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Equipsuper

ABN 33 813 823 017

Financial Statements

For the year ended 30 June 2016

Table of Contents

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

	Notes	2016 $ 000	2015 $ 000
INVESTMENT REVENUE			
Investment Income	4	225,553	242,434
Changes in Net Market Values of Investments	9	11,083	445,786
		236,636	**688,220**
CONTRIBUTIONS AND TRANSFERS-IN REVENUE			
Member Contributions	18	65,142	91,514
Spouse Contributions		119	105
Employer Contributions		334,280	334,882
Accumulation Division – Transfers-In		363,897	142,927
		763,438	**569,428**
OTHER REVENUE			
Insurance Proceeds		11,458	9,002
Non-Investment Interest		1,119	871
TOTAL REVENUE		**1,012,651**	**1,267,521**
INVESTMENT EXPENSES			
Investment Expenses	19	(25,705)	(29,038)
GENERAL ADMINISTRATION EXPENSES			
Administration Expenses		(25,576)	(21,410)
Insurance Premiums		(13,975)	(11,981)
Superannuation Contributions Surcharge	3(i)	(15)	(6)
Depreciation Expense - Plant and Equipment		(192)	(180)
TOTAL EXPENSES		**(65,463)**	**(62,615)**
Pensions Paid		(65,757)	(50,341)
Member Withdrawals and Deductions	3(j)	(392,200)	(482,805)
TOTAL EXPENSES, PENSIONS AND WITHDRAWALS		**(523,419)**	**(595,761)**
CHANGE IN NET ASSETS BEFORE INCOME TAX		**489,232**	**671,760**
INCOME TAX EXPENSE	11	**(42,714)**	**(82,014)**
CHANGE IN NET ASSETS AFTER INCOME TAX		**446,518**	**589,746**
NET ASSETS AVAILABLE TO PAY BENEFITS At the beginning of the year		**7,024,512**	**6,434,766**
NET ASSETS AVAILABLE TO PAY BENEFITS At the end of the year		**7,471,030**	**7,024,512**

The above statement of changes in net assets is to be read in conjunction with the notes to the financial statements set out on pages 4 to 46.

STATEMENT OF NET ASSETS
AS AT 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Cash and cash equivalents			
Cash at Bank		39,812	32,748
Trade and other receivables			
Receivables	20	37,089	52,965
Investments	3(a)		
Cash		1,026,193	948,869
Fixed Interest		1,099,056	943,051
Property		642,703	567,794
Australian Equities		2,100,852	1,939,719
International Equities		1,551,919	1,730,999
Defensive Alternatives		578,062	489,188
Annuity		1,690	1,777
Growth Alternatives		92,318	97,464
Infrastructure		458,407	398,577
Other assets			
Plant and Equipment	22	1,464	1,389
Deferred Tax Assets	11	1,541	996
TOTAL ASSETS		**7,631,106**	**7,205,536**
LIABILITIES			
Trade and other payables			
Payables	21	36,519	40,838
Tax liabilities			
Income Tax Payable	11	2,663	14,882
Deferred Tax Liabilities	11	120,894	125,304
TOTAL LIABILITIES		**160,076**	**181,024**
NET ASSETS AVAILABLE TO PAY BENEFITS		**7,471,030**	**7,024,512**
Represented by:			
LIABILITY FOR ACCRUED BENEFITS			
Corporate Plan Defined Benefit Divisions		2,216,908	2,096,329
Corporate and Personal Plan Accumulation Divisions		4,216,463	4,051,580
Allocated Pension Division		983,854	831,065
		7,417,225	6,978,974
Reserves	23	53,805	45,538
TOTAL LIABILITY FOR ACCRUED BENEFITS		**7,471,030**	**7,024,512**

The above statement of net assets is to be read in conjunction with the notes to the financial statements set out on pages 4 to 46.

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

1. The Fund

Equipsuper Superannuation Fund (the "Fund") was originally established in 1931 by the State Electricity Commission of Victoria (SECV) to provide superannuation benefits for its staff. The Fund has developed into a multi-employer Fund offering a diverse product range following the disaggregation of the SECV (1994), mergers with the Gas and Fuel Superannuation Fund (1997) and the Water Industry Superannuation Fund (1999) and take-on of various corporate superannuation funds. The Fund offers defined benefit and accumulation benefits for employed members, benefits for spouses, allocated and lifetime pensions for retired members and eligible dependents and rollover benefits for members who have terminated employment but not retired.

The not-for-profit Trustee company for the Fund is Equipsuper Pty Limited ABN 64 006 964 049 (the 'Trustee'). The Trustee's registered office is Level 12, 330 Collins Street, Melbourne VIC.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993, the Fund was registered with the Australian Prudential Regulation Authority (APRA) on 31 August 2005 (registration no R1000177).

a. Defined Benefit (Corporate Division)

The benefits provided and the contribution levels by members and employers depend on the particular benefit division. When a member retires and takes a lifetime pension, the pension liability is underwritten by assets in the defined benefit Employer Benefit Account.

b. Accumulation Benefit (Corporate Division)

The accumulation division is an accumulation fund that offers investment, contribution and insurance choice. The administration fees charged and the insurance cover offered can depend on who the employer is. Defined benefit division members who wish to "top-up" their defined benefits may also invest in the accumulation division. The spouse division has similar features to the accumulation division except that only spouses of existing members are eligible for membership.

c. Rollover Benefit (Personal Division and Allocated Pension Division)

The retirement investment account is a product for members terminating employment. It offers both investment and insurance choice. Retirement pension accounts have similar features to the retirement investment accounts and offer members an allocated pension.

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

2. Basis of Preparation

a. Statement of Compliance

The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards including AAS 25 "Financial Reporting by Superannuation Plans" ("AAS25") as amended by AASB 2005-13 "Amendments to Australian Accounting Standards (AAS 25)", the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed. Since AAS 25 is the principal standard that applies to the financial statements, other standards, including Australian Accounting Standards issued by the AASB are also applied where necessary except to the extent that they differ from AAS 25.

The financial statements were authorised for issue by the Trustee's board of directors on 14 September 2016.

New accounting standards and interpretations (not adopted)

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

(i) AASB 1056 Superannuation Entities (effective 1 July 2016)

Currently the Fund prepares its financial statements in accordance with AAS 25 "Financial Reporting for Superannuation Funds". In June 2014, the Australian Accounting Standards Board released a new standard AASB 1056 "Superannuation Entities" which will apply to the Fund in the financial year commencing 1 July 2016. This standard requires full retrospective application. The key requirements upon initial application and the known estimable transitional adjustments are summarised below:

Presentation and classification

There will be a new presentation format with the Fund required to present five financial statements namely; a Statement of Financial Position, Income Statement, Statement of Changes in Equity/Reserves, Statement of Cash Flows and a Statement of Changes in Member Benefits. The new standard specifies that member entitlements will be recognised as a liability, measured as the amount of accrued benefits; with movements therein presented in the Statement of Changes in Member Benefits. This will result in a transitional presentation adjustment in the new financial year commencing 1 July 2016, whereby member benefits will be deducted from the net assets of the Fund decreasing the balance of net assets by $7,182 million.

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

2. Basis of Preparation (Continued)

a. Statement of Compliance (Continued)

Measurement and disclosure

Assets and liabilities will be measured at fair value (currently net market value or fair value adjusted for transaction costs) in accordance with AASB 13 Fair Value Measurement, with the exception of member liabilities, tax balances, insurance assets/liabilities and employer sponsor receivables. The change in measurement approach is not expected to result in a material impact to the financial statements.

Additional fair value disclosures will also be required in the financial report.

Insurance Arrangements

The Fund has arrangements whereby it acts as an agent for an external insurer. The premiums paid to the insurer 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.

Defined Benefits

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. The transitional adjustment to the defined benefit obligation resulting from this change is expected to be approximately $1,982 million. 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.

Defined Contribution or Benefit Plans

Further information will be required to be disclosed to explain risks and benefit arrangements relating to different categories of members.

Employer sponsored receivables

AASB 1056 clarifies that an asset related to an employer sponsor receivable is recognised to the extent there is a difference between a defined benefit member liability and the fair value of the assets available to meet that liability and the fund has a contractual right to funding meets the definition and recognition criteria for an asset under the Australian Accounting Standard Framework. An employer sponsor receivable will be recognised as a transition adjustment in the amount of $549,000 on 1 July 2016.

2. Basis of Preparation (Continued)

a. Statement of Compliance (Continued)

(ii) AASB 9 Financial Instruments (effective 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different basis.

d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

   - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
   - The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB2009-11 and superseded by AASB 2010-7 and 2010-10.

The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

2. Basis of Preparation (Continued)

a. Statement of Compliance (Continued)

1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

2. Entities may elect to apply only the accounting for gains and losses from its own credit risk without applying the other requirements of AASB 9 at the same time.

3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018.

The Fund has decided against the early adoption of AASB 9. Management does not expect this will have a significant impact on the Fund's financial statements.

New accounting standards and interpretations (adopted)

There are no new accounting standards that are effective and applied for the first time in the current financial year.

There are no other standards which are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

b. Investment in subsidiaries

The Fund fulfils the definition criteria of an investment entity and has elected to adopt the exemption from consolidation afforded by AASB 10 'Consolidated Financial Statements' (AASB10) and does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value.

The Fund meets the definition of an investment entity because the Fund:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services;

- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

2. Basis of Preparation (Continued)

c. Functional and Presentation Currency

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

Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

d. Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Vested benefits
Vested benefits are benefits, which are not conditional upon continued membership (or any factor other than leaving the service of a participating employer), that members were entitled to receive had their Fund membership voluntarily terminated as at the reporting date.

(ii) Liability for accrued benefits
The amount of accrued benefits has been determined on the basis of the present value of expected future payments of benefits to the member which arise from membership of the Fund up to the reporting date, determined using the Actuary's current expectations of earnings on the Fund's assets, future inflation and salary levels and other relevant assumptions.

(iii) Valuation of Investments and Derivatives
Significant judgements and assumptions are required in determining net market value for investments that are classified in Level 3 in the fair value hierarchy. Refer to Note 15 (d).

e. Netting off financial instruments

Financial assets and financial liabilities are only offset and the net amount presented in the balance sheet when, and only when, the Fund has a legally enforceable right to set off the recognised amounts and it is intended either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise stated in the notes. Where necessary, certain comparative amounts have been reclassified to conform to the current year's presentation.

The financial statements have been prepared on an accrual basis in accordance with the historical cost convention, except for the valuation of investments and derivatives, which are measured at net market value.

a. Investments and Derivatives

Investments and derivatives of the Fund are initially recognised at cost, being the fair value of the consideration given including transaction costs. After initial recognition, investments and derivatives are measured at net market value allowing for the estimated cost of realisation. Gains or losses on investments and derivatives are recognised in the Statement of Changes in Net Assets in the period in which they occur. As estimated cost of realisation is generally immaterial the net market value is considered a reasonable approximation of fair value.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date (i.e. the date that the Fund commits to purchase or sell the asset).

Purpose of derivative financial products
The Trustee utilises derivatives, such as futures contracts and options, in order to gain access to the financial markets and allow flexibility in order to manage and structure the Fund's investment portfolio in line with the Fund's investment strategy. Derivatives are not utilised in a speculative manner, therefore whenever derivative positions are created, cash or securities are held to cover any derivatives exposures.

Net market values have been determined as follows:

Shares in listed companies, convertible notes in listed companies and units in listed property trusts:
Investments traded on the Australian Securities Exchange are valued by reference to the relevant market quotation at the reporting date. Investments traded on overseas exchanges are valued at reporting date, those values are then translated into Australian dollars at the exchange rate applying at 30 June 2016.

Shares in unlisted companies:
Net asset value per share or by valuation by independent valuer as at the reporting date or by some other valuation process acceptable to the Trustee, based on sound and justifiable practices.

Short-term deposits:
Outstanding principal and interest as at the reporting date.

3. Significant Accounting Policies (Continued)

a. Investments and Derivatives (continued)

Units in managed funds:
By reference to the unit redemption price at the reporting date as advised by the investment managers which is based on the market value of the underlying investments. Unit values denominated in foreign currency are then translated into Australian dollars at the exchange rate applying at year end.

Annuities:
The Fund has purchased policies from a life office to underwrite the pensions of members who were formerly employed by a participating employer who has withdrawn from the Fund. The value attributed to these policies is the value of the underlying pensions as determined by Mercer (Australia) Pty Ltd (the "Fund's Actuary").

Government securities and other fixed interest securities:
Government securities, semi-government securities, bills of exchange, notes and other fixed interest securities are valued at market value derived from yields obtained from independent sources.

b. Recognition of Financial Assets and Financial Liabilities

Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

i.) The rights to receive cash flows from the asset have expired; or

ii.)The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

iii.)Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

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

3. Significant Accounting Policies (Continued)

b. Recognition of Financial Assets and Financial Liabilities (continued)

Initial recognition

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Net Assets at fair value. All transaction costs for such instruments are recognised directly in the Statement of Changes in Net Assets.

c. Revenue Recognition

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

Changes in net market values
Changes in the net market value of investments and derivatives are calculated as the difference between the net market value at sale, or at balance date, and the net market value at the previous valuation point and recognised in the Statement of Changes in Net Assets.

Contributions and transfers-in:
Contributions and transfers-in are recognised when control of the asset has been attained and are recorded, gross of any tax, in the period to which they relate.

Interest:
Interest revenue on cash and other financial assets carried at net market value is recorded according to the terms of the contract and when the Fund's right to receive the interest is established.

Dividends and distributions:
Revenue is recognised when the right to receive payment is established.

All revenue received arises from the operating activities of the Fund. Distributions from managed investment schemes are recognised as at the date the units are quoted ex-distribution and if not received at balance date, are reflected in the Statement of Net Assets as a receivable.

d. Income Tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1936. Accordingly, the concessional tax rate of 15% has been applied.

Income tax in the Statement of Changes in Net Assets for the year comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year using the concessional tax rate of 15% for Fund income. Assessable income referable to pension liabilities may be exempt from tax.

3. Significant Accounting Policies (Continued)

d. Income Tax (continued)

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

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

3. Significant Accounting Policies (Continued)

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Net Assets.

f. Foreign Currency

Both the functional and presentation currency of the Fund is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, are recognised in the operating result in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

g. Receivables and Other Payables

Receivables are carried at nominal amounts due which approximate net market value. Receivables are normally settled within 30 days. An allowance for uncollectible amounts is only made where there is objective evidence that the debt will not be collected.

Other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund and are carried at nominal amounts which approximate net market value. Payables are normally settled on 30-day terms.

h. Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Net Assets comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value. Cash held by the custodian for investment trading purposes has been reflected under investments in the Statement of Net Assets, in the relevant asset class.

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

3. Significant Accounting Policies (Continued)

i. Accrued Benefits

The amount of accrued benefits has been determined on the basis of the present value of expected future payments that arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

For defined contribution members, the liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries. This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

j. Superannuation Contributions Surcharge

The Fund recognises the amount paid and payable in respect of the surcharge contributions levy as an expense. The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Fund. No estimate has been made for the balance of any levy payable.

In respect of surchargeable contributions received by the Fund during the year, the Fund is unable to determine this amount until receipt of applicable assessments. The superannuation contributions surcharge is charged to the relevant member unless precluded by legislation.

The Superannuation Laws Amendment (abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

k. Member Withdrawals and Deductions

These amounts reflect full or partial withdrawals from the members Personal Division and Allocated Pension Division together with the deduction of financial planning advice fees.

l. Complying Superannuation Fund

From 1 July 1996, the Fund is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993. Accordingly, for the year ended 30 June 2016 the Fund is deemed a complying superannuation fund pursuant to Part IX of the Income Tax Assessment Act 1936 as amended and is eligible to be taxed at the concessional rate of 15% (2015: 15%).

3. Significant Accounting Policies (Continued)

m. Reserves

The Trustee has created three categories of reserve account as follows:

Operational Risk Reserve: Established to meet the requirements of Superannuation Prudential Standard 114 "Operational Risk Financial Requirement", this reserve is intended to provide financial resources to address losses that may arise from operational risks. The target funding level for this reserve is 25 basis points (or 0.25%) of total member entitlements, and is managed within a range of 23 to 27 basis points. The reserve is monitored on an on-going basis and replenished with additional funds in the event the balance falls below the lower tolerance limit.

Administration and General Purpose Reserve: Established to facilitate the finance of current and future operational requirements of the Fund, this reserve is available to meet both day-to-day operational costs as well as one-off approved expenditures considered to be in the long-term interests of members. The amount held is set at nominally 15 basis points (or 0.15%) of total member entitlements and managed within a range of 10 to 25 basis points. The appropriate target level is established annually through the business planning process.

Self-insurance Reserve: Established to fund the future service component of the death and disability benefits of certain defined benefit members, this reserve is funded by relevant defined benefit employers. The amount held is determined by the Fund's actuary and reviewed on an on-going basis.

Further detail on the movement in reserve balances over the reporting period is provided in note 23.

n. Plant and Equipment

Plant and equipment including leasehold improvements are carried at cost less any accumulated depreciation and impairment losses (refer Note 3(n) Impairment). The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount of those assets. The depreciable amount of all plant and equipment is depreciated over the useful life to the Trustee company on a reducing value basis commencing from when the asset is held ready for use.

The depreciation rates for plant and equipment are as follows:

- Computer and information technology equipment	10 to 40%
- Office furniture and equipment	10 to 40%
- Leasehold improvements	8.33%.

3. Significant Accounting Policies (Continued)

o. Impairment

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

4. Investment Income	2016 $'000	2015 $'000
Interest		
Cash	13,415	14,912
Fixed Interest	37,627	36,051
Property	126	40
Australian Equities	1,033	652
International Equities	612	364
Defensive Alternatives	11,855	11,056
Growth Alternatives*	31	13
Infrastructure*	298	294
	64,997	63,382
Dividends and Distributions		
Fixed Interest	15	-
Property	28,246	24,830
Australian Equities	84,381	81,605
International Equities	28,087	29,235
Defensive Alternatives	659	22,281
Growth Alternatives*	5,889	15,824
Infrastructure*	10,925	3,813
	158,202	177,588
Other Investment Income		
Cash	1	-
Fixed Interest	53	48
Property	57	25
Australian Equities	656	27
International Equities	838	1,035
Defensive Alternatives	292	177
Growth Alternatives	304	-
Annuity	153	152
	2,354	1,464
Total	**225,553**	**242,434**

* In March 2015 the "Infrastructure" asset class was added as a new asset class. The assets were transferred from "Growth Alternatives" to this new asset class. The income for 30 June 2015 was allocated as at the time of receipt of income to the asset class that held the underlying asset.

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

5. Accrued Benefits

The Fund's Actuary has undertaken the valuation of accrued benefits. For pensioners, the accrued benefit is the value of their pension as determined by the Fund's Actuary. For all other members of the Defined Benefit (Corporate Division) it is the valuation of their benefits on a "past membership" basis and represents the present value of expected future benefit payments, which arise from membership of those Divisions up to the measurement date. On an annual basis, the Fund's Actuary undertakes a valuation of accrued defined benefits.

	2015 $'000	2014 $'000
The most recent valuations of accrued benefits calculated as at 30 June 2015 are disclosed below:		
Accrued Benefits – Defined Benefit (Corporate Divisions)	1,803,553	1,906,536
Net Assets as at 30 June	2,096,329	2,138,636
Surplus as at 30 June	**292,776**	**232,100**

The triennial review was completed by the Fund's Actuary, Mercer (Australia) Pty Ltd to 30 June 2013. For the years in between the triennial review, the actuary performs an annual valuation and review based on the contribution and funding policy. For the purposes of Australian Accounting Standard AAS 25 a summary of the actuary's, most recent, annual review is attached to these statements.

A member's accrued benefit is determined by reference to expected future salary levels and by application of an appropriate market based, risk adjusted discount rate and relevant actuarial assumptions, and is subject to a minimum of the total vested benefit. Since the introduction of a tax on surchargeable contributions made after 20 August 1996, the Fund has raised debit account balances for each member, which is taken into account by the Fund's Actuary in determining accrued benefits of members.

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

- The future rate of investment return (net of investment taxes and net of investment management fees) earned by defined benefit members at 5.6% pa and by lifetime pension members at 6.8%;
- The future rate of salary inflation forecasted at 4.5% pa; and
- The future rate of pension increases forecasted between 0% and 5% depending on member category.

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

6. Vested Benefits

For pensioners, the vested benefit is the value of their pension as determined by the Fund's Actuary. For current members of the Defined Benefit Divisions the vested benefit is the value of the resignation benefit from these Divisions. For all other members, vested benefits are the benefits that are not conditional upon continued membership of the Fund. They are benefits that the members were entitled to receive had they voluntarily terminated their Fund membership as at the reporting date.

	2016 $'000	2015 $'000
Vested Benefits – Corporate Plan Defined Benefit Div (Note 7.a)	1,981,358	1,829,635
Vested Benefits – Corporate and Personal Plan Accum Div (Note 7.b)	4,216,463	4,051,580
Vested Benefits – Allocated Pension Division	983,854	831,065
Total	**7,181,676**	**6,712,280**

As a result of the introduction of a levy on surchargeable contributions (after 20 August 1996), the Fund has disclosed vested benefits net of taxes paid on surchargeable contributions.

An "unsatisfactory financial position", as defined by SIS Regulation 9.04, for a defined benefit fund is defined as when the value of the assets of a fund is inadequate to cover the value of the liabilities of that fund in respect of benefits vested in the members of that fund. The Fund's Actuary and the Trustee have followed the procedure required by section 130 of the SIS Act and currently believe in respect of the long-term financial condition of the Fund that assets as at 30 June 2016, together with current contribution rates, are expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members with the exception of 2 plans that are in an unsatisfactory position.

As at 30 June 2016 the assets of the Corporate Plan Defined Benefit Division in aggregate were $236 million above the Vested Benefits in that Division (2015: $267 million above). The Corporate Plan Defined Benefit Division is made up of 43 separately funded plans and vesting benefit liabilities, which on an individual basis have different levels of funding. As at the 30 June 2016 2 plans were in an "unsatisfactory financial position" to the combined value of $622,797. Since balance date the value of the defined benefit assets supporting benefits have increased in value by 3.3% as at 5 September 2016 and at that date 1 plan was in an "unsatisfactory financial position".

7. Funding Arrangements

a.) Corporate Plan Defined Benefit Division

Each employer who participates in the Corporate Plan Defined Benefit Division is assigned an Employer Benefit Account. Each account records the vested benefit entitlements of the members in that plan and the assets held to support those benefit entitlements. The Fund has a Board approved 'Contribution and Funding Policy' which outlines the terms and conditions applying to each of the employer funds. The objective of this policy is to achieve a long-term funding ratio for each plan of 105%. Where a plan's funding ratio is less than 100%, the objective of the policy is for a contribution rate to be determined by the Fund's Actuary to achieve a funding ratio of 100% in 3 years or 105% in 5 years, whichever is the higher rate. The Fund's Actuary, Mercer (Australia) Pty. Ltd., reviews the financial position of each Employer Benefit Account semi-annually. In addition, where a plan has a funding position of less than 95%, the policy requires an employer to make an additional contribution equal to the unfunded portion, before a full benefit payment can be made.

In conjunction with the semi-annual review, the Fund's Actuary prepares a new Funding and Solvency Certificate (a copy is attached to these financial statements). The Fund's Actuary has certified that the Fund is solvent (as defined in the SIS Regulations) for Superannuation Guarantee (SG) purposes (i.e. SG minimum benefits are covered by assets). It also certifies that, on reasonable assumptions about the future, the Fund is likely to remain "solvent" in this limited sense, during the period covered by the certificate, provided all employers contribute at no less than the levels specified by the Fund's Actuary after completing the semi-annual review.

b.) Corporate and Personal Plan Accumulation Division

Employers contribute to the Accumulation Division largely to satisfy their obligations under the Superannuation Guarantee Administration Act (1992).

8. Guaranteed Benefits

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

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

9. Changes in Net Market Values of Investments

	2016 $'000	2015 $'000
Investments held at balance date		
Cash	1,171	913
Fixed Interest	28,649	14,956
Property	46,038	33,354
Australian Equities	(61,579)	(17,972)
International Equities*	(11,701)	303,114
Defensive Alternatives	6,464	18,518
Annuity	(86)	157
Growth Alternatives	(5,974)	(1,604)
Infrastructure	71,988	44,349
	74,970	395,785
Investments realised during the year		
Cash	8,448	8,554
Fixed Interest	(1,905)	(5,590)
Property	284	(10,869)
Australian Equities	(7,674)	42,996
International Equities	(57,619)	43,573
Defensive Alternatives	(2,494)	(29,951)
Growth Alternatives	(647)	1,288
Infrastructure	(2,280)	-
	(63,887)	50,001
Total	**11,083**	**445,786**

*Globally equity markets experienced substantial corrections. This is reflected particularly in the movement in international equities from the prior year.

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

10. Auditor's Remuneration

	2016	2015
Auditor's remuneration is paid by the Trustee company and reimbursed by the Fund on a cost recovery basis:	$000	$000
Ernst & Young		
- Audit of the Fund	106	100
- Other Services of the Fund	12	12
Total Auditor's Remuneration	**118**	**112**

11. Income Tax Expense

Major components of income tax expense for the year ended 30 June are:

Statement of Changes in Net Assets

Current income tax

Current income tax charge	49,745	61,842
Over provided in prior year	(2,092)	(2,757)
Relating to origination and reversal of temporary differences	(4,939)	22,929
Income tax expense reported in Statement of Changes in Net Assets	**42,714**	**82,014**

A reconciliation of income tax expense with the prima facie tax payable calculated at 15% on the net change for the year is as follows:

Total Change in Net Assets Before Income Tax	489,232	671,760
Income Tax Expense		
Prima facie tax payable calculated at 15% (2015:15%) on the movement in net assets available to pay benefits	73,385	100,764
Increase in income tax expense due to:		
Member benefits paid	68,733	79,977
Surcharge Levy	2	1

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

11. Income Tax Expense (continued)	**2016 $000**	**2015 $000**
Decrease in income tax expense due to:		
Member – non-taxable contributions	(9,536)	(13,481)
Pension Exemption	(4,588)	(5,007)
Transfers-in	(54,554)	(21,342)
Difference in timing of treatment for accounting and income tax	2,692	285
Capital gain discounts and realised loss offsets	708	(26,049)
Anti-detriment deduction	(863)	(626)
Proceeds from insurance claims	(1,719)	(1,350)
Imputation credits	(29,454)	(28,402)
Over provided in prior years	(2,092)	(2,756)
Income Tax Expense	**42,714**	**82,014**

Income Tax Payable		
Balance at beginning of the year	14,882	10,640
Income tax paid – prior year	(15,964)	(10,720)
Refund received for prior year	3,174	2,836
Over provision prior year	(2,091)	(2,757)
Income tax paid – current year	(41,450)	(41,694)
Current year income tax provision	44,112	56,577
Balance at end of the year	**2,663**	**14,882**

Deferred Income Tax
Deferred income tax at 30 June relates to the following:

Deferred tax assets		
Creditors and accrued expenses	1,533	993
Depreciation of plant and equipment	8	3
Gross deferred tax assets	**1,541**	**996**
Deferred tax liabilities		
Accrued interest income	1,684	1,614
Dividends receivable	2,460	2,108
Prepaid expenses	15	15
Unrealised Capital Gain – Investments	116,735	121,567
Gross deferred tax liabilities	**120,894**	**125,304**

12. Related Parties

Directors

The names of the Directors of the Trustee company in office at any time during or since the end of the financial year and up to the date of signing these financial statements are:

A.E.J. Fairley
J. Azaris
B.G. Beeren (Retired 31 March 2016)
M.J.Clinch (Appointed 1 April 2016)
J.C. Dekker (Appointed 1 April 2016)
G.N. Hade (Retired 31 March 2016)
S.L. Jericevic (Appointed 1 April 2016)
R.C. Jervis-Read
P. Leary (Appointed 17 July 2015)
A.J. Pickering
J. Simon
T. M. Swingler (Retired 31 March 2016).

Key Management Personnel during the financial year were:

N. Vamvakas (Acting Chief Executive Officer – appointed 30 June 2016 and Executive Officer, Risk)
D.F. Press (Chief Executive Officer – resigned 30 June 2016)
G.R. Brooks (Executive Officer, Strategic Marketing and Communications)
J.M. Farrington (Executive Officer, Corporate Relationships)
S.J. Guthleben (Executive Officer, People and Culture)
P.M. Marshall (Group General Counsel and Company Secretary – resigned 30 December 2015)
T. Rieck (Executive Officer, Investment Strategy – appointed 15 July 2016 and previously Executive Officer, Liability Management – appointed 25 May 2015)
J.J. Sadler (Executive Officer, Member Relationships)
M.G. Strachan (Chief Investment Officer – resigned 15 July 2016).

Related party transactions with the sponsoring employers arise from the Trustee's normal dealings when managing the superannuation fund. In accordance with the Rules of the Fund, Equipsuper Pty Ltd (ABN 64 006 964 049) is the Trustee of the Fund. The following are the transactions requiring disclosure:

a. Compensation of Directors and Key Management Personnel

Directors and Key Management Personnel compensation is paid by the Trustee company. In connection with the management of the Fund, the Directors and Key Management Personnel received no remuneration directly from the Fund or sponsoring employers.

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

12. Related Parties (continued)

a. Compensation of Directors and Key Management Personnel (continued)

Directors and Key Management Personnel compensation for the years ended 30 June is set out below:

	2016 $	2015 $
Short-term benefits	3,788,134	3,144,552
Post-employment benefits	225,645	204,063
Other long-term benefits	358,260	171,458
Total	4,372,039	3,520,073

Remuneration of Directors for the year ended 30 June:

Director	2016 Total remuneration (including superannuation)	2015 Total remuneration (including superannuation)
A.E.J. Fairley	141,899	140,078
J. Azaris	82,774	81,712
B.G. Beeren (Retired 31 March 2016)	57,372	75,514
T. Birkbeck (Resigned 14 July 2014)	-	2,538
M.J.Clinch (Appointed 1 April 2016)	17,737	-
J.C. Dekker (Appointed 1 April 2016)	17,737	-
G.N. Hade (Retired 31 March 2016)	57,647	75,876
S.L. Jericevic (Appointed 1 April 2016)	17,737	-
R.C. Jervis-Read	75,229	72,387
J.O'Neill (Resigned 13 January 2015)	-	44,142
P. Leary (Appointed 17 July 2015)	69,292	-
A.J. Pickering	88,687	87,549
J. Simon	72,428	32,632
T. M. Swingler (Retired 31 March 2016)	53,214	70,039
Total Directors	**751,753**	**682,467**

- Remuneration for Directors represents the total amount of fees paid and superannuation.
- Directors do not receive any short-term incentive payments, long-term incentive payments, or post-directorship benefits.

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

12. Related Parties (continued)

a. Compensation of Directors and Key Management Personnel (continued)

Remuneration of Key Management Personnel for the year ended 30 June:

Executive	2016 Salary (including super-annuation)	2016 Incentive payment	**2016 Total remuneration (including super-annuation)**	2015 Salary (including super-annuation)	2015 Incentive payment	**2015 Total remuneration (including super-annuation)**
N. Vamvakas	243,050	54,682	**297,732**	227,839	-	**227,839**
D.F. Press*	453,266	502,151	**955,417**	426,743	139,139	**565,882**
G.R. Brooks	205,171	81,613	**286,784**	178,410	33,699	**212,109**
J.M. Farrington	244,313	109,721	**354,034**	237,235	45,747	**282,982**
S.J Guthleben	197,374	83,084	**280,458**	177,486	35,410	**212,896**
P.M. Marshall**	184,261	59,996	**244,257**	249,985	48,438	**298,423**
T. Rieck	250,000	-	**250,000**	25,641	-	**25,641**
J.J. Sadler	244,458	120,220	**364,678**	237,375	44,850	**282,225**
M.G. Strachan	409,007	177,919	**586,926**	409,009	320,600	**729,609**
Total Executives	2,430,900	1,189,386	**3,620,286**	2,169,723	667,883	**2,837,606**
Total Directors and Executives	3,182,653	1,189,386	**4,372,039**	2,852,190	667,883	**3,520,073**

- *The Executive ceased employment on 30 June 2016 and was paid leave entitlements and termination benefits.
- ** The Executive ceased employment on 30 December 2015 and was paid leave entitlements and termination benefits.
- Remuneration for Key Management Personnel includes salary, short-term incentive payments for the reported year and any long-term incentive payments that vested during the reporting year.

The Trustee company's remuneration policy sets out the remuneration philosophy, principles and governance on executive remuneration which is designed to attract, motivate and retain high performing individuals and align the interests of stakeholders. Executive remuneration is set by reference to external benchmark data based on comparable roles in other financial services organisations and is market competitive. Incentives are based on sustainable performance that reflects the Fund's strategic priorities, business goals and objectives. It is also based on both financial and non-financial key performance indicators, supports the Fund's risk management objectives and does not reward excessive risk taking.

Some Directors are members of the Fund. They and any Key Management Personnel who are members of the Fund contribute and receive benefits on the same terms and conditions as those available to other members.

12. Related Parties (continued)

b. Related Party Transactions

Investment management and fund administration fees are incurred by the Trustee company and reimbursed by the Fund on a cost recovery basis.

The fees paid as a reimbursement to the Trustee company by the Fund during the year (including the amount of GST not recoverable from the ATO) were $29,511,011 (2015: $26,664,533). The amounts due and payable at balance date were $5,821,295 (2015: $5,170,170).

The service fees paid to Equipsuper Financial Planning Pty Ltd by the Fund during the year (including the amount of GST not recoverable from the ATO) were $1,679,890 (2015: $1,242,244). The amounts due and payable at balance date were $Nil (2015: NIL).

The Fund sold its shareholding in Equipsuper Financial Planning Pty Ltd to Equipsuper Financial Holdings Pty Ltd on 2 May 2016 for $100,000 as part of the corporate restructure of the Fund's Trustee company Equipsuper Pty Ltd. The Fund does not consolidate Equipsuper Financial Planning Pty Ltd as it is not material to the Fund but measures this investment at fair value through profit and loss.

The Fund's investments in the controlled entities Equipsuper Holdings Pty Ltd and the South Australia Ports Trust are measured at fair value through profit and loss as the Fund elected to adopt the exemption from consolidation afforded by AASB10.

The Fund has transferred money to the Trustee company to meet Australian Prudential Regulation Authority Registrable Superannuation Entity Licensing conditions. The money is held in a term deposit and must be returned to the Fund if the Trustee company is wound up. The amount included in payables at balance date is $100,000 (2015: $100,000).

The Trustee company purchases gas, electricity, water and other related services from employers who participate in the Fund. The transactions are carried out on an arms-length basis.

Terms and conditions of transactions with related parties
All related party transactions are at arm's length and on normal commercial terms and conditions. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables.

13. Segment Information

The Fund operates in one business segment, which is to provide superannuation benefits to members and their dependents upon retirement, death or disability. The Fund invests in Australia both directly and via external investment managers. It also has exposure to overseas markets via external investment managers.

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

14. Financial Risk Management

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Trustee's risk management policies identify and analyse the risks faced by the Fund, including those risks managed by the Fund's internal investment manager, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. Compliance with the framework is undertaken on an ongoing basis, which is subject to regular review both by management and the Board and an annual audit of compliance.

The Board has an Investment Committee, which is responsible for developing and monitoring the Fund's risk management policies related to investment activities. This includes the selection of fund managers, oversight of the allocation of investments to fund managers and evaluating their performance.

The Investment Committee receives bi-monthly reports from the Fund's internal investment manager and, in turn, reports quarterly to the Board of Directors of the Trustee on its activities. Divergence from asset allocations and to the composition of the portfolio is monitored by the Fund's internal investment manager on a daily basis.

The Trustee's Audit, Risk and Compliance Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Investments of the fund are held on behalf of the Trustee by National Australia Bank Limited Asset Servicing division, which acts as the global custodian except for 0.65% of investments which are not held by the custodian. Each fund manager is required to invest the assets managed by it in accordance with the terms of a written mandate.

For the Defined Benefit Division, the Trustee sets the investment objective and strategy, with appropriate allocation to different asset classes within specific ranges. The Trustee receives advice from its investment adviser in making its assessments. The other Divisions of the Fund offer separate investment options providing specific investment objectives and asset allocations with specific ranges. These are detailed in the relevant Product Disclosure Statement.

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Trustee manages this investment risk as part of its overall risk management framework. The Investment Committee may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular asset classes or markets within pre-determined ranges. Derivative financial instruments are included in the relevant asset category in the Statement of Net Assets.

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

14. Financial Risk Management (continued)

The Investment Committee uses different methods to measure different types of risk to which the Fund is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and rating analysis for credit risk. The Investment Committee, in conjunction with its investment adviser, uses a range of qualitative and quantitative measures when assessing the individual fund managers' and overall Fund's investment arrangements.

The outlines of the various risks are a generic assessment of the financial risks and associated sensitivity analysis for the investment assets classes of the Fund. The impact of these sensitivities will vary between members depending on the member's choice of investment option(s). It is through the investment option that the member has exposure to the investment assets of the Fund and any movement in the underlying financial instruments. The members' investment option exposure to the investment asset classes of the Fund is outlined in the relevant Product Disclosure Statement.

(a) Market Risk

(i) Price Risk

The Fund is exposed to equity securities and derivative securities price risk. The investments of the Fund are traded on listed and unlisted markets, where prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will fluctuate because of changes in foreign exchange rates. The securities are classified on the Statement of Net Assets at net market value. All securities investments present a risk of loss of capital. The maximum risk is determined by the net market value of the financial instruments.

The Investment Committee mitigates this price risk through diversification, achieved through fund manager selection with a range of investment styles and different investment mandates. The majority of the Fund's equity investments are publicly traded on well regulated markets and are included in the major ASX indices and/or MSCI World indices.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

Sensitivity Analysis
A percentage increase, as set out in the table below, in the relevant asset classes at the reporting date would have increased the net assets available to pay benefits by $389 million (2015: $336 million). An equal change in the opposite direction would have decreased the net assets available to pay benefits by $389 million (2015: $336 million). The impact on net investment revenue would have increased or decreased by $389 million (2015: $336 million). The analysis was performed on the same basis for 2015. The impact mainly arises from the reasonably possible change in the net market value of listed equities, direct property, unlisted trusts and equity derivatives. The reasonably possible movements in the risk variable have been determined based on the Trustee's expected asset class return, on a medium-term basis (over 7 years), having regard to historical experience and relationships and current valuations. These expectations are based upon current information and on an assumption that historical relationships are maintained.

14. Financial Risk Management (continued)

Asset Class	2016 %	2015 %
Australian Equities	9.1	8.2
International Equities (in Australian dollars)	6.8	5.0
Defensive Alternative Assets	3.6	4.0
Growth Alternative Assets	4.8	5.5
Property	5.9	6.8
Infrastructure	6.4	6.8

(ii) Foreign Exchange Risk

The Fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of the monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

The Investment Committee manages the overall exposure to protect the yield income and to provide some limit to the impact on asset values caused through the volatility of the Australian dollar. This is implemented through specialist fund managers or through the setting of hedged benchmarks. For accounting and investment purposes, the Fund does not designate any derivatives as hedges in a hedging relationship and hence these derivative financial instruments are classified in the Statement of Net Assets at net market value. Compliance with the Fund's strategy is reported to the Investment Committee at each meeting.

The table below summarises the Fund's assets and liabilities that are denominated in a currency other than the Australian dollar for the year ended 30 June:

30 June 2016	US Dollar A$'000	EURO A$'000	YEN A$'000	GB Pound A$'000	Other A$'000	Total $'000
Assets	1,463,325	293,579	99,267	123,554	444,598	2,424,323
Liabilities	(13,558)	(1,603)	(400)	(886)	(5,055)	(21,502)
Foreign Exchange Contracts **	(649,539)	(165,059)	(56,459)	(41,867)	(164,859)	(1,077,783)
Net Exposure	**800,228**	**126,917**	**42,408**	**80,801**	**274,684**	**1,325,037**

14. Financial Risk Management (continued)

30 June 2015	US Dollar A$'000	EURO A$'000	YEN A$'000	GB Pound A$'000	Other A$'000	Total $'000
Assets	1,576,105	310,441	117,426	141,887	397,846	2,543,705
Liabilities	(13,690)	(6,470)	(495)	(141)	(3,405)	(24,201)
Foreign Exchange Contracts **	(691,542)	(175,915)	(66,358)	(58,121)	(159,718)	(1,151,654)
Net Exposure	**870,873**	**128,056**	**50,573**	**83,625**	**234,723**	**1,367,850**

** Foreign Exchange Contracts are the value of the exchange exposures (rather than the market value of the hedged instrument)

Sensitivity Analysis

A 10% strengthening of the Australian dollar against the following currencies as at 30 June 2016 would have decreased the net assets available to pay benefits and the net investment revenue by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2015. These estimates are based upon current information and an expectation that historical relationships are maintained.

	US Dollar A$'000	EURO A$'000	YEN A$'000	GB Pound A$'000	Other A$'000
30 June 2016	72,748	11,538	3,855	7,346	24,971
30 June 2015	79,170	11,641	4,597	7,602	21,338

A 10% weakening of the Australian dollar against the above currencies at the 30 June 2016 would have the opposite effect, by the amounts shown below, on the net assets and net investment revenue on the basis that all other variables remain constant.

	US Dollar A$'000	EURO A$'000	YEN A$'000	GB Pound A$'000	Other A$'000
30 June 2016	88,914	14,102	4,712	8,978	30,520
30 June 2015	96,764	14,228	5,619	9,292	26,080

14. Financial Risk Management (continued)

(iii) Interest Rate Risk

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates and investment strategy. The risk is measured using sensitivity analysis. The Fund may enter into derivative financial instruments to mitigate the risk of future interest rate changes.

The Fund's exposure to interest rate movements on those investments at 30 June was as follows:

30 June 2016	Floating Interest rate $'000	Fixed Interest Rate $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets				
Cash and deposits	243,968	596,011	-	839,979
Fixed interest bonds	-	894,729	-	894,729
Indexed securities	27,493	-	-	27,493
Floating rate notes	202,045	-	-	202,045
Mortgage backed securities	31,938	24,642	-	56,580
Term Loan	22,134	-	-	22,134
Discount securities	-	462,474	-	462,474
Convertible notes	-	-	-	-
Derivative financial instruments	2,812	-	-	2,812
Investment settlements - receivable	-	-	36,492	36,492
Financial Liabilities				
Investment settlements – payable	-	-	(23,112)	(23,112)
Derivative financial instruments	(2,894)	-	-	(2,894)
Total	527,496	1,977,856	13,380	2,518,732
Net effective exposure through Interest rate futures	-	-	70,864	70,864
Net exposure	527,496	1,977,856	84,244	2,589,596

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

14. Financial Risk Management (continued)

30 June 2015	Floating Interest rate $'000	Fixed Interest Rate $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets				
Cash and deposits	158,637	546,736	-	705,373
Fixed interest bonds	-	793,947	-	793,947
Indexed securities	3,987	-	-	3,987
Floating rate notes	165,793	-	-	165,793
Mortgage backed securities	77,027	-	-	77,027
Term Loan	23,614	-	-	23,614
Discount securities	-	440,347	-	440,347
Convertible notes	-	-	-	-
Derivative financial instruments	2,465	-	-	2,465
Investment settlements - receivable	-	-	51,854	51,854
Financial Liabilities				
Investment settlements – payable	-	-	(27,496)	(27,496)
Derivative financial instruments	(2,534)	-	-	(2,534)
Total	428,989	1,781,030	24,358	2,234,377
Net effective exposure through Interest rate futures	-	-	34,224	34,224
Net exposure	428,989	1,781,030	58,582	2,268,601

Sensitivity Analysis

A 50 basis point decrease/(increase) in interest rates would have increased/(decreased) the net assets available to pay benefits and the net investment revenue by $31.9 million (2015: $25.7 million). The analysis was performed on the same basis for 2015. The impact mainly arises from the reasonably possible changes in interest rates on the net market value of fixed interest securities. The reasonably possible movements in the risk variable have been determined based on the Trustee's expected asset class return, on a medium-term basis (over 7 years), having regard to historical experience and relationships and current valuations. These expectations are based upon current information and on an assumption that historical relationships are maintained.

(b) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents. None of these assets are impaired nor past due but not impaired.

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

14. Financial Risk Management (continued)

The Fund primarily invests in debt securities which are rated by well-known and industry recognised rating agencies. The internal investment manager manages its exposure to credit risk by setting minimum grade ratings by investment type and a minimum overall weighted average credit rating in investment mandates. The Fund uses National Australia Bank as its custodian. Other than that relationship, the Fund does not have any significant exposure to any individual counterparty.

The net market value of financial assets included in the Statement of Net Assets represents the Fund's exposure to credit risk relating to those assets. An analysis of debt securities by rating is set out below.

30 June 2016

Long Term Rating	AAA	AA	A	BBB	Non-investment Grade	Not Rated
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed Interest Securities	189,643	232,957	159,740	112,837	199,554	-
Indexed Securities	8,170	6,305	-	13,018	-	-
Floating Rate Notes	29,863	94,555	35,902	41,191	534	-
Mortgage Securities	18,146	17,765	3,517	6,288	10,864	-
Term Loan	-	-	-	1,968	19,130	1,035
Total	**245,822**	**351,582**	**199,159**	**175,302**	**230,082**	**1,035**

Short Term Rating	A1	A2
Cash and Deposits	839,979	-
Discount Securities	450,499	11,975
Total	**1,290,478**	**11,975**

30 June 2015

Long Term Rating	AAA	AA	A	BBB	Non-investment Grade	Not Rated
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed Interest Securities	146,195	202,104	125,487	130,804	189,356	-
Indexed Securities	-	3,987	-	-	-	-
Floating Rate Notes	4,225	75,298	66,409	18,482	1,379	-
Mortgage Securities	25,276	11,769	9,431	11,758	18,793	-
Term Loan	-	-	-	1,938	19,421	2,256
Total	**175,696**	**293,158**	**201,327**	**162,982**	**228,949**	**2,256**

Short Term Rating	A1	A2
Cash and Deposits	705,373	-
Discount Securities	428,375	11,972
Total	**1,133,748**	**11,972**

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

14. Financial Risk Management (continued)

Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by counterparty, by geographical region and by industry sector. With the exception of securities issued by the governments of Australia, the United States of America, Japan, France, Germany and the United Kingdom, the exposure to any issue or issuer of debt securities is limited to 5% of the value of the portfolio at the time of purchase.

(c) Liquidity Risk

The liquidity risk is the risk that the Fund will encounter difficulty in raising cash to meet commitments associated with member benefits. Cash flow interest rate risk is the risk that the future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

To control liquidity and cash flow interest rate risk, the Fund invests the large majority of its assets in financial markets which under normal market conditions are readily convertible into cash.

Vested benefits, as per Note 6, have been included in the less than one month column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members vested benefits, however members may not necessarily call upon amounts vested to them during this time.

The table below analyses the contractual maturities of the Fund's financial liabilities, excluding gross settled derivative liabilities, based on the remaining period to the contractual maturity date at the year end. The Fund does not hold derivatives settled on a gross basis.

30 June 2016	Carrying Amount $'000	Less than 1 month $'000	1-6 months $'000	>6 months $'000
Financial Liabilities				
Net Settled Derivatives	3,889	-	995	2,894
Unsettled Investment Accruals	23,112	23,112	-	-
Foreign Exchange Contracts	-	-	-	-
Vested Benefits	7,181,676	7,181,767	-	-
Total Financial Liabilities	**7,208,677**	**7,204,879**	**995**	**2,894**

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

14. Financial Risk Management (continued)

30 June 2015	Carrying Amount $'000	Less than 1 month $'000	1-6 months $'000	>6 months $'000
Financial Liabilities				
Net Settled Derivatives	2,916	14	368	2,534
Unsettled Investment Accruals	27,496	27,496	-	-
Foreign Exchange Contracts	8,692	3,329	5,363	-
Vested Benefits	6,712,280	6,712,280	-	-
Total Financial Liabilities	**6,751,384**	**6,743,119**	**5,731**	**2,534**

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

Financial assets that are available in cash or are readily convertible to cash within a business day to meet the above financial liabilities are $941.3 million (2015: $891.3 million).

15. Fair Value Hierarchy

(a) Classifications of Financial Instruments under the Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires investments to be measured using fair value. The Trustee believes that net market value of the Fund's investments is materially close to fair value. The following table shows financial instruments recorded at net market value, analysed between those whose net market value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs that are significant to the determination of net market value. Net market value is considered a reasonable approximation of fair value, and for the purposes of the 'fair value hierarchy', estimated costs of disposal have been disregarded for Level 1 financial assets.

15. Fair Value Hierarchy (continued)

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the net market value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument. The fair value hierarchy has the following levels:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Securities included in this level are those which are valued daily using prices sourced from the market they are traded on.

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as a price) or indirectly (derived from a price). Securities included in this level are those priced by the manager on a regular basis, by referencing the underlying investments to prices where they are actively traded or where regular independent valuations are obtained for property assets held in well-developed and actively traded markets.

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Trustee. The Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets				
Fixed Interest Securities	1,099,056	-	-	1,099,056
Listed Australian Equities	2,100,852	-	-	2,100,852
Listed International Equities	1,551,919	-	-	1,551,919
Listed Property Trusts	223,880	-	-	223,880
Unlisted Property Trusts	-	418,824	-	418,824
Growth Alternatives	3,193	-	89,126	92,319
Defensive Alternatives	207,659	190,481	179,922	578,062
Cash	1,013,690	-	-	1,013,690
Annuity		1,690		1,690
Infrastructure	-	-	458,407	458,407
Derivatives	7,660	-	-	7,660
Foreign Exchange Contracts	8,730	-	-	8,730
Financial Liabilities				
Derivatives	(3,889)	-	-	(3,889)
Foreign Exchange Contracts		-	-	
Total Investments	**6,212,750**	**610,995**	**727,455**	**7,551,200**

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

30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets				
Fixed Interest Securities	943,051	-	-	943,051
Listed Australian Equities	1,939,719	-	-	1,939,719
Listed International Equities	1,659,238	71,761	-	1,730,999
Listed Property Trusts	226,315	-	-	226,315
Unlisted Property Trusts	-	341,479	-	341,479
Growth Alternatives	945		96,519	97,464
Defensive Alternatives	189,575	164,871	134,741	489,187
Cash	956,182	-	-	956,182
Infrastructure	-	-	398,577	398,577
Derivatives	4,295	-	-	4,295
Foreign Exchange Contracts	-	-	-	-
Financial Liabilities				
Derivatives	(2,916)	-	-	(2,916)
Foreign Exchange Contracts	(8,692)	-	-	(8,692)
Total Investments	**5,907,712**	**578,111**	**629,837**	**7,115,660**

(b) Level 3 Financial Instruments Transactions

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

30 June 2016

	$'000
Opening balance	629,837
Total realised/unrealised gains and losses	81,296
Purchases/Applications	26,950
(Sales)/(Redemptions)	(10,628)
Transfers into Level 3	-
Closing Balance	727,455

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

15. Fair Value Hierarchy (continued)

30 June 2015

	$'000
Opening balance	585,438
Total realised/unrealised gains and losses	73,250
Purchases/Applications	11,505
(Sales)/(Redemptions)	(40,356)
Transfers out of Level 3	-
Closing Balance	629,837

No investments during the year were reclassified down from Level 1 or 2 into Level 3.

(c) Valuation Process for Level 3 valuations:

The level 3 valuation process utilises valuations that have been determined by the external investment managers responsible for the relevant assets in the infrastructure and alternatives asset categories. These valuations are determined on a monthly, half yearly and yearly basis with the unadjusted valuation being incorporated into the Fund's total asset value.

An exception to the above process exists in relation to certain infrastructure investments whereby the valuation is determined by the Trustee of the Fund. The Trustee reviews a range of valuations that are produced by an external valuation consultant and has historically selected the most conservative of these to record as the value of the asset.

(d) Quantitative information of significant unobservable inputs utilised by the Trustee for Level 3 pricing purposes:

	Description	$'000	Valuation Technique	Significant Unobservable Inputs	Discount Rate
30 June 2016	Infrastructure (Unlisted companies/trusts)	188,488	Discounted cashflow method	Discount Rate	11.5%
30 June 2015	Infrastructure (Unlisted companies/trusts)	152,284	Discounted cashflow method	Discount Rate	10.8%

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

15. Fair Value Hierarchy (continued)

The 'Discount Rate' is derived by the independent valuer utilising the risk free rate, market risk premium, asset beta, gearing ratio, tax rate and equity beta amongst other metrics.

Other Level 3 investments are direct holdings in pooled vehicles which are independently priced. These investments are reflected in Level 3 as the look-through investments do not have observable inputs.

(e) Sensitivity analysis to significant changes in unobservable inputs within Level 3

	Description	Input	Sensitivity Used	Effect on Fair Value $'000
30 June 2016	Infrastructure (Unlisted companies/trust)	Discount Rate	0.37%	8,629
30 June 2015	Infrastructure (Unlisted companies/trust)	Discount Rate	0.6%	12,822

16. Commitments and Contingent Liabilities

There were capital commitments as at 30 June 2016 of $7,540,500 (2015: $10,415,500). These commitments represent uncalled capital amounts that are committed to various private equity funds within the Growth Alternatives asset class and the Fund's commitment of $500,000 to Clover Pty Ltd (the developer of the Fund's robo-advice platform) for investment in loan notes. There are no contingent liabilities as at 30 June 2016 (2015: $ Nil).

17. Events Subsequent to Balance Date

On 1 July 2016 all 3 shares in the Trustee company Equipsuper Pty Ltd held by the Chairman (on trust for the participating employers) were transferred to Equipsuper Financial Holdings Pty Ltd (EFHPL) as part of the corporate restructure of the Trustee company. In consideration of the transfer, EFHPL issued 3 shares at $13,757 each to the Chairman (on trust for the participating employers).

On 22 June 2016, Equipsuper Financial Planning Pty Ltd obtained a variation to its Australian Financial Services Licence permitting it to provide financial products advice and deal in derivatives and foreign exchange contracts on behalf of wholesale clients. Subsequent to balance date, on 1 July 2016, Equipsuper Financial Planning Pty Ltd appointed Equipsuper Asset Management Pty Ltd as its corporate authorised representative. Equipsuper Asset Management Pty Ltd will manage the internal portfolio of the Fund and provide investment consulting services to Equipsuper Pty Ltd the Trustee of the Fund.

This strategy is part of the corporate restructure of the Fund's Trustee company Equipsuper Pty Ltd and has been implemented on the basis that it will position Equipsuper Pty Ltd for future growth and deliver material benefits to fund members in the long term. This will not affect the results of the financial year ended 30 June 2016.

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

17. Events Subsequent to Balance Date (continued)

Investment Markets

The fund holds investments in Australian and international listed equities and is consequently exposed to the market risk associated with these investments. Since balance date, Australian and international share markets have experienced an increase in value with the total fund's investments increasing, as at 5 September 2016, by 3.61% overall. Market volatility is a normal characteristic of investment markets.

As the investments are measured at their 30 June 2016 net market values in the financial statements any subsequent changes in value are not reflected in the Statement of Changes in Net Assets or the Statement of Net Assets. As the Fund allocates all of its investment income to members, the increase in value of investments has been reflected in the current unit prices, resulting in a corresponding increase in member funds. The impact on the funding position of the Defined Benefit Divisions is shown in Note 6.

There are no other matters or circumstances that have arisen since the end of the financial year, which significantly affected or may significantly affect the operation of the Fund, the result of those operations or the state of affairs of the Fund in subsequent financial years except as may be stated elsewhere in the financial statements.

18. Member Contributions

Member Contributions represent non-concessional contributions made by members during the financial year.

19. Investment Expenses	2016 $'000	2015 $'000
Custodian Fees	1,584	1,634
Management Expenses		
- Cash	218	140
- Fixed Interest	2,967	2,752
- Property	1,314	1,100
- Australian Equities	8,486	11,102
- International Equities	7,929	7,995
- Defensive Alternatives	1,404	1,955
- Growth Alternatives	405	1,402
- Infrastructure	801	373
Consultants' Fees	597	585
Total	**25,705**	**29,038**

20. Receivables

Unsettled Investment Sales	5,255	28,989
Investment Income Due and Receivable	31,237	22,865
Employer Non-Member Pay Receivables	160	260
Prepaid Expenses	100	98
Australian Taxation Office (Goods and Services Tax)	202	682
Other Receivables	135	71
Total	**37,089**	**52,965**

21. Payables

Unsettled Investment Purchases	23,112	27,496
Accounts Due and Unpaid	7,586	8,172
Administration Fee Payable to Equipsuper Pty Ltd	5,821	5,170
Total	**36,519**	**40,838**

22. Plant and Equipment

	2016 $'000	**2015 $'000**
Office furniture and equipment at cost	507	486
Less accumulated depreciation	(185)	(132)
	322	354
Computer and information technology equipment at cost	312	273
Less accumulated depreciation	(104)	(53)
	208	220
Leasehold improvements at cost	1,176	969
Less accumulated depreciation	(242)	(154)
	934	815
Total plant and equipment	**1,464**	**1,389**

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

23. Reserves

Operating Risk Reserve

Balance as at 1 July	11,305	7,175
Increase/(decrease) for the year	7,610	4,130
Balance as at 30 June	18,915	11,305

Administration and General Purpose Reserve

Balance as at 1 July	17,690	11,091
Increase for the year	650	6,599
Balance as at 30 June	18,340	17,690

Self-Insurance Reserve

Balance as at 1 July	16,543	15,724
Increase for the year	7	819
Balance as at 30 June	16,550	16,543
Total Reserves	**53,805**	**45,538**

In line with APRA standard SPS 114 the Trustee has determined a target amount for the Operational Risk Reserve. This Reserve is for the purposes of supporting the financial requirements of the Trustee in the case of loss arising from an operational risk event. The Reserve has a target value of 25 basis points of the Fund's overall value. The Fund achieved its target in February 2016 and as a consequence removed the 6 basis point levy that was being applied to all member accounts to fund the Reserve.

The Administration and General Purpose Reserve is used to meet ongoing and long term expenses in line with the strategic and business plans of the Trustee of the Fund.

The Self Insurance Reserve is used to fund the future service component of death and disability benefits of certain defined benefit members.

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

24. Meeting of Directors of the Trustee Company

Sections 300(10)(b) and (c) of the Corporations Act (2001) require public companies that are not wholly-owned subsidiaries of another company to include details of the number of Board and Board Committee meetings held during the year and each Director's attendance at those meetings.

Equipsuper Pty Ltd is not a public company but the Directors have adopted the policy of disclosing similar details as a matter of good corporate governance.

The number of Board and Committee meetings attended by each of the Directors during the financial year ended 30 June 2016 was:

	Board		Investment Committee		Appeals and Review Committee		Audit, Risk and Compliance Committee		Governance and Rewards Committee		Finance Committee	
Number of meetings during year												
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
A E J Fairley	10	10	2	1	-	-	2	1	4	4	2	2
J Azaris	10	9	4	3	2	2	5	5	-	-	2	2
B G Beeren	7	5	4	4	-	-	-	-	-	-	1	1
M J Clinch	3	2	-	-	2	2	-	-	1	-	-	-
J C Dekker	3	3	2	2	-	-	1	1	-	-	-	-
G N Hade	7	6	-	-	5	4	4	3	3	2	-	-
S L Jericevic	3	3	2	2	-	-	1	1	-	-	-	-
R C Jervis-Read	10	7	-	-	7	6	5	5	-	-	-	-
P Leary	10	9	-	-	7	6	-	-	4	3	1	1
A J Pickering	10	9	6	6	-	-	-	-	4	3	1	1
J Simon	10	10	6	6	-	-	-	-	4	4	2	2
T M Swingler	7	6	-	-	5	5	4	4	-	-	1	1

Directors also occasionally do attend Committee meetings of which they are not a member as an observer. These attendances are not reflected in the above table.

Legend in the table

- "Held" means the number of meetings held while the Director was a member of the Board or Committee.
- "Attended" means the number of meetings attended while the Director was a member of the Board or Committee.

Chairmen of the Board and Committees

- Mr A.E.J. Fairley was elected as Independent Director, became Chairman of the Board on 1 January 2009 and has been Chairman of the Finance Committee since 1 April 2016.
- Mr J. Azaris has been the Chairman of the Audit, Risk and Compliance Committee since 1 June 2010.
- Mr B.G. Beeren was the Chairman of the Finance Committee from 1 January 2014 to 31 March 2016.
- Mr G.N. Hade was the Chairman of the Governance and Rewards Committee from 1 January 2014 to 31 March 2016.
- Mr R.C. Jervis-Read was Chairman of the Appeals and Review Committee from 28 January 2015 to 31 March 2016.
- Ms P. Leary has been the Chairman of the Appeals and Review Committee since 1 April 2016.
- Mr A.J. Pickering has been the Chairman of the Investment Committee since 1 June 2010.
- Ms J. Simon has been Chairman of the Governance and Rewards Committee since 1 April 2016.

TRUSTEE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2015

In the opinion of the Directors of Equipsuper Pty Ltd (ABN 64 006 964 049) being the Trustee of Equipsuper:

1. (i) The financial statements and notes to the financial statements for the year ended 30 June 2016 present fairly the net assets of the Fund at 30 June 2016 and the changes in net assets for the year then ended in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;

   (ii) The financial statements and notes to the financial statements have been prepared in accordance with the requirements of the Rules of the Fund; and

   (iii) The operation of the Fund has been carried out in accordance with its Rules and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, Regulations and the guidelines issued by the Australian Prudential Regulation Authority on Risk Management Statements for Superannuation Entities Investing in Derivatives during the year ended 30 June 2016 except as already reported to the Australian Securities & Investments Commission and Australian Prudential Regulation Authority.

2. At the date of this declaration, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Trustee by:

AFairley .... **A.E.J. Fairley**
Chairman

.... **J. Azaris**
Director

Melbourne
14 September 2016

Building a better working world

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REPORT BY THE RSE AUDITOR TO THE TRUSTEE AND MEMBERS

Financial statements

I have audited the financial statements of Equipsuper for the year ended 30 June 2016 comprising the statement of net assets, statement of changes in net assets, summary of significant accounting policies, other explanatory notes and the Trustee statement.

Trustee's Responsibility for the Financial Statements

The RSE'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 Equipsuper.

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.

EY

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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 Equipsuper as at 30 June 2016 and the changes in net assets for the year ended 30 June 2016.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
14 September 2016

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Statement of Advice

SUMMARY OF ACTUARY'S REPORT FOR THE PURPOSES OF AUSTRALIAN ACCOUNTING STANDARD AAS25

Equipsuper

The effective date of the most recent actuarial valuation of Equipsuper (the Fund) was 30 June 2015 covering the period from 1 July 2014 to that date. The valuation was undertaken by David A Scott, Fellow of the Institute of Actuaries of Australia, on behalf of Mercer Consulting (Australia) Pty Ltd, 727 Collins Street, Melbourne 3008, and the results of the valuation are set out in a report dated 8 January 2016. A summary of this report follows:

(i) As at 30 June 2015, the net realisable value of the assets of the Fund, based on audited financial statements of the Fund, amounted to $7,024,512,000, including reserves of $34,202,000. The assets total $7,013,207,000, excluding the Operational Risk Reserve of $11,305,000.

(ii) The present value of accrued benefits as at 30 June 2015 for the purpose of Australian Accounting Standard AAS25 was $6,703,359,000, made up as follows:

	$'000
Defined Benefit Division members	1,695,824
Lifetime Pensioners	107,729
Accumulation Division members	4,051,580
Account Based Pension Division members	831,065
Adjustments comprising one Accumulation EBA and benefits payable in respect of Defined Benefit members	17,161
Total	**6,703,359**

In calculating these values we have complied with Guidance Note 454 of the Institute of Actuaries of Australia.

In determining these values we have not applied a minimum of vested benefits (see (iii) below) on an individual member, Employer Benefit Account or total Fund basis.

A summary of the method of attributing benefits to past membership is set out in Note 1 below. The accrued benefits have been valued using the same assumptions as were adopted for the actuarial valuation. A summary of these assumptions is set out in Note 2 below.

(iii) The total as at 30 June 2015 of members' vested benefits for the purpose of Australian Accounting Standard AAS25 (i.e. voluntary resignation benefits, or early retirement benefits if eligible), amounted to $6,724,773,000 made up as follows:

	$'000
Defined Benefit Division members	1,717,238
Lifetime Pensioners	107,729
Accumulation Division members	4,051,580
Account Based Pension Division members	831,065
Adjustments comprising one Accumulation EBA and benefits payable in respect of Defined Benefit members	17,161
Total	**6,724,773**

(iv) The ratios of the assets (excluding the Operational Risk Reserve) to the present value of accrued benefits and to the vested benefits (for account based pensions, accumulation members, defined benefit members combined and applicable adjustments) are:

Present value of accrued benefits	104.6%
Vested benefits	104.3%

(v) The actuarial valuation was carried out using the "Target Funding" method where the contribution rate is set, in accordance with the Trustee's Contribution and Funding Policy, at the rate required so that assets meet the designated target within a fixed number of years. The financing target chosen for each Employer Benefit Account is that assets available to support the defined benefits equal:

- 105% of the Accrued Liabilities, being the greater of the present value of accrued benefits and vested benefits, within a period of five years; or
- 100% of the Accrued Liabilities within a period of three years,

whichever requires the higher contribution rate.

The valuation disclosed that the Fund was in a "satisfactory financial position" as defined in the SIS Regulations at 30 June 2015 as assets were more than vested benefits. The valuation also disclosed that one of the 41 Employer Benefit Accounts was in an "unsatisfactory financial position" and "technically insolvent" as at 30 June 2015.

The Actuary recommended that each employer contribute to the Fund in accordance with the Contribution and Funding Policy adopted by the Trustee.

Briefly summarised, this policy provides for the ratio of assets to Accrued Liabilities (funding ratio) in respect of each Employer Benefit Account to be measured on a six monthly basis. If the funding ratio lies in the range 105% to 110%, the employer is to contribute at the "long-term contribution rate" as calculated for that employer in the most recent three-yearly actuarial review of the Fund. The employer is also required to make an additional contribution of the excess of any uninsured benefit paid over the member's vested benefit, "grossed-up" for contributions tax of 15%.

If the funding ratio is less than 100%, the employer is required to contribute at a rate to equal that required to target 105% of Accrued Liabilities within a period of five years and 100% of the Accrued Liabilities within a period of three years, whichever produces the higher rate of contributions. The employer is also required to make an additional contribution of the excess of any uninsured benefit paid over the member's vested benefit, "grossed-up" for contributions tax of 15%.

In addition, where the ratio of assets to vested benefits is below 100%, the employer contribution rate is subject to the minimum of the previously calculated employer contribution rate.

If the funding ratio exceeds 110%, employer contributions are reduced in accordance with a formula. If the funding ratio falls below 105%, employer contributions are increased in accordance with a formula and the employer is also required to make an additional contribution of the excess of any uninsured benefit paid over the member's vested benefit, "grossed-up" for contributions tax of 15%.

The long-term contribution rates calculated in this valuation range from 6.5% to 15.8% of salaries for Employer Benefit Accounts with active defined benefit members.

(vi) The next three yearly actuarial review should be undertaken as at 30 June 2016. At that time, the long-term employer contribution rates will be reviewed. The progress of the Employer Benefit Accounts' coverage of Accrued Liabilities should be reviewed every six months to ascertain if an adjustment to the employer contribution levels is required.

(vii) Taking into account the circumstances of the Fund, the details of the membership and the assets, the benefit structure of the Fund and the industry within which the employers operate, the assumptions used are appropriate in relation to the determination of the present value of accrued benefits for the purposes of AAS25.

David A Scott
Fellow of the Institute of Actuaries of Australia

8 January 2016

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Note 1: Summary of Method of Attributing Benefits to Past Membership

Accumulation Benefits

The value of accumulation benefits has been taken as the sum of the balances held in accumulation accounts at the date of the valuation.

Defined Benefits

The past membership components of all defined benefits payable in the future from the Fund in respect of the current membership are projected forward allowing for future salary increases and credited interest rates and are then discounted back to the valuation date at the investment return rates assumed for the valuation.

The past membership component for each type of benefit is:

Retirement:	based on the member's actual accrued benefit multiple as at the valuation date.
Death and Disablement:	based on the member's actual accrued benefit multiple as at the valuation date.
Resignation:	based on either the member's current accrued resignation multiple, phasing into the current accrued retirement multiple over a five year period or the period remaining to age 55 if shorter, or the member's contributions with interest and vesting.

Changes in Methodology

The method used for the determination of Accrued Benefits is the same as that used at the previous valuation.

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Note 2: Summary of Assumptions

Financial Assumptions

Investment returns (net of tax, investment expenses and standard administration expenses) on assets backing active members	5.6% pa
Investment returns (net of investment expenses and standard administration expenses) on assets backing pensions	6.8% pa
Salary increases	4.5% pa
Pension Inflation:	
- for ex Gas & Fuel pensions commencing prior to 2004	5% pa
- for pensions for Employer Benefit Account O1, O5 and Division WC	Nil
- for all other pensions	2.5% pa

For the purposes of determining the present value of accrued benefits in accordance with Australian Accounting Standard AAS25, a market-determined, risk adjusted discount rate of 5.6% per annum was used. This rate represents the weighted average (weighted by accrued benefit liabilities) expected return on the Fund's assets.

The weighted average term of the accrued benefit liabilities is about 8.4 years.

Other Assumptions

Assumptions regarding rates at which members will leave the Fund on account of retirement, death, disablement and resignation have been based on past experience of the fund. Further details can be found in our report of the actuarial valuation as at 30 June 2015.