guarantee rate for the year ending 30 June 2016 was 9.50% (2015: 9.50%). Member contributions for accumulation members are voluntary.

The defined benefits are funded by contributions in accordance with the recommendations contained in the actuarial reports.

8. OTHER FINANCIAL ASSETS

	Consolidated		Fund	
	2016	2015	2016	2015
	$ 000	$ 000	$ 000	$ 000
Group life insurance proceeds receivable	125,226	119,471	125,226	119,471
Interest receivable	157	169	126	168
GST recoverable	513	704	806	1,077
Prepayments	6,744	5,061	1,749	1,818
Sundry debtors	451	240	976	374
	133,091	125,645	128,883	122,908

There are no significant terms or conditions applicable to the above receivables. All amounts are expected to be recoverable in whole within the next 12 months.

9. PROPERTY

Directly held investment property	397,320	375,455	397,320	375,455
Indirectly held investment property	3,738,890	2,744,051	3,738,890	2,744,051
	4,136,210	3,119,506	4,136,210	3,119,506

The reconciliation of the carrying amount of directly held investment property at the beginning and end of the periods is set out below:

Balance at beginning of financial year	375,455	487,582	375,455	487,582
Additions from subsequent expenditure	6,351	7,026	6,351	7,026
Changes in net market value	15,514	11,192	15,514	11,192
Disposals	-	(130,345)	-	(130,345)
Balance at end of financial year	397,320	375,455	397,320	375,455

10. PLANT AND EQUIPMENT

	Consolidated		Fund	
	2016 $ 000	2015 $ 000	2016 $ 000	2015 $ 000
Furniture and fittings	1,472	1,683	441	545
IT equipment and software	9,823	8,649	3	11
Motor vehicles	78	273	78	273
Leasehold Improvements	4,373	4,247	1,543	1,848
Total plant and equipment	15,746	14,852	2,065	2,677

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below:

	Consolidated				
	Motor vehicles $ 000	Furniture and fittings $ 000	Leasehold improvement $ 000	IT equipment and software $ 000	Total $ 000
Carrying amounts at 1 July 2014	334	1,937	4,844	7,951	15,066
Additions	32	254	161	4,138	4,585
Disposals	(36)	(37)	(2)	(15)	(90)
Change in market value	(57)	(471)	(756)	(3,425)	(4,709)
Carrying amounts at 30 June 2015	273	1,683	4,247	8,649	14,852
Additions	-	305	797	5,245	6,347
Disposals	(148)	(1)	-	(128)	(277)
Change in market value	(47)	(515)	(671)	(3,943)	(5,176)
Carrying amounts at 30 June 2016	78	1,472	4,373	9,823	15,746

	Fund				
	Motor vehicles $ 000	Furniture and fittings $ 000	Leasehold improvement $ 000	IT equipment and software $ 000	Total $ 000
Carrying amounts at 1 July 2014	334	686	2,048	22	3,090
Additions	32	18	139	1	190
Disposals	(36)	(36)	(2)	-	(74)
Change in market value	(57)	(123)	(337)	(12)	(529)
Carrying amounts at 30 June 2015	273	545	1,848	11	2,677
Additions	-	9	18	-	27
Disposals	(148)	-	-	-	(148)
Change in market value	(47)	(113)	(323)	(8)	(491)
Carrying amounts at 30 June 2016	78	441	1,543	3	2,065

The Trustee believes that the carrying amount of plant and equipment at 30 June 2016 is not materially different to net market value.

11. INTANGIBLES

	Consolidated		Fund	
	2016	**2015**	**2016**	**2015**
	$ 000	**$ 000**	**$ 000**	**$ 000**
Software development costs	25,599	17,420	4,154	4,154
Less: Accumulated amortisation	(15,600)	(14,612)	(4,154)	(4,154)
	9,999	2,808	-	-

The reconciliation of the carrying amount of software development costs at the beginning and end of the periods is set out below:

Carrying amounts at 1 July	2,808	528	-	-
Additions	8,180	2,920	-	-
Amortisation charge	(989)	(640)	-	-
Carrying amount at 30 June	9,999	2,808	-	-

12. OTHER PAYABLES

Group life insurance premiums payable	27,172	27,365	27,172	27,365
Audit fees payable	98	111	48	64
Sundry creditors	17,039	11,899	20,778	16,295
	44,309	39,375	47,998	43,724

13. PROVISION FOR EMPLOYEE BENEFITS

Employee benefits and related on-cost liabilities

Current				
Employee benefits provisions	7,453	6,248	2,523	2,104
Non-current				
Employee benefits provisions	2,826	3,030	803	1,017
	10,279	9,278	3,326	3,121

14. INTEREST

Bank deposits	10,391	10,545	9,875	9,896
ATO refund interest	12	198	12	198
Investments	206,954	205,752	206,968	205,768
	217,357	216,495	216,855	215,862

15. CHANGES IN NET MARKET VALUE OF INVESTMENTS

	Consolidated		Fund	
	2016 $ 000	**2015 $ 000**	**2016 $ 000**	**2015 $ 000**
Investments held at reporting date				
Cash and cash equivalents	575,264	(661,634)	575,264	(661,634)
Fixed interest securities	71,716	261,831	71,716	261,831
Australian equities	(265,719)	(103,288)	(265,719)	(103,288)
International equities	(225,540)	826,535	(225,540)	826,535
Property	246,250	321,542	246,250	321,542
Alternative assets	347,583	1,180,631	346,072	1,184,452
	749,554	1,825,617	748,043	1,829,438
Investments realised during the reporting period				
Cash and cash equivalents	(788,217)	(423,058)	(788,217)	(423,058)
Fixed interest securities	(43,502)	(164,179)	(43,502)	(164,179)
Australian equities	14,047	77,899	14,047	77,899
International equities	(143,854)	488,946	(143,854)	488,946
Property	166,339	10,652	166,339	10,652
Alternative assets	48,679	24,099	48,679	24,099
	(746,508)	14,359	(746,508)	14,359
Total changes in net market values	3,046	1,839,976	1,535	1,843,797

16. DIRECT INVESTMENT EXPENSES

Management fees	53,386	66,733	53,386	66,733
Custodian fees	6,716	4,095	6,716	4,095
Consultancy fees	4,487	4,305	4,487	4,305
Other direct investment expenses	24,445	21,279	24,445	21,279
	89,034	96,412	89,034	96,412

17. INCOME TAX

(a) Income tax recognised in Statement of Changes in Net Assets

	Consolidated		Fund	
	2016 $ 000	2015 $ 000	2016 $ 000	2015 $ 000
Tax expense comprises:				
Current tax expense	250,779	251,186	250,774	249,594
Adjustments for current tax of prior years	10,694	(6,402)	10,703	(6,412)
Deferred tax expense relating to the origination and reversal of temporary differences	69,023	100,823	69,614	100,721
Total income tax expense	330,496	345,607	331,091	343,903

The prima facie income tax expense on pre-tax changes in net assets reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2016 $ 000	Consolidated 2015 $ 000	Fund 2016 $ 000	Fund 2015 $ 000
Increase in net assets before income tax	3,152,983	4,681,804	3,153,578	4,680,100
Income tax expense at 15%	472,947	702,271	473,037	702,015
Non-taxable group life proceeds	(34,208)	(38,092)	(34,208)	(38,092)
Non-taxable member contributions/transfers in	(287,028)	(227,261)	(287,028)	(227,261)
No-TFN tax	(364)	(986)	(364)	(986)
Non-deductible benefits paid/payable	352,313	329,048	352,313	329,048
Anti-detriment tax paid	(4,678)	(4,557)	(4,678)	(4,557)
Non-assessable investment income	(25,101)	(247,419)	(24,559)	(248,821)
Imputation credits and other rebates	(149,975)	(155,654)	(149,975)	(155,654)
Net exempt pension income	(3,884)	(4,913)	(3,884)	(4,913)
Other	(220)	(428)	(266)	(464)
Adjustments for current tax of prior years	10,694	(6,402)	10,703	(6,412)
Total income tax expense	330,496	345,607	331,091	343,903

There has been no change in the superannuation tax rate of 15% when compared with the previous reporting period.

(b) Deferred tax balances

	Consolidated 2016 $ 000	Consolidated 2015 $ 000	Fund 2016 $ 000	Fund 2015 $ 000
Deferred tax liabilities:				
Contributions receivable	32,815	30,030	32,815	30,030
Net unrealised revenue gains	51,169	-	51,169	-
Net unrealised capital gains	257,044	269,959	257,044	269,959
	341,028	299,989	341,028	299,989
Deferred tax asset:				
Provision for employee benefits	3,200	2,877	379	468
Net unrealised revenue losses	-	28,496	-	28,496
Other payables	6,515	6,109	5,742	5,733
	9,715	37,482	6,121	34,697

18. REMUNERATION OF AUDITORS

	Consolidated		Fund	
	2016	2015	2016	2015
	$	$	$	$
Deloitte Touche Tohmatsu				
Audit of the financial statements	328,663	358,191	247,863	280,157
Regulatory audits	59,773	65,416	50,683	56,421
Other audit services	125,477	66,525	4,703	8,200
Other non-audit services - tax services	27,173	29,765	27,173	29,765
Other non-audit services - advisory services	25,303	82,930	-	82,930
	566,389	602,827	330,422	457,473
Ernst & Young				
Internal audit services	349,569	295,694	194,923	152,693
Other audit services	114,808	157,027	14,808	157,027
Other non-audit services - advisory services	-	279,000	-	-
	464,377	731,721	209,731	309,720
	1,030,767	1,334,548	540,153	767,193

19. FINANCIAL INSTRUMENTS

(a) Financial instruments management

The investments of the Group, other than cash held for meeting administrative and benefit expenses and certain other cash held on term deposit with Australian banks, are managed on behalf of the Trustee by specialist fund managers who are required to invest the assets allocated for management in accordance with the terms of a written investment management agreement or relevant offer document. The Trustee has determined that the appointment of these managers is appropriate for the Group and is in accordance with the Trustee's investment strategy.

State Street Australia Limited acts as master custodian on behalf of the Trustee and as such provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions.

(b) Significant accounting policies

In respect of each class of financial asset and financial liability, details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, are disclosed in note 3 to the financial statements.

(c) Capital risk management

The RSE license of the Trustee of the Fund requires the Trustee to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Trustee determines is necessary to respond to these losses. The ORFR target amount and current balance are disclosed in note 22 to the financial statements.

19. FINANCIAL INSTRUMENTS (Cont.)

(d) Financial risk management objectives

The Group is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, market risk (including interest rate risk, currency risk, and price risk) and liquidity risk. The Group's risk management and investment policies, approved by the Trustee, seek to manage the potential adverse effects of these risks on the Group's financial performance. These policies may include the use of certain financial derivative instruments.

It is the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Group. The Trustee has developed, implemented and maintains a Risk Management Framework (RMF) that is used in the daily operations of the Group.

The RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems seek to address the material risks, financial and non-financial, likely to be faced by the Group. Annually, the Trustee certifies to APRA that adequate strategies have been put in place to monitor those risks, that the Trustee has systems in place to provide reasonable assurance that the Group complies with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMF.

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

There are two main sources of credit risk in Sunsuper's investments:

- The risk that a borrower will default on payments due under certain financial instruments that the Group holds as an asset; and
- The risk that a counterparty to a financial derivative contract will not meet payments that are due.

Credit risk associated with contributions receivable is not a source of credit risk for the Trustee. The Fund is a public offer fund and has a large number of contributing employers. From the perspective of the Trustee, liabilities only arise after contributions are actually received from the employers. Credit risk associated with other receivables is regarded as minimal.

The Trustee has adopted the policy of spreading the aggregate value of transactions amongst approved counterparties with appropriate credit qualities, as a means of mitigating the risk of financial loss.

In particular, the Trustee has appointed investment managers who are required to explicitly consider the credit quality of the underlying investments and are also required to restrict exposure to individual borrowers and counterparties. Compliance with these requirements is continuously monitored through the managers' internal compliance functions and is also independently monitored by the custodian appointed by the Trustee. In addition, the Trustee has entered into netting arrangements to restrict the maximum potential loss that can result from a failure by counterparties to derivative contracts.

The Trustee receives regular reporting on breaches and where appropriate will seek compensation in respect to any breach that results in a material loss.

19. FINANCIAL INSTRUMENTS (Cont.)

(e) Credit risk (Cont.)

The principal asset classes in which material credit risk can arise are in the cash, fixed interest and alternative asset portfolios. The carrying amounts of the financial assets represent the maximum credit risk exposure at the reporting date. The majority of borrowers in respect to bonds and loans have been assessed at the time of investment as "investment grade" by a recognised ratings agency.

The Group does not have any significant credit risk exposure to any single counterparty or to any group of counterparties having similar characteristics, with the exception of the Australian banking sector. Concentration of credit risk related to the Australian banking sector at 30 June 2016 was 7.3% (2015: 7.8%) of total investments.

(f) Market risk

Market risk is the risk that the fair value of a financial asset will fluctuate because of general market changes, fundamental changes that affect specific assets, or changes in sentiment. Market risk is manifested in three main types of risk: market interest rates (interest rate risk), foreign exchange (currency risk), and market prices (price risk). The Group's policies and procedures put in place to mitigate exposure to market risk are detailed in the Trustee's investment policies and the RMF. There has been no significant change to the nature of the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's investments in bonds, fixed interest securities, debt securities and cash are subject to interest rate risk.

The Group's activities expose it to the financial risk of changes in interest rates. In relation to the financial assets of the Group, floating rate instruments expose the Group to cash flow risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. The Group has no direct exposure to interest rate risk for any financial liabilities but does note that changes in interest rates may affect the fair value of the Group's financial assets which in turn affect the value of members' accounts.

The following tables have been drawn up based on the expected maturities of the financial assets including interest that will be earned on those assets. The interest rate risk disclosures have been prepared on the basis of the Group's direct investments and not on a look-through basis for investments held indirectly through unit trusts or other investment vehicles.

19. FINANCIAL INSTRUMENTS (Cont.)

Interest Rate Risk (Cont.)

Consolidated	Floating interest rate	Fixed Interest rate 3 months or less	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
30 June 2016	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Financial assets							
Cash and deposits	1,548,522	315,246	1,011,682	-	-	-	2,875,450
Convertible notes	1,346	-	602	45,138	25,579	-	72,665
Fixed interest bonds	-	50,038	89,820	974,776	1,355,933	-	2,470,567
Floating rate notes	366,896	-	-	-	-	-	366,896
Mortgage backed securities	561,751	-	844	15,325	131,708	-	709,628
Asset backed securities	23,955	-	1,119	3,949	3,850	-	32,873
Loans	80,581	-	-	17,542	12,770	-	110,893
Discount securities	-	884,866	347,823	-	-	-	1,232,689
Derivatives	-	-	-	-	-	341,527	341,527
Listed and unlisted investments	-	-	-	-	-	27,796,772	27,796,772
Directly held real estate	-	-	-	-	-	397,319	397,319
Life insurance policies	283,144	-	-	-	-	-	283,144
Receivables	-	-	-	-	-	634,614	634,614
	2,866,195	1,250,150	1,451,890	1,056,730	1,529,840	29,170,232	37,325,037
Financial liabilities							
Payables	-	-	-	-	-	459,964	459,964
	-	-	-	-	-	459,964	459,964
Net financial assets	2,866,195	1,250,150	1,451,890	1,056,730	1,529,840	28,710,268	36,865,073
30 June 2015							
Financial assets							
Cash and deposits	1,575,218	865,145	1,146,614	-	-	-	3,586,977
Convertible notes	-	-	4,446	63,900	31,567	-	99,913
Fixed interest bonds	-	76,460	87,122	758,409	1,308,961	-	2,230,952
Floating rate notes	242,621	-	-	-	-	-	242,621
Mortgage backed securities	542,859	-	2,315	29,641	116,779	-	691,594
Asset backed securities	28,846	-	-	11,053	3,850	-	43,749
Loans	87,912	-	2,616	6,200	23,836	-	120,564
Discount securities	-	1,198,484	47,744	-	-	-	1,246,228
Derivatives	-	-	-	-	-	(365,503)	(365,503)
Listed and unlisted investments	-	-	-	-	-	25,459,294	25,459,294
Directly held real estate	-	-	-	-	-	375,455	375,455
Life insurance policies	253,294	-	-	-	-	-	253,294
Outstanding settlements	-	-	-	-	-	38,128	38,128
Receivables	-	-	-	-	-	474,048	474,048
	2,730,750	2,140,089	1,290,857	869,203	1,484,993	25,981,422	34,497,314
Financial liabilities							
Payables	-	-	-	-	-	488,288	488,288
	-	-	-	-	-	488,288	488,288
Net financial assets	2,730,750	2,140,089	1,290,857	869,203	1,484,993	25,493,134	34,009,026

19. FINANCIAL INSTRUMENTS (Cont.)

Interest Rate Risk (Cont.)

Fund	Floating interest rate	Fixed Interest rate 3 months or less	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
30 June 2016	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Financial assets							
Cash and deposits	1,536,308	315,246	1,011,682	-	-	-	2,863,236
Convertible notes	1,346	-	602	45,138	25,579	-	72,665
Fixed interest bonds	-	50,038	89,820	974,776	1,355,933	-	2,470,567
Floating rate notes	366,896	-	-	-	-	-	366,896
Mortgage backed securities	561,751	-	844	15,325	131,708	-	709,628
Asset backed securities	23,955	-	1,119	3,949	3,850	-	32,873
Loans	81,281	-	-	17,542	12,770	-	111,593
Discount securities	-	884,866	347,823	-	-	-	1,232,689
Derivatives	-	-	-	-	-	341,527	341,527
Listed and unlisted investments	-	-	-	-	-	27,838,855	27,838,855
Directly held real estate	-	-	-	-	-	397,319	397,319
Life insurance policies	283,144	-	-	-	-	-	283,144
Outstanding settlements	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	630,406	630,406
	2,854,681	1,250,150	1,451,890	1,056,730	1,529,840	29,208,107	37,351,398
Financial liabilities							
Payables	-	-	-	-	-	458,723	458,723
	-	-	-	-	-	458,723	458,723
Net financial assets	2,854,681	1,250,150	1,451,890	1,056,730	1,529,840	28,749,384	36,892,675
30 June 2015							
Financial assets							
Cash and deposits	1,549,258	865,145	1,146,614	-	-	-	3,561,017
Convertible notes	-	-	4,446	63,900	31,567	-	99,913
Fixed interest bonds	-	76,460	87,122	758,409	1,308,961	-	2,230,952
Floating rate notes	242,621	-	-	-	-	-	242,621
Mortgage backed securities	542,859	-	2,315	29,641	116,779	-	691,594
Asset backed securities	28,846	-	-	11,053	3,850	-	43,749
Loans	88,612	-	2,616	6,200	23,836	-	121,264
Discount securities	-	1,198,484	47,744	-	-	-	1,246,228
Derivatives	-	-	-	-	-	(365,503)	(365,503)
Listed and unlisted investments	-	-	-	-	-	25,502,888	25,502,888
Directly held real estate	-	-	-	-	-	375,455	375,455
Life insurance policies	253,294	-	-	-	-	-	253,294
Outstanding settlements	-	-	-	-	-	38,128	38,128
Receivables	-	-	-	-	-	471,311	471,311
	2,705,490	2,140,089	1,290,857	869,203	1,484,993	26,022,279	34,512,911
Financial liabilities							
Payables	-	-	-	-	-	488,493	488,493
	-	-	-	-	-	488,493	488,493
Net financial assets	2,705,490	2,140,089	1,290,857	869,203	1,484,993	25,533,786	34,024,418

19. FINANCIAL INSTRUMENTS (Cont.)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 78 basis points (2015: 80 bps) increase or decrease represents management's assessment of the possible change in interest rates.

The following table illustrates the effect on total revenue less expenditure after income tax and net assets available to pay benefits from possible changes in market risk that were reasonably possible based on the risk the Group was exposed to at reporting date. Liability for accrued benefits would also change by a similar amount as net assets available to pay benefits.

			Effect on total revenue less expenditure after income tax and net assets available to pay benefits			
	Change in Variable		Consolidated		Fund	
	2016	2015	2016 $ 000	2015 $ 000	2016 $ 000	2015 $ 000
Interest rate	+ 78 bps	+ 80 bps	(98,546)	(116,912)	(98,546)	(116,912)
Interest rate	- 78 bps	- 80 bps	98,546	116,912	98,546	116,912

Currency risk

Currency risk is the risk that the net market value of a financial asset will fluctuate because of changes in foreign exchange rates.

The Group undertakes certain transactions denominated in foreign currencies and is therefore exposed to the effects of exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. This exchange rate exposure is managed in line with the Trustee's investment policies and the RMF. The Group's overall strategy in foreign currency risk management remains unchanged from 2015.

It is the policy of the Trustee to enter into forward foreign exchange contracts and cross currency swaps to cover the change in asset values that may arise from currency translation. The contracts are entered into on a rolling basis throughout the year and, consequently, there is no specific cover for foreign currency payments and receipts.

19. FINANCIAL INSTRUMENTS (Cont.)

Currency Risk (Cont.)

The Group's exposure to foreign exchange rate movements on its investments was as follows:

Consolidated	INVESTMENTS DENOMINATED IN FOREIGN CURRENCY					
	USD A$ 000	EUR A$ 000	GBP A$ 000	JPY A$ 000	CNY A$ 000	OTHER A$ 000
30 June 2016						
Gross investment amounts denominated in foreign currency	9,681,614	1,337,453	558,138	365,036	444,727	2,761,248
Less: Amount effectively hedged	6,295,193	1,082,788	198,320	(11,102)	-	567,722
Net exposure	3,386,421	254,665	359,818	376,138	444,727	2,193,526
30 June 2015						
Gross investment amounts denominated in foreign currency	10,412,002	2,206,513	900,462	710,837	575,759	3,036,175
Less: Amount effectively hedged	7,716,566	2,017,826	579,638	353,172	-	660,014
Net exposure	2,695,436	188,687	320,824	357,665	575,759	2,376,161

The Fund's exposure to foreign exchange rate movements on its investments was as follows:

Fund	INVESTMENTS DENOMINATED IN FOREIGN CURRENCY					
	USD A$ 000	EUR A$ 000	GBP A$ 000	JPY A$ 000	CNY A$ 000	OTHER A$ 000
30 June 2016						
Gross investment amounts denominated in foreign currency	9,681,614	1,337,453	558,138	365,036	444,727	2,761,248
Less: Amount effectively hedged	6,295,193	1,082,788	198,320	(11,102)	-	567,722
Net exposure	3,386,421	254,665	359,818	376,138	444,727	2,193,526
30 June 2015						
Gross investment amounts denominated in foreign currency	10,412,002	2,206,513	900,462	710,837	575,759	3,036,175
Less: Amount effectively hedged	7,716,566	2,017,826	579,638	353,172	-	660,014
Net exposure	2,695,436	188,687	320,824	357,665	575,759	2,376,161

19. FINANCIAL INSTRUMENTS (Cont.)

Currency sensitivity

The following table details the Group's sensitivity to an 11% (2015: 12%) increase and decrease in the Australian Dollar against the relevant foreign currencies. An 11% increase or decrease is management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for an 11% (2015: 12%) change in foreign currency rates. Liability for accrued benefits would also change by a similar amount as net assets available to pay benefits.

Consolidated and Fund effect on total revenue less expenditure after income tax and net assets available to pay benefits	**2016 \$ 000**	**2015 \$ 000**
Effect of 11% (2015: 12%) increase in AUD relative to foreign currency exchange rates		
USD impact	(285,253)	(245,477)
EUR impact	(21,452)	(17,184)
GBP impact	(30,309)	(29,218)
JPY impact	(31,684)	(32,573)
CNY impact	(37,461)	(52,435)
Other currencies impact	(184,770)	(216,400)
Effect of 11% (2015: 12%) decrease in AUD relative to foreign currency exchange rates		
USD impact	355,764	312,426
EUR impact	26,754	21,871
GBP impact	37,801	37,186
JPY impact	39,516	41,457
CNY impact	46,721	66,736
Other currencies impact	230,443	275,419

Price risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Group has investments in a variety of assets which are exposed to price risk. The Group is exposed to equity price risk arising from market equity investments and other price risk arising from its investments in collective vehicles

As the majority of the Group's financial instruments are carried at net market value with changes in net market value recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect net investment income.

Price risk is mitigated by the Group's investment managers by constructing diversified portfolios of instruments traded on various markets.

19. FINANCIAL INSTRUMENTS (Cont.)

Price risk sensitivity

The following table illustrates the effect on total revenue less expenditure after income tax and net assets available to pay benefits from specified changes in market prices that were reasonably possible based on management's assessment of the risk the Group was exposed to at the reporting date. For a negative change in the variable, there would be an equal and opposite impact on the net assets available to pay benefits, and the balances below would be negative. Liability for accrued benefits would also change by a similar amount as net assets available to pay benefits.

			Effect on total revenue less expenditure after income tax and net assets available to pay benefits			
	Change in Variable		Consolidated		Fund	
	2016	2015	2016	2015	2016	2015
	+/-	+/-	$ 000	$ 000	$ 000	$ 000
Australian equities	17%	19%	1,396,709	1,250,782	1,396,709	1,250,782
International equities	18%	21%	1,272,947	1,642,823	1,272,947	1,642,823
Property	10%	11%	366,850	300,184	366,850	300,184
Alternative assets *	8% - 12%	9% - 14%	628,798	657,105	632,956	660,957

* For alternative assets a range of 8-12% has been used depending upon the nature of the underlying assets (Infrastructure 11%, Private Capital 12% and Hedge Funds 8%).

(g) Liquidity risk

Liquidity risk is the risk the Fund may not be able to generate sufficient cash resources to settle its obligations in full as and when they fall due or can only do so on terms that are materially disadvantageous.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. The Fund allows members to withdraw benefits and it is therefore exposed to the liquidity risk of meeting members' withdrawals within the timeframes permitted under relevant law. In some circumstances, the Trustee has the discretion to delay redemptions. The value of the liabilities to members is determined by the value of the assets.

The Group is also exposed to liquidity risk of meeting the capital commitments disclosed in note 21.

The Group's liquidity risk is managed in accordance with the Group's investment strategy and liquidity policy. The Fund principally manages liquidity risk by maintaining adequate banking facilities, continuous monitoring of forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities and through regular scenario testing designed to control the minimum exposure to liquid asset classes at any one point in time. The Fund also has a high level of net inward cash flows (through new contributions) which provide additional capacity to manage liquidity risk.

The following table summarises the maturity profile of the Fund's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

19. FINANCIAL INSTRUMENTS (Cont.)

(g) Liquidity risk (Cont.)

Consolidated	**3 months or less**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
30 June 2016	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Vested benefits:					
Accumulation members	35,874,069	-	-	-	35,874,069
Defined benefit members	158,308	-	-	-	158,308
Other:					
Benefits payable	257,807	-	-	-	257,807
Other payables	44,309	-	-	-	44,309
Other financial liabilities	7,453	-	-	-	7,453
Investment other payables	149,345	-	-	-	149,345
Cash collateral repayable	1,582,879	-	-	-	1,582,879
Net derivative liabilities:					
Futures	28,842	6,565	3,601	-	39,008
Options	3,073	20,098	-	-	23,171
Forward foreign exchange contracts					
- Outflow	189,754	89,151	5,357	-	284,262
- Inflow	(26,405)	(12,308)	(21)	-	(38,734)
	163,349	76,843	5,336	-	245,528
Cross -currency swaps					
- Outflow	38	1,819	1,497,402	3,942	1,503,201
- Inflow	-	-	(1,464,123)	-	(1,464,123)
	38	1,819	33,279	3,942	39,078
	38,269,472	105,325	42,216	3,942	38,420,955
30 June 2015					
Vested benefits:					
Accumulation members	33,119,462	-	-	-	33,119,462
Defined benefit members	88,225	-	-	-	88,225
Other:					
Benefits payable	247,135	-	-	-	247,135
Other payables	39,375	-	-	-	39,375
Other financial liabilities	6,248	-	-	-	6,248
Investment other payables	195,328	-	-	-	195,328
Cash collateral repayable	208,780	-	-	-	208,780
Net derivative liabilities:					
Futures	17,386	826	25	-	18,237
Options	12,164	19	-	-	12,183
Forward foreign exchange contracts					
- Outflow	349,314	217,428	-	-	566,742
- Inflow	(10,723)	(5,923)	-	-	(16,646)
	338,591	211,505	-	-	550,096
Cross -currency swaps					
- Outflow	77	233,338	698,396	590	932,401
- Inflow	-	(205,145)	(654,998)	-	(860,143)
	77	28,193	43,398	590	72,258
	34,272,771	240,543	43,423	590	34,557,327

19. FINANCIAL INSTRUMENTS (Cont.)

(g) Liquidity risk (Cont.)

Fund	**3 months or less**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
30 June 2016	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Vested benefits:					
Accumulation members	35,874,069	-	-	-	35,874,069
Defined benefit members	158,308	-	-	-	158,308
Other:					
Benefits payable	257,807	-	-	-	257,807
Other payables	47,998	-	-	-	47,998
Other financial liabilities	2,523	-	-	-	2,523
Investment other payables	149,345	-	-	-	149,345
Cash collateral repayable	1,582,879	-	-	-	1,582,879
Net derivative liabilities:					
Futures	28,842	6,565	3,601	-	39,008
Options	3,073	20,098	-	-	23,171
Forward foreign exchange contracts					
- Outflow	189,754	89,151	5,357	-	284,262
- Inflow	(26,405)	(12,308)	(21)	-	(38,734)
	163,349	76,843	5,336	-	245,528
Cross -currency swaps					
- Outflow	38	1,819	1,497,402	3,942	1,503,201
- Inflow	-	-	(1,464,123)	-	(1,464,123)
	38	1,819	33,279	3,942	39,078
	38,268,231	105,325	42,216	3,942	38,419,714
30 June 2015					
Vested benefits:					
Accumulation members	33,119,462	-	-	-	33,119,462
Defined benefit members	88,225	-	-	-	88,225
Other:					
Benefits payable	247,135	-	-	-	247,135
Other payables	43,724	-	-	-	43,724
Other financial liabilities	2,104	-	-	-	2,104
Investment other payables	195,328	-	-	-	195,328
Cash collateral repayable	208,780	-	-	-	208,780
Net derivative liabilities:					
Futures	17,386	826	25	-	18,237
Options	12,164	19	-	-	12,183
Forward foreign exchange contracts					
- Outflow	349,314	217,428	-	-	566,742
- Inflow	(10,723)	(5,923)	-	-	(16,646)
	338,591	211,505	-	-	550,096
Cross -currency swaps					
- Outflow	77	233,338	698,396	590	932,401
- Inflow	-	(205,145)	(654,998)	-	(860,143)
	77	28,193	43,398	590	72,258
	34,272,976	240,543	43,423	590	34,557,532

19. FINANCIAL INSTRUMENTS (Cont.)

(h) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value (net market value), grouped into Levels 1 to 3 based on the degree to which the major inputs to the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2016	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Cash and cash equivalents	2,343,031	1,678,066	-	4,021,097
Fixed interest securities	191,857	4,195,961	2,354	4,390,172
Australian equities	8,327,924	1,101,586	-	9,429,510
International equities	7,343,749	659,924	20,661	8,024,334
Property	11,868	560,688	3,563,654	4,136,210
Alternative assets	69,246	2,722,673	3,978,159	6,770,078
Total	18,287,675	10,918,898	7,564,828	36,771,401
30 June 2015				
Cash and cash equivalents	2,750,134	938,554	-	3,688,688
Fixed interest securities	500,401	3,572,645	78,227	4,151,273
Australian equities	6,570,139	936,163	-	7,506,302
International equities	6,736,545	2,090,170	156,447	8,983,162
Property	10,676	233,623	2,875,207	3,119,506
Alternative assets	39,631	2,695,010	3,722,727	6,457,368
Total	16,607,526	10,466,165	6,832,608	33,906,299

19. FINANCIAL INSTRUMENTS (Cont.)

(h) Fair value hierarchy (Cont.)

Fund 30 June 2016	Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
Cash and cash equivalents	2,342,331	1,678,066	-	4,020,397
Fixed interest securities	191,857	4,195,961	2,354	4,390,172
Australian equities	8,327,924	1,101,586	-	9,429,510
International equities	7,343,749	659,924	20,661	8,024,334
Property	11,868	560,688	3,563,654	4,136,210
Alternative assets	69,246	2,722,673	4,020,942	6,812,861
Total	18,286,975	10,918,898	7,607,611	36,813,484
30 June 2015				
Cash and cash equivalents	2,749,434	938,554	-	3,687,988
Fixed interest securities	500,401	3,572,645	78,227	4,151,273
Australian equities	6,570,139	936,163	-	7,506,302
International equities	6,736,545	2,090,170	156,447	8,983,162
Property	10,676	233,623	2,875,207	3,119,506
Alternative assets	39,631	2,695,010	3,767,021	6,501,662
Total	16,606,826	10,466,165	6,876,902	33,949,893

The Group's policy is to recognise transfers into and transfers out of the fair value hierarchy as at the end of the reporting period.

The following tables present the movement in level 3 financial assets as at the reporting date by asset class of financial instruments.

Consolidated 30 June 2016	Fixed interest securities $ 000	Australian equities $ 000	International equities $ 000	Property $ 000	Alternative assets $ 000	Total $ 000
Opening balance at 1 July 2015	78,227	-	156,447	2,875,207	3,722,727	6,832,608
Changes in net market value of investments in Statement of Changes in Net Assets	-	-	175	330,098	281,961	612,234
Purchases	-	-	40	2,057,095	514,826	2,571,961
Redemptions	(78,224)	-	(136,001)	(1,698,746)	(541,355)	(2,454,326)
Transfers to/(from) level 3	2,351	-	-	-	-	2,351
Closing balance at 30 June 2016	2,354	-	20,661	3,563,654	3,978,159	7,564,828
Changes in net market value of investments in Statement of Changes in Net Assets on assets held at the reporting date	-	-	175	335,169	283,506	618,850
30 June 2015						
Opening balance at 1 July 2014	101,304	990	96,099	2,429,511	2,935,443	5,563,347
Changes in net market value of investments in Statement of Changes in Net Assets	29,460	(387)	47,937	326,468	670,825	1,074,303
Purchases	10	-	20,376	1,260,229	1,963,156	3,243,771
Redemptions	(19,406)	(603)	(7,965)	(1,141,001)	(1,846,697)	(3,015,672)
Transfers to/(from) level 3	(33,141)	-	-	-	-	(33,141)
Closing balance at 30 June 2015	78,227	-	156,447	2,875,207	3,722,727	6,832,608
Changes in net market value of investments in Statement of Changes in Net Assets on assets held at the reporting date	26,497	(209)	47,937	308,594	672,164	1,054,983

19. FINANCIAL INSTRUMENTS (Cont.)

(h) Fair value hierarchy (Cont.)

Fund 30 June 2016	Fixed interest securities $ 000	Australian equities $ 000	International equities $ 000	Property $ 000	Alternative assets $ 000	Total $ 000
Opening balance at 1 July 2015	78,227	-	156,447	2,875,207	3,767,021	6,876,902
Changes in net market value of investments in Statement of Changes in Net Assets	-	-	175	330,098	280,450	610,723
Purchases	-	-	40	2,057,095	514,826	2,571,961
Redemptions	(78,224)	-	(136,001)	(1,698,746)	(541,355)	(2,454,326)
Transfers to/(from) level 3	2,351	-	-	-	-	2,351
Closing balance at 30 June 2016	2,354	-	20,661	3,563,654	4,020,942	7,607,611
Changes in net market value of investments in Statement of Changes in Net Assets on assets held at the reporting date	-	-	175	335,169	281,995	617,339
30 June 2015						
Opening balance at 1 July 2014	101,304	990	96,099	2,429,511	2,975,914	5,603,818
Changes in net market value of investments in Statement of Changes in Net Assets	29,460	(387)	47,937	326,468	674,648	1,078,126
Purchases	10	-	20,376	1,260,229	1,963,156	3,243,771
Redemptions	(19,406)	(603)	(7,965)	(1,141,001)	(1,846,697)	(3,015,672)
Transfers to/(from) level 3	(33,141)	-	-	-	-	(33,141)
Closing balance at 30 June 2015	78,227	-	156,447	2,875,207	3,767,021	6,876,902
Changes in net market value of investments in statement of Changes in Net Assets on assets held at the reporting date	26,497	(209)	47,937	308,594	675,987	1,058,806

The pricing for the majority of the Group's investments is sourced from independent pricing sources, the relevant investment manager or reliable brokers' quotes.

Investments for which values are based on quoted market prices in active liquid markets, e.g. recognised stock exchanges, and therefore classified within level 1, include active listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include fixed interest securities, over-the-counter derivatives and investments in unlisted unit trusts within which the underlying securities are primarily valued by applying quoted market prices in active markets. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include certain unlisted investment vehicles such as unit trusts and partnerships as well as direct property. As observable prices are not available for these securities, the Group has typically received valuations from investment managers, or from independent valuers appointed by them, who have used generally accepted valuation techniques to derive fair value.

19. FINANCIAL INSTRUMENTS (Cont.)

(h) Fair value hierarchy (Cont.)

Where a valuation model technique is used, the underlying investment manager or external independent valuer considers liquidity, credit and market risk factors, and adjusts the model as deemed necessary. As part of this process valuers generally consider several alternative valuation assumptions in their model which determine valuation ranges around the valuer's best estimate of fair value.

The following table illustrates how the valuation ranges around fair value provided to the Group could affect total revenue less expenditure after income tax and net assets available to pay benefits if other reasonably possible alternative valuation assumptions were used as at the reporting date.

	Effect on total revenue less expenditure after income tax and net assets available to pay benefits			
	2016		2015	
	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Consolidated and Fund	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Property	59,623	(52,591)	12,140	(6,898)
Alternative assets	33,301	(33,301)	39,456	(30,868)

(i) Securities lending arrangements

The Group entered into securities lending arrangements with the State Street Bank and Trust Company from October 2014, under which legal title to certain assets of the Fund may be transferred to another entity, notwithstanding the fact that the risks and benefits of ownership of the assets remain with the Group.

<u>Loaned Assets and Collateral</u>

The assets transferred to other entities under securities lending arrangements may include Australian and International equities and fixed income securities that are held discretely by the Fund's Custodian. The risks of ownership to which the Group remains exposed are currency risk, interest rate risk, credit risk and price risk.

The carrying amount of securities that may be eligible for securities lending activities at reporting date amounted to $14,568m (2015: $12,973m). The carrying amount of securities on loan at reporting date was $1,886m (2015: $616m).

The terms and conditions associated with the use of collateral held as security in relation to the assets lent are governed by a Securities Lending Agreement that requires the borrower to provide the lender with collateral to the value equal to or greater than the loaned securities. The collateral held at reporting date as security had a fair value of $1,930m (2015: $644m). The cash collateral held amounted to $1,583m (2015: $208m) and is recognised as both a financial asset and a financial liability in the Statement of Net Assets. Non cash collateral held is not recognised in the Statement of Net Assets. The State Street Bank and Trust Company, as lending agent, indemnifies the Group for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a Borrower default on a security loan.

19. FINANCIAL INSTRUMENTS (Cont.)

(i) Securities lending arrangements

Earnings and Fees
During the year the gross earnings were $5.2m (2015: $0.9m). These amounts were received on behalf of the Group and have been recognised in the statement of changes in net assets. During the year ended 30 June 2016, the Group paid fees to the State Street Bank and Trust Company in the amount of $1.3m (2015: $0.2m) for acting as lending agent and have been recognised in the statement of changes in net assets. Net benefits realised from the security lending arrangements are returned to members via an increase in unit price.

20. CONTROLLED ENTITIES

Parent entity	**Country of**	**Ownership interest**	
Sunsuper Superannuation Fund	**incorporation**	**2016**	**2015**
Controlled entities [(1)]			
Consolidated			
Sunsuper Financial Services Pty Ltd	Australia	100%	100%
Precision Administration Services Pty Ltd	Australia	100%	100%
Not consolidated			
Beston Accommodation Parks Trust	Australia	96%	95%
Carrix (SPV) SS Pty Ltd	Australia	100%	100%
CCP Bidco Trust 2	Australia	76%	76%
Colonial First State Private Capital Pty Ltd	Australia	100%	100%
Corporate Opportunity Fund 2A LP	Australia	83%	83%
Corporate Opportunity Fund 2A Trust	Australia	83%	83%
CWC Corporate Opportunity 1A Trust	Australia	100%	100%
CWC Corporate Opportunity 1B Trust	Australia	100%	100%
CWC Corporate Opportunity No 1 Limited Partnership LP	Australia	90%	90%
Discovery Parks Holdings Pty Ltd	Australia	96%	95%
Eveleigh Trust 2	Australia	100%	0%
Project Cricket SS Unit Trust	Australia	100%	100%
Riversdale Investment Op Trust	Australia	100%	100%
Riversdale Investment Prop Trust	Australia	100%	100%
Sentient Global Resource Trust II	Cayman Islands	100%	100%
Sunsient Ltd	Cayman Islands	100%	100%
Sunsuper Holdings Pty Ltd	Australia	100%	100%
Sunsuper AUD Collateral Trust	Australia	100%	0%
Sunsuper USD Collateral Trust	Australia	100%	0%
Sunsuper Infrastructure Trust 1	Australia	100%	100%
Sunsuper Infrastructure Trust 2	Australia	100%	100%
Sunsuper Infrastructure Trust 3	Australia	100%	100%
Sunsuper Infrastructure Trust 4	Australia	100%	100%
Sunsuper Infrastructure Trust 5	Australia	100%	100%
Sunsuper Investments A Pty Ltd	Australia	100%	100%
Sunsuper Pooled Superannuation Trust	Australia	100%	100%
Westbourne Yield Fund No. 5	Australia	100%	100%
SunVest LLC	USA	100%	100%
Sunkina Choice LP	Jersey	100%	100%
Sunrock Discretionary Co-Investment Fund, LLC	USA	100%	100%
Sunvard LP	USA	100%	100%
Sunman LLC	USA	54%	0%

[(1)] Refer Note 3q.

21. COMMITMENTS FOR EXPENDITURE

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Fund	
	2016 $ 000	2015 $ 000	2016 $ 000	2015 $ 000
Not longer than 1 year	5,487	5,869	2,367	3,009
1 - 5 years	20,749	22,351	10,846	11,167
Over 5 years	667	2,927	-	1,880
Commitments not recognised in the financial statements	26,903	31,147	13,213	16,056
Minimum lease payments included in expenses in the Statement of Changes in Net Assets	6,032	5,423	3,064	2,101

Other commitments

Other expenditure contracted for at the reporting date but not recognised as liabilities is payable as follows:

	Consolidated 2016	Consolidated 2015	Fund 2016	Fund 2015
Software support and maintenance				
Not longer than 1 year	1,721	2,099	-	-
1 - 5 years	2,041	-	-	-
Commitments not recognised in the financial statements	3,762	2,099	-	-
Investments				
No longer than 1 year				
- Property	41,696	53,846	41,696	53,846
- Alternative Assets [1]	124,637	233,858	124,637	233,858
Commitments not recognised in the financial statements	166,333	287,704	166,333	287,704

(1) Investment commitments can be called upon at any time by the underlying investment manager depending on their requirements to fund new investments.

22. RESERVES

In order to comply with legislative and Trust Deed requirements, the Trustee maintains a number of reserves in the Fund for the benefit of members.

Operational Risk Financial Requirement (ORFR)

The Trustee is required to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Trustee determines is necessary to respond to these losses.

The Trustee set an ORFR target amount at 0.25% of Fund net assets plus 0.10% of Sunsuper Pooled Superannuation Trust (PST) net assets. The PST is a controlled entity (refer Note 20) and has the same Trustee as Sunsuper Superannuation Fund. The amount of ORFR held by the Fund which is attributed to the PST at 30 June 2016 is $5,813,767 (2015: $6,204,744).

Initial funding of the ORFR and future top-up or replenishment is from the general reserve. The ORFR is invested in the Balanced Option.

A reconciliation of the movement in the ORFR reserve is set out below:

	Fund	
	2016	**2015**
	$ 000	**$ 000**
ORFR reserve at beginning of year	89,818	81,551
Transfer from general reserve	4,745	-
Earnings from investment in Balanced Fund	2,815	8,267
Movement in reserve	7,560	8,267
ORFR reserve at end of year	97,378	89,818

General Reserve

The Trustee maintains a general reserve in the Fund for the benefit of members. The general reserve is maintained in order to:

- Help meet the operating expenses of the Fund;
- Assist with the management of the operational risks of the Fund, including meeting losses from events not covered by insurance, or not claimed under insurance policies, and not met from the ORFR;
- Support the ORFR;
- Support the timing differences between the level of investment tax and the investment costs incurred by the Fund and the level of investment tax and investment fees charged to members; and

22. RESERVES (Cont.)

General Reserve (Cont.)

- Support expenses and capital investments in assets designed to enhance the efficiency of the Fund's operations.

The Trustee does not maintain the general reserve for the purpose of smoothing investment earnings for any investment options. Members' accounts are credited or debited with the actual earnings of their investment option or options.

The general reserve may only be invested in:

- The Balanced Option;
- Low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes); and
- Any other investments approved by the Trustee.

	Fund	
	2016	**2015**
	$ 000	**$ 000**
General reserve at beginning of year	200,686	190,856
Net investment revenue	1,020,564	2,866,286
Investment earnings (net of investment fees and tax) allocated to members	(1,042,174)	(2,827,319)
Indirect member expenses charged to reserve	(139,295)	(131,648)
Administration levies charged to member accounts	121,187	91,083
Member benefit protection	44	120
Income tax expense	(331,091)	(343,903)
Tax levies charged to member accounts	355,856	356,626
Group life insurance rebate	-	(2,000)
Other	(898)	99
Transfer to ORFR	(4,745)	-
Transfer from Insurance reserve	-	254
Transfer from successor fund (1)	38	232
Movement in reserve	(20,514)	9,830
General reserve at end of year	180,172	200,686

(1) Refer note 23

23. TRANSFERS FROM SUCCESSOR FUNDS

In the 2016 financial year, there were 3 successor fund transfers. The assets which were transferred have been valued in accordance with the Fund's accounting policies (refer note 3).The transfers occurred as follows:

Fund/Plan	Transfer Date	Net Assets $ 000
Mondelez Australia Superannuation Plan	December 2015	198,896
GPC Asia Pacific Plan	February 2016	102,289
Northern Territory Government and Public Authorities' Employees' Superannuation Fund	February 2016	278,047

The transfers from all successor funds have resulted in the following movements:

	Fund	
	2016 **$ 000**	**2015** **$ 000**
Investments	472,548	-
Cash at bank	106,722	332
Total assets	579,270	332
Deferred tax liabilities	-	(214)
Net assets available to pay benefits	579,270	546
Represented by:		
Member funds	579,232	314
General reserve	38	232

24. RELATED PARTIES

(a) Trustee

The Trustee of the Fund throughout the year was Sunsuper Pty Ltd (ACN 010 720 840).

(b) Key management personnel

The following is a list of the directors of Sunsuper Pty Ltd at any time during the financial year and up to the date of this report along with key management personnel who had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

Name	Position	Date began holding position	Date ceased holding position
John Battams	Director – Member Representative	30 September 2005	31 January 2016
Ron Monaghan	Director – Member Representative	6 December 2007	31 July 2015
Ben Swan	Director – Member Representative	5 August 2013	
Ros Mclennan	Director – Member Representative	28 October 2015	
Michael Clifford	Director – Member Representative	01 February 2016	
Robert Hutchinson	Director – Employer Representative	28 October 2010	30 June 2016
Elizabeth Hallett	Director – Employer Representative	27 March 2014	
Paul Lahiff	Director – Employer Representative	1 January 2015	28 April 2016
Mark Harvey	Director – Employer Representative	1 July 2016	
Theresa Moltoni	Director – Employer Representative	1 July 2016	
Jenni Mack	Director – Independent	1 July 2015	
Andrew Fraser	Director – Independent	16 September 2015	
Michael Traill	Director – Independent	16 September 2015	
Scott Hartley	Chief Executive Officer	28 January 2014	
Craig Neal	Chief Financial Officer	1 July 2014	
David Hartley	Chief Investment Officer	7 September 2005	5 November 2015
Ian Patrick	Chief Investment Officer	23 November 2015	
Teifi Whatley	EGM, Customer Experience & Insights	19 June 2000	
Steven Travis	EGM, Customer Service & People	15 February 2010	
Julian Carroll	EGM, Information, Solutions & Technology	8 August 2011	
Michael Mulholland	EGM, Business Growth & Advice	28 May 2014	
Jason Sommer	EGM, Product, Projects & Technical Services	16 June 2014	
Teresa Hamilton	EGM, Risk, Legal & Compliance	1 July 2014	
Andrea Forbes	EGM, Strategy, Education and External Relations	5 January 2015	

24. RELATED PARTIES (Cont.)

(b) Compensation and evaluation of key management personnel

Evaluation of the Board and key management personnel

The Board has implemented a process for the periodic review and evaluation of its performance and the performance of its committees, individual directors and key management personnel.

The Chief Executive Officer, in conjunction with the Remuneration and Nominations Committee, is responsible for approving the performance objectives and measures for key management personnel, and providing input into the evaluation of performance against these objectives.

Performance evaluations for the financial year ended 30 June 2016 have been conducted in accordance with the approved process. Additional information relating to evaluation and short-term incentive bonuses can be found below.

Remuneration of directors and key management personnel

Director remuneration consists of Board and committee fees, superannuation guarantee contributions and the reimbursement of reasonable expenses. The fees reflect the demands on and responsibilities of those directors. Director remuneration was paid by Sunsuper Pty Ltd.

Key management personnel remuneration comprises salaries, superannuation contributions, short-term incentive bonuses and the reimbursement of reasonable expenses. The Chief Executive Officer, in conjunction with the Remuneration and Nominations Committee, is responsible for determining the remuneration of key management personnel. The Nominations and Remuneration Committee reviews the Chief Executive Officer’s remuneration. The Committee makes recommendations to the Board for its approval.

Director and key management personnel remuneration, including the Chief Executive Officer’s, is reviewed at least annually. Remuneration levels are benchmarked against independent external sources. The directors and key management personnel are paid in accordance with the remuneration policy. In the case of directors, fees may be paid to the director, paid to the employer of the director or salary sacrificed as superannuation contributions.

Short-term incentive bonuses

The remuneration of key management personnel who are executive officers includes short-term incentive bonuses.

<u>Objectives</u>

The objectives of the short term incentive bonuses are to:

- focus executive officers on the achievement of results and the performance of Sunsuper against agreed targets;
- demonstrate a clear relationship between performance and remuneration;
- be fair and consistent in rewarding performance among executive officers and all employees;
- reinforce a performance culture in Sunsuper;
- protect the interests, and meet the reasonable expectations, of beneficiaries;
- support the long term financial soundness of Sunsuper; and
- support the risk management framework of the Trustee.

24. RELATED PARTIES (Cont.)

(c) Compensation and evaluation of key management personnel (Cont.)

Short-term incentive bonuses (Cont.)

Performance Goals

Performance Goals are reviewed annually and targets are set, effective 1 July each year, for each executive officer. Performance Goals are:

- relevant and specific to each individual executive officer's position;
- aligned to areas of organisational performance as defined in the Corporate Goals and the Strategic Plan.

Short-term incentive bonuses plan

The short-term incentive bonus plan rewards individual executive officers for achievement of Goals and Attributes. Performance Goals are set at the beginning of the financial year to which they relate and are measured over the course of each financial year (July to June). Performance Goal results are assessed through the Remuneration Review process that occurs annually.

The short-term incentive bonus plan for the Chief Investment Officer is based upon investment out-performance compared to benchmarks. The Performance Goals are aligned to the investment objectives and are relevant to the needs of Sunsuper members. The Performance Goals are reviewed annually and approved by the Board.

Included in the eligibility criteria for the short term incentive plan bonus, an executive officer must be employed in a permanent or fixed term capacity by Sunsuper and be in continued employment when the incentive payment becomes due. The Board may adjust the performance based components for any individual executive officer.

The performance evaluations for all Executive Officers, in respect of the year ended 30 June 2016, were completed by 28 September 2016 and payments will be made on 30 September 2016. Short term incentive payments are reviewed by the Remuneration and Nominations Committee and approved by the Board.

For the financial years ending 30 June 2016, the maximum amounts each executive officer was eligible to receive as an incentive payment were as follows:

	If Performance Goals are achieved and Demonstrates the Attributes, eligible to receive an incentive payment up to:	**If Performance Goals are exceeded and Model and Inspires the Attributes, eligible to receive an additional payment up to:**
CEO**	40% of annual salary	20% of annual salary
CIO*	50% of annual salary	55% of annual salary
Other executive officers**	**Two schemes** 30% of annual salary **Or** 40% of annual salary	15% of annual salary 20% of annual salary

* 1/3 of the total incentive payment is deferred for 12 months
** 1/4 of the total incentive payment is deferred for 12 months

The minimum possible total amount that may be paid in all cases is $Nil.

24. RELATED PARTIES (Cont.)

(c) Compensation and evaluation of key management personnel (Cont.)

Remuneration paid and payable

The following table sets out the total remuneration paid and payable to key management personnel.

	Consolidated		Fund	
	2016	2015	2016	2015
Directors	$	$	$	$
Short-term employee benefits	616,176	459,931	585,366	436,935
Post-employment benefits (1)	80,087	69,187	76,083	65,729
Other long-term employee benefits	-	-	-	-
	696,263	529,118	661,449	502,664
Other key management personnel				
Short-term employee benefits	4,429,636	3,869,319	2,934,831	2,484,130
Post-employment benefits (1)	586,003	596,325	386,440	389,857
Other long-term employee benefits (2)	60,304	14,673	35,694	7,805
Termination benefits	100,961	-	100,961	-
	5,176,904	4,480,317	3,457,926	2,881,792
	5,873,167	5,009,435	4,119,375	3,384,456

(1) Post-employment benefits are defined as employee benefits (other than termination benefits) which are payable after the completion of employment, and comprise mainly contributions paid or payable to superannuation plans. These include salary sacrifice payments.

(2) Other long-term employee benefits represent long service leave. Other key management personnel are entitled to long service leave when a 10 year service period has been reached. Only key management personnel with 10 or more years' service have remuneration reflected in other long term employee benefits. At 30 June following when 10 years' service has been reached, the full long service leave entitlement will be included in other long-term employee benefits. Subsequent reporting periods will include any increase in this entitlement as other long term employee benefits.

24. RELATED PARTIES (Cont.)

(c) Compensation and evaluation of key management personnel (Cont.)

Remuneration paid and payable (Cont.)

The following table sets out the detailed remuneration paid and payable to each key management personnel:

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	
	Director Fees and Salary, including short-term leave (3)	Board and Committee Chair fees (4)	Incentive and other bonus	Non-monetary benefits - reportable fringe benefits	Superannuation contributions (including salary sacrifice superannuation payments)	Long service leave	Termination benefits
	$	$	$	$	$	$	$
Year ended 30 June 2016							
John Battams [1]	35,502	13,622	-	-	6,386	-	-
Ron Monaghan [1]	5,111	3,892	-	-	1,170	-	-
Ben Swan [2]	60,394	43,667	-	-	13,528	-	-
Robert Hutchinson	60,394	23,818	-	-	10,948	-	-
Elizabeth Hallett	60,394	23,818	-	-	10,948	-	-
Paul Lahiff	55,492	7,939	-	-	8,229	-	-
Ros McLennan [1]	40,949	-	-	-	5,323	-	-
Michael Clifford [1]	25,164	-	-	-	3,271	-	-
Jenni Mack	60,394	-	-	-	7,851	-	-
Andrew Fraser	47,812	-	-	-	6,216	-	-
Michael Traill	47,812	-	-	-	6,216	-	-
Scott Hartley	570,821	-	227,384	-	105,304	-	-
Ian Patrick	210,812	-	333,561	-	49,636	-	-
Teifi Whatley	266,217	-	61,176	-	42,375	6,790	-
Steven Travis	255,287	-	75,564	-	45,580	6,313	-
Julian Carroll	262,914	-	44,964	-	40,450	-	-
Michael Mulholland	408,850	-	127,095	-	69,227	-	-
Jason Sommer	347,100	-	130,674	-	63,527	-	-
Craig Neal	259,626	-	42,328	-	40,141	47,201	-
Teresa Hamilton	231,262	-	70,297	-	40,752	-	-
Andrea Forbes	241,008	-	38,751	-	36,747	-	-
David Hartley	223,947	-	-	-	52,265	-	100,961
Year ended 30 June 2015							
John Battams [1]	59,210	23,351	-	-	9,907	-	-
Ron Monaghan [1]	59,210	46,702	-	-	12,709	-	-
Ben Swan [2]	59,210	-	-	-	7,105	-	-
Graham Heilbronn	17,521	11,676	-	-	17,500	-	-
Robert Hutchinson	59,210	23,351	-	-	9,907	-	-
Elizabeth Hallett	59,210	11,676	-	-	8,506	-	-
Paul Lahiff	29,605	-	-	-	3,553	-	-
Scott Hartley	521,276	-	193,343	-	116,523	-	-
Bruce Wilson	9,516	-	-	-	28,791	-	-
David Hartley	357,708	-	173,540	27,349	96,144	-	-
Teifi Whatley	220,169	-	68,244	-	41,398	6,958	-
Steven Travis	242,338	-	70,769	-	44,356	7,715	-
Julian Carroll	252,233	-	48,493	-	39,925	-	-
Michael Mulholland	388,005	-	100,716	-	68,888	-	-
Jason Sommer	336,039	-	125,948	-	65,233	-	-
Craig Neal	255,485	-	43,732	-	40,092	-	-
Teresa Hamilton	236,822	-	53,561	-	36,723	-	-
Andrea Forbes	122,093	-	21,939	-	18,252	-	-

(1) Director fees were paid to the employer of the director, Queensland Council of Unions

(2) Director fees were paid to the employer of the director, The Australian Workers' Union of Employees, Queensland.

(3) The figures exclude amounts that have been salary sacrificed as superannuation payments.

(4) Additional Board and Committee allowances are paid for the following positions, Chairman of the Board, Deputy Chair, Investment Committee Chair and Audit Compliance and Risk Management Committee Chair.

24. RELATED PARTIES (Cont.)

(c) Compensation and evaluation of key management personnel (Cont.)

Remuneration paid and payable (Cont.)

The following table sets out information about the short-term incentive bonuses which were paid or payable to each key management personnel in the years ended 30 June 2014 and 30 June 2015. Terms and conditions covering the payment of short-term incentive bonuses are described above.

Name	Incentive bonus inclusive of superannuation payment	Financial year the bonus was paid/will be payable	Financial year the performance relates to	% of incentive bonus that was paid/will be payable	% of incentive bonus that was forfeited
Scott Hartley	91,079	2015	2014	83%	17%
Bruce Wilson	87,251	2015	2014	96%	4%
David Hartley	175,624	2/3 paid in 2015 1/3 paid in 2016	2014	48%	52%
Teifi Whatley	53,085	2015	2014	85%	15%
Steven Travis	42,469	2015	2014	68%	32%
Craig Godfrey	43,086	2015	2014	67%	33%
Julian Carroll	46,505	2015	2014	75%	25%
Andrew Nicholson	43,884	2015	2014	78%	22%
Scott Hartley	219,444	2016	2015	82%	18%
David Hartley	197,096	2016	2015	44%	56%
Teifi Whatley	77,456	2016 & 2017(1)	2015	72%	28%
Steven Travis	80,323	2016 & 2017(1)	2015	72%	28%
Julian Carroll	55,039	2016 & 2017(1)	2015	49%	51%
Michael Mulholland	114,312	2016 & 2017(1)	2015	50%	50%
Jason Sommer	142,951	2016 & 2017(1)	2015	72%	28%
Craig Neal	49,636	2016 & 2017(1)	2015	44%	56%
Teresa Hamilton	60,791	2016 & 2017(1)	2015	62%	38%
Andrea Forbes	24,900	2016 & 2017(1)	2015	49%	51%
Scott Hartley	258,081	2017 & 2018(3)	2016	78%	22%
Ian Patrick	178,831	2017 & 2018(2)	2016	62%	38%
Teifi Whatley	69,435	2017 & 2018(3)	2016	61%	39%
Steven Travis	85,764	2017 & 2018(3)	2016	73%	27%
Julian Carroll	51,035	2017	2016	45%	55%
Michael Mulholland	144,252	2017 & 2018(3)	2016	62%	38%
Jason Sommer	148,314	2017 & 2018(3)	2016	73%	27%
Craig Neal	48,042	2017	2016	42%	58%
Teresa Hamilton	79,786	2017 & 2018(3)	2016	73%	27%
Andrea Forbes	43,982	2017	2016	42%	58%

(1) 3/4 of the total incentive payment has been paid in FY2016 and remaining 1/4 will be paid in FY2017.
(2) 2/3 of the total incentive payment will be paid in FY2017 and remaining 1/3 will be paid in FY2018.
(3) 3/4 of the total incentive payment will be paid in FY2017 and remaining 1/4 will be paid in FY2018.

In addition to the above, Ian Patrick was granted and paid a combined bonus of $176,000 during the 2016 financial year as compensation for the long-term incentive bonus which was forfeited from his previous employer. This incentive payment is conditional on the executive remaining in the employment of Sunsuper until 23 November 2016.

24. RELATED PARTIES (Cont.)

(d) Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board	Audit, Compliance and Risk Management Committee	Investment Committee	Remuneration and Nominations Committee	Claims Committee [1]	Successor Fund Transfer Committee
Number of meetings held in the year	9	7	5	2	12	3
Directors	**Number of meetings attended [2]**					
Andrew Fraser	8 (8)	N/A	3 (4)	N/A	N/A	N/A
Ben Swan	9	6	3	2	2 (2)	N/A
Elizabeth Hallett	9	7	5	2	2 (2)	2 (3)
Jenni Mack	9	N/A	4	1 (1)	2 (2)	3
John Battams	5 (5)	N/A	2 (2)	1 (1)	1 (1)	N/A
Michael Clifford	4 (4)	3 (3)	3 (3)	N/A	N/A	N/A
Michael Traill	6 (8)	N/A	4 (4)	N/A	N/A	N/A
Paul Lahiff	7 (8)	6 (6)	4 (4)	N/A	2 (2)	2 (2)
Rob Hutchinson	9	N/A	5	2	2 (2)	N/A
Ros McLennan	6 (6)	N/A	4 (4)	N/A	1 (1)	1 (1)

[1] The Claims Committee reviews and approves the payment of insurance claims. It comprises one Director sitting in rotation supported by a management advisory committee.

[2] Where the total number of meetings the director was eligible to attend is less than the number of meetings held in the year, the number of meetings the director was eligible to attend is shown in brackets. Eligibility to attend meetings may be less than the number of meetings held in the year due to appointment and resignation of directors and rotation of committee membership.

24. RELATED PARTIES (Cont.)

(e) Related party transactions

Trustee and transactions between the Fund and the Trustee

All expenses incurred by Sunsuper Pty Ltd (the Trustee) in relation to the Trustee and its directors, were paid by Sunsuper Pty Ltd and then charged to the Fund in the form of Trustee fees. All other expenses incurred by the Trustee in relation to administration of the Fund are paid by the Fund.

	2016 $ 000	2015 $ 000
The following is a summary of transactions between the Fund and the Trustee which are included in the Fund's Statement of Changes in Net Assets:		
• The Fund paid fees to Sunsuper Pty Ltd for the trustee services provided for the year	1,478	1,282
• The Fund charged Sunsuper Pty Ltd for operating expenses. These charges were determined on the basis of the Trustee's direct share of expenses incurred by the Fund	305	340
• The Fund paid other expenses to Sunsuper Pty Ltd	1	1
• The Fund received superannuation contributions from Sunsuper Pty Ltd in relation to superannuation guarantee contributions and salary sacrifice contributions made in relation to Sunsuper Pty Ltd directors who are members of the Fund.		
The following balances are included in the Fund's Statement of Net Assets:		
• Net receivable/(payable) due from/(to) Sunsuper Pty Ltd	(25)	5

Transactions with key management personnel

Key management personnel of the Group, who are members of the Fund, contribute to the Fund on the same terms and conditions, and are entitled to the same benefits, as other members of the Fund.

There are no other transactions between the Group and key management personnel other than the compensation transactions disclosed in note 24(c).

24. RELATED PARTIES (Cont.)

(e) Related party transactions (Cont.)

Transactions between the Fund and its subsidiaries

	2016 $ 000	2015 $ 000
The following is a summary of transactions between the Fund and its subsidiaries which are included in the Fund's Statement of Changes in Net Assets:		
• The Fund paid fees to Precision Administration Services Pty Ltd for the employer and member administration services provided for the year	95,585	89,636
• The Fund paid other expenses to its subsidiaries.	657	544
• The Fund charged its subsidiaries for office rental, salaries and other operating expenses. These charges were determined on the basis of the subsidiaries' direct share of expenses incurred by the Fund	5,978	3,002
• The Fund charged interest on a loan to Sunsuper Financial Services Pty Ltd	14	16
• The Fund made a net purchase/(redemption) of units in Sunsuper Pooled Superannuation Trust	(639,524)	825,707
• The Fund received return of capital from Sunsuper Infrastructure Trust 3	2,125	5,900
• The Fund made a payment to Sunsuper Pooled Superannuation Trust to compensate for the tax liability on assessable contributions transferred from the Fund to the Trust	300,000	378,300

- The Fund received superannuation contributions from Precision Administration Services Pty Ltd in relation to superannuation guarantee contributions, salary sacrifice contributions and member voluntary contributions made in relation to subsidiary employees who are members of the Fund.

24. RELATED PARTIES (Cont.)

(e) Related party transactions (Cont.)

Transactions between the Fund and its subsidiaries (Cont.)

	2016 $ 000	2015 $ 000
The following balances are included in the Fund's Statement of Net Assets:		
• Net payables due to consolidated subsidiaries.	10,996	9,118
• Loan receivable from Sunsuper Financial Services Pty Ltd. The loan is included in investments in the Fund's financial statements	700	700
• Investments in subsidiaries. These investments represent the estimated fair value of the investments in the subsidiaries:		
▪ Controlled entities – Consolidated (refer Note 20)	42,007	47,563
▪ Controlled entities – Not consolidated (Refer Note 20)	7,262,253	7,332,212

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

The above related party transactions were conducted on an arm's length commercial basis.

On 10 February 2016, a loan facility has been agreed with Precision Administration Services Pty Ltd for a maximum of $50m. No fund has been drawn down before 30 June 2016.

Transactions and balances between the Fund and its subsidiaries listed in Note 20 as "Controlled entities – Consolidated" were eliminated in the preparation of the consolidated financial statements of the Group.

Other related party transactions

The Board of Directors of Sunsuper Pty Ltd has equal numbers of employer and employee representatives. According to the Constitution of the Company there are six shares on issue. Each share has attached to it the right to appoint one director. The shares in the Company, and therefore the right to appoint directors are as follows:

Chamber of Commerce & Industry Queensland	3
Queensland Council of Unions	2
The Australian Workers' Union of Employees, Queensland	1

The Group has entered into transactions with these bodies which include the receipt of superannuation contributions and other minor transactions such as membership subscriptions and seminar registrations. These transactions are conducted under normal terms and conditions.

24. RELATED PARTIES (Cont.)

(e) Related party transactions (Cont.)

Other related party transactions (Cont.)

In addition to the items referred to, below is a summary of the significant transactions that the Group and Trustee had with these related entities.

	2016 $	2015 $
Payments for marketing and advertising services		
Chamber of Commerce & Industry Queensland	41,800	41,800
Queensland Council of Unions	44,136	44,141
The Australian Workers' Union of Employees, Queensland	11,495	24,790
Director fees paid to employer of director (included in compensation of key management personnel (refer note 23(c))		
Queensland Council of Unions	124,240	190,358
The Australian Workers' Union of Employees, Queensland	104,061	59,210

Director fees paid to employer of director were paid by the Trustee, Sunsuper Pty Ltd.

In addition to the employer and union bodies referred to above, the Group has entered into transactions with other entities which share a common director or key management personnel with the Group. This includes the receipt of superannuation contributions from the other entities. These transactions are conducted under normal terms and conditions.

25. CONTINGENT LIABILITIES AND ASSETS

A contingent liability for $565,237 (2015: $565,237) exists in relation to a security deposit guarantee which is in place in relation to leased premises. There were no other contingent liabilities or assets as at the reporting date (2015: Nil).

26. SUBSEQUENT EVENTS

After the end of the financial year but before the signing of this Financial Statement, the Fund was notified that its tender for the transition of a $1.3bn fund had been successful. Provided the terms of the contract are met the Successor Fund Transfer is expected to occur by the fourth quarter of the 2016/17 financial year.

Except as disclosed above, since 30 June 2016, there have been no other matters or circumstances that have significantly affected or may significantly affect the Group or Fund.