STATE SUPER
SAS Trustee Corporation

ANNUAL REPORT
2023-24

www.statesuper.nsw.gov.au

Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices and recognise our responsibility to work together, with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Letter of Submission

October 2024

The Hon. Daniel Mookhey MLC
NSW Treasurer
52 Martin Place
SYDNEY NSW 2000

Dear Treasurer,

We have pleasure in submitting to you, for presentation to Parliament, the Annual Report of the SAS Trustee Corporation for the period 1 July 2023 to 30 June 2024.

The Annual Report contains reports for the:

- SAS Trustee Corporation; and
- SAS Trustee Corporation Pooled Fund.

These have been prepared in accordance with the provisions of Division 7.3 of the *Government Sector Finance Act 2018*, the associated regulations and the Treasurer's directions.

We look forward to working with you during the coming year.

Yours sincerely

Nicholas Johnson
Chair of the Board
SAS Trustee Corporation

Catherine Bolger

Catherine Bolger
Board Member and Chair,
Risk, Audit and Compliance Committee
SAS Trustee Corporation

Annual Report: 2023-24

Contents

1. Overview

MISSION

State Super's mission is to provide high quality superannuation services to members to maximise their superannuation benefits and to support the NSW Government in meeting its funding objective.

2023-24 HIGHLIGHTS

Members

- Our annual member satisfaction rating remains high with scores given out of 10 for Interview Service (8.1), Financial Planning (8.1), and Telephone Service (7.8). Pension members were the most satisfied, scoring Financial Planning 8.6, Telephone Service 8.5 and Investment Performance 8.1.
- At our Annual Member Meeting in December 2023 nearly 800 members registered to attend with close to 50% of registered members logging in to view the livestream. Updates were provided by the CEO, CIO, CXO and Chair as well as a Q&A session with members asking pre-submitted questions. A post-event survey received over 100 responses with the majority making positive comments and almost 90% saying they were "very likely/likely" to attend next year's meeting. By comparison to the industry this is a significantly higher engagement.
- An average 15,300 users visit our website each month which is an increase of 1,300 from last year. We have continued to offer two-factor authentication for the secure member site.
- Nearly 3,000 members attended one of the 67 free education seminars on their schemes. Topics include Aged Care and Estate Planning as well as Retirement Planning for SASS and SSS scheme members. A mix of webinars and in-person seminars are offered.
- Our independent research programme has been redeveloped to capture member satisfaction with critical and core services and in line with changing membership base. Fieldwork was completed and the Member Satisfaction Research report was presented in February 2024.
- Managed and addressed the risks in the final and post implementation phase of the System Migration project at Mercer, including additional oversight during the annual member statement production. All members are now on the new platform and any outstanding developments/changes have been completed and State Super is now operated on the same platform for all the schemes.
- As part of the Data Risk Management guidelines introduced by APRA, we developed the data risk management framework, identified and led the delivery of the Critical Data Elements (CDE's) and Data Lineage with most CDE's sitting in the area of member engagement.
- Agreed 3-year term extension with Allianz for 12D HOD claims management.

People

- State Super's staff retention remains high and has been maintained at over 90% for the period.
- The latest Employee Engagement score for State Super remained very high at 79% which compares favourably against the Treasury Portfolio (70%) and Sector (64%). The key topics with the highest scores include health & safety at 95%, ethics and values at 94% and flexible working at 95%.
- As part of our commitment to learning and development, we supported employees in training and in industry seminars, and actively participated in industry forums and policy groups. This and our commitment to WH&S has resulted in the highest employee engagement scores in the cluster and amongst the highest anywhere in Government.
- Our strong culture and employee value proposition enables staff to be exposed to broader challenges and experiences which allows them to build transferrable skills.

Stakeholders

- Increased social media exposure (LinkedIn) and media opportunities.
- Scholarship program rebranded as "State Super ESG for Impact" with an emphasis on ESG and Responsible Investment research. All NSW universities uploaded the scholarship information to relevant student websites. LinkedIn promotional campaign targeting students and professors.
- State Super has worked with the NSW Government to ensure members' best interests are represented and to support Treasury in the future funding of the schemes.
- Our continuous participation in forums and engagement with industry bodies has included amongst others - PRI in Person (Tokyo), FEAL National Conference (Sydney), AIST (ASI) Superannuation Investment Conference (Sunshine Coast), Australia EQD 2023 Conference (Sydney), Financial Services Assurance Forum (Sydney), ISACA Sydney Conference (Sydney), ASFA Conference (Adelaide), Global Investment Institute: Virtual Roundtable (online), CII Equities Forum (Victoria), 2024 ACSI Conference (Melbourne), 12th Annual Investment Strategy Forum (Melbourne), and the IBR Superannuation Risk Conference 2024 (Sydney).
- Awarded the Rainmaker ESG Leader rating for 2023.
- The annual and independent stakeholder review on the perception of State Super found that we are seen as an organisation which provides high quality superannuation services and supports the NSW government in meeting funding obligations. Once again, the organisation and State Super's leadership is seen as reliable, professional and a trusted government entity with exceptionally high levels of integrity and the respondents are unanimous in their acknowledgement that State Super is absolutely member-focused.

Investments

- The State Super Pooled Fund had assets totalling $37 billion (excluding the Employer Sponsor Receivable) on 30 June 2024 and remains one of the largest asset owners in Australia.
- Trustee Selection continued to deliver a healthy return and preserve capital in 2023/24. DC Options outperformed its peers during the year, except for the DC Conservative option which fell slightly short of its return objective over its shorter investment horizon of 4 years.
- DC, Balanced and Conservative options secured top quartile returns vs their respective SuperRatings cohorts. State Super credited a 9.1% return to members in DC Growth (after superannuation tax), a 8.3% return for DC Balanced and a 7.1% return for DC Conservative for the year to 30 June 2024.
- The Trustee Selection Strategy for the Pooled Fund earned net investment revenue that resulted in an estimated rate of return credited to Crown employers of 7.3% (after adjustment for exempt current pension income tax).
- State Super continues to work towards its objective of Net-Zero CO2e emissions by 2050, with a medium-term milestone of 45% reduction in the weighted-average intensity of CO2e by 2030 against a CO2e baseline for the Pooled Fund as at December 2020 (CO2e is a short-hand term for greenhouse gases, which include, for example, carbon dioxide, nitrous oxide and methane). We continue to use specific metrics to monitor investment managers' approach to Environmental, Social and Governance (ESG) including Modern Slavery.
- At 30 June 2024, net Fund assets (excluding the Employer Sponsor Receivable) covered 57% of accrued liabilities (actuarially measured using the assumed earning rate of the Fund).

Governance

- State Super has commenced work to incorporate and comply with new APRA Prudential Standard Operational Risk Management within the framework of the HOGA.
- State Super is considering the implications to its governance framework to accommodate possible changes as part of its strategic operating model over the next few years.

Overview of State Super

SAS Trustee Corporation (STC but also known as State Super) is a statutory body representing the Crown and incorporated under the *Superannuation Administration Act 1996 (NSW)* (SA Act).

As trustee of four NSW superannuation schemes within the public sector, State Super oversees the State Super schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

Assets

The State Super Pooled Fund, which comprises the assets of all four schemes, had net assets of approximately $37 billion at 30 June 2024.

Membership

With 83,438 members at 30 June 2024, a large portion of the membership has reached or is approaching retirement age. The State Super schemes are closed to new members.

The following table contains a summary of each scheme.

State Authorities Superannuation Scheme (SASS)	
Commencement	1 April 1988, under the *State Authorities Superannuation Act 1987*.
Scheme eligibility	New employees in the NSW public sector were eligible to join the scheme and members of the Public Authorities Superannuation Scheme (PASS) were transferred to SASS from 1 April 1988. By 1990, a number of other public sector superannuation schemes were closed and members were transferred to SASS. The schemes transferred included the State Public Services Superannuation Fund (SPSSF), the Transport Gratuity Scheme and the Government Railways Superannuation Fund, among others.
Closed to new members	19 December 1992
Members at 30 June 2024	Contributing members: 10,056 Deferred benefit members: 7,125 Pension members: 5,134 Total members: 22,315
Financial position at 30 June 2024	Net assets: $10,266 million Accrued benefits: $12,829 million* Unfunded liabilities: $2,563 million
Member benefits	Lump sum of employee contributions accumulated with earnings, plus an employer-financed, lump sum defined benefit based on final average salary or final salary, membership period and level of employee contributions.

State Superannuation Scheme (SSS)	
Commencement	1 July 1919, under the *Superannuation Act 1916*.
Scheme eligibility	Salaried employees of the NSW public service and teaching service were eligible to join SSS, as well as a number of statutory authorities scheduled in the *Superannuation Act 1916 (NSW)*.
Closed to new members	1 July 1985
Members at 30 June 2024	Contributing members: 504 Deferred benefit members: 611 Pension members: 52,995 Total members: 54,110

**Accrued benefits as measured by the Actuary using the assumed earning rate of the Fund as the discount rate. Accounting standards require employers to report accrued benefits in their financial statements using a risk-free discount rate that results in a higher estimate of accrued benefits.*

State Superannuation Scheme (SSS) continued	
Financial position at 30 June 2024	Net assets: $20,910 million Accrued benefits: $36,910 million* Unfunded liabilities: $16,000 million
Member benefits	On retirement, a defined benefit (pension or lump sum), the amount of which depends on the number of units purchased. Members contribute towards fortnightly pension units throughout their membership. The number of units' members are entitled to contribute toward is determined by their salary. Contributions that members make depend on their age, when the units were granted, the member's gender and, if female, whether they elected to retire at age 55 or 60.

Police Superannuation Scheme (PSS)	
Commencement	1 February 1907 under the *Police Regulation (Superannuation) Act 1906*.
Scheme eligibility	Members of the NSW Police Force employed prior to 1 April 1988.
Closed to new members	1 April 1988
Members at 30 June 2024	Contributing members: 235 Deferred benefit members: 50 Pension members: 6,728 Total members: 7,013
Financial position at 30 June 2024	Net assets: $4,864 million** Accrued benefits: $8,615 million* Unfunded liabilities: $3,751 million
Member benefits	On retirement, a defined benefit (pension or lump sum), the level of which depends on the member's final average salary and membership period.

State Authorities Non-contributory Scheme (SANCS)	
Commencement	1 April 1988 under the *State Authorities Non-contributory Superannuation Act 1987*.
Scheme eligibility	Members of SASS, SSS and PSS.
Closed to new members	19 December 1992
Members at 30 June 2024	Current active members: 10,795 Deferred benefit members: 7,450 Total members: 18,245
Financial position at 30 June 2024	Net assets: $1,402 million Accrued benefits: $1,808 million* Unfunded liabilities: $406 million
Member benefits	SASS, SSS and PSS members receive the SANCS benefit in addition to their main scheme benefit. The SANCS benefit is 100% employer funded. The benefit is generally a lump sum of up to 3% of members' final salary or final average salary, for each year of service from 1 April 1988 (or, if later, the employment commencement date). Members may also be eligible for the Additional Employer Contribution (AEC), an accumulation style superannuation benefit.

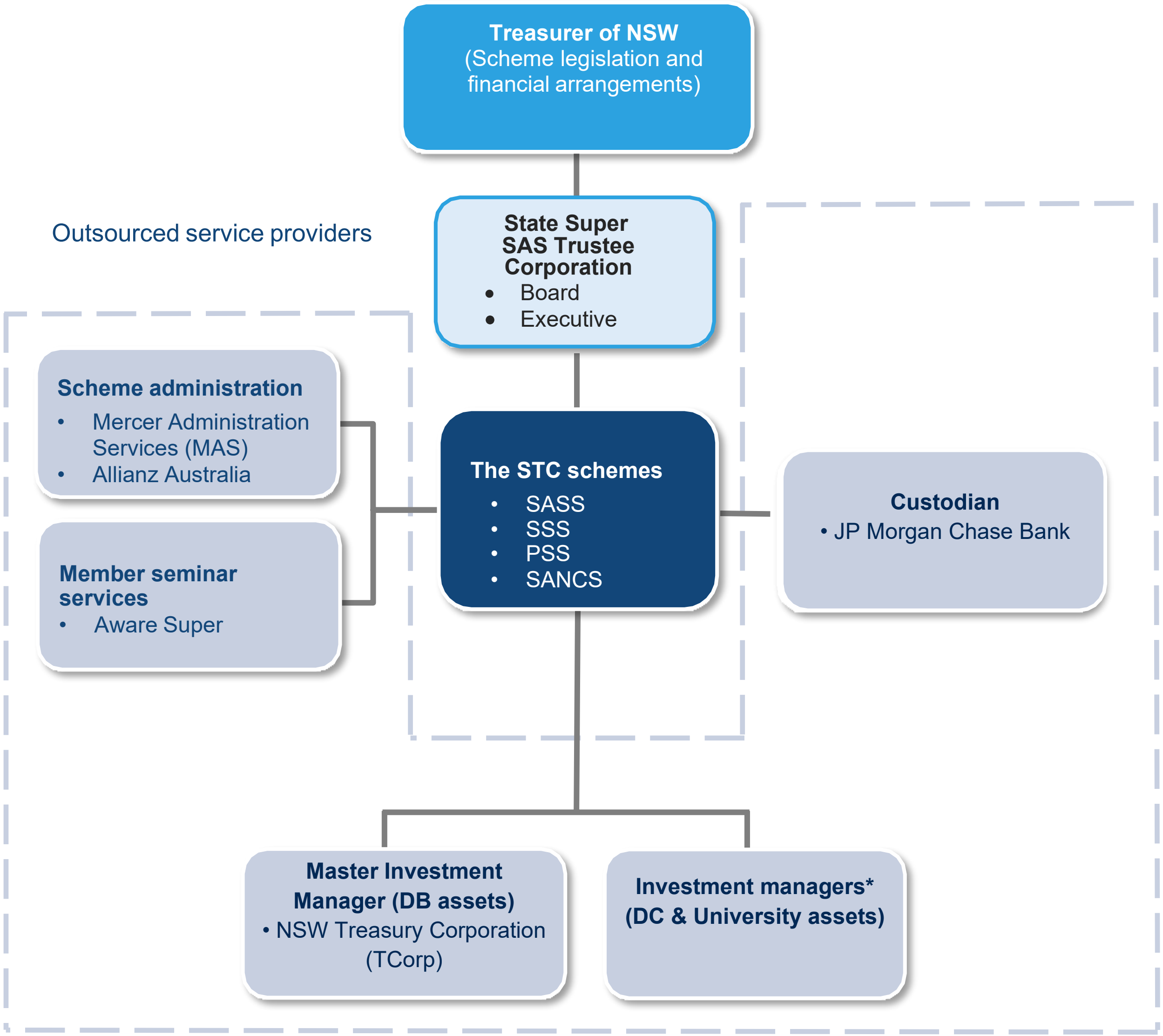
**Accrued benefits as measured by the Actuary using the assumed earning rate of the Fund as the discount rate. Accounting standards require employers to report accrued benefits in their financial statements using a risk-free discount rate that results in a higher estimate of accrued benefits.*

***Excludes Employer Sponsor Receivable.*

Management and structure

State Super operates under the *Superannuation Administration Act 1996* (SA Act) which establishes its functions, duties, powers and obligations. The SA Act also specifies requirements regarding Board composition and appointments. The minister responsible for the administration of the SA Act is the Treasurer of NSW, who also has powers to monitor the operations of State Super.

State Super's operational arrangements at 30 June 2024 are set out below:



* *Refer to pages 54, 55 and 56 for a full list of investment managers at 30 June 2024.*

State Super Board

Function and role of State Super

The principal functions of State Super as set out in s.50(1) of the SA Act are to:

- administer the State Super schemes.
- invest and manage the Pooled Fund.
- provide for the custody of the assets and securities of the State Super schemes.
- ensure that benefits payable to persons entitled to receive benefits under the State Super schemes are paid in accordance with the Acts under which the schemes are constituted.
- determine disputes under those Acts.
- exercise such other functions regarding the State Super schemes and the Pooled Fund as the Minister may, from time to time, approve by order in writing.

State Super is required by the SA Act to outsource the following principal functions for the State Super schemes:

- superannuation scheme administration services.
- superannuation investment management services.
- custodian services.

Under s.69(5) of the SA Act the State Super Board (the Board) manages and controls the affairs of State Super. The role of the Board extends to strategy, corporate governance, risk management, policy making and monitoring. Accordingly, the Board is responsible for:

- monitoring the State Super schemes and the Pooled Fund, including the control and accountability systems.
- appointing and removing the Chief Executive Officer.
- providing input to, and final approval of, the long-term strategy for the State Super schemes and annual Strategic and Business Plan.
- approving and monitoring the annual budget and any extraordinary expenditure.
- approving and monitoring State Super's risk management, compliance and control systems and policies.
- approving and monitoring policies and procedures for the management of the Fund, including:
  - business plans, policies and processes for the proper direction, control and performance measurement of the Fund.
  - standards to assess the performance of State Super's service providers.
- setting the objectives, strategies and risk for investments, approving major investment decisions and monitoring and assessing investment performance.
- approving and monitoring State Super's governance procedures for the Board and the staff of State Super, including work health and safety, and the Code of Conduct and Ethics.
- monitoring the performance of the Pooled Fund, State Super's management and State Super's service providers.

State Super Board members are remunerated in accordance with the NSW Government's Classification and Remuneration Framework for NSW Government Boards and Committees.

Board member profiles

Nicholas Johnson – Chair

Appointed June 2015; reappointed June 2019 and June 2023

Mr Johnson has extensive experience in financial services management in Australia and overseas. He retired from Barclays Capital in 2012 after serving as Chief Executive Officer for Australia from 1998 to 2009 and as Managing Director, Senior Relationship Management. He had previously held senior positions with the Commonwealth Bank, Morgan Stanley, and Credit Suisse. His financial sector experience includes roles as Head of Operations and of IT systems development in major investment banks as well as extensive involvement with investing in Unlisted Asset sectors.

Mr Johnson's previous appointments include a member of the NSW Generations Fund Advisory Board, Chair of Pillar Administration (a provider of administrative services to the superannuation industry, including to State Super), Chair of the National Art School, Chair of The Sydney Institute and an Advisory Board Member of the North-West Rail Link project.

Mr Johnson holds a Master of Arts from Oxford University and is a Member of the Australian Institute of Company Directors.

Carol Austin – Employer Representative, Board Member

Appointed June 2018; reappointed June 2022

Ms Austin has over thirty years' experience in the finance industry and is currently the Chair of Housing Australia, a Non-Executive Director of Infoxchange and the Grattan Institute, and a member of the Investment, Audit and Risk Committee of the General Sir John Monash Foundation.

Ms Austin's past directorships include the Future Fund and the Tasmanian Public Finance Corporation. She has also served on the advisory boards of the Australian Office of Financial Management and the Melbourne Institute of Applied Economic and Social Research. Ms Austin was also a Commissioner with the NSW Independent Planning Commission.

Ms Austin's executive career included economic research/senior management roles with the Reserve Bank of Australia, BHP and Contango Asset Management.

Ms Austin holds a Bachelor of Science from Monash University and a Bachelor of Economics (Hons) from ANU. She is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women.

Catherine Bolger – Employee Representative, Board Member

Formerly Professionals Australia
Appointed September 2015; reappointed October 2019 and September 2023

Ms Bolger has extensive experience as a professional trustee director, having served on a range of industry fund and related boards for the last 20 years. She was recently appointed to the Board of REST Superannuation and is currently Director of the Centre for Workers Capital. Ms Bolger is also a trustee of Unions NSW.

Ms Bolger is actively involved in helping shape superannuation policy to improve outcomes for working Australians. As President of AIST she oversaw the development and implementation of the Governance Code for Boards of Industry Superannuation funds. Ms Bolger chaired the ACTU Group responsible for developing the ACTU Guide on Just Transition for investors and asset managers providing guidance and measures on how to secure a just transition for workers.

Ms Bolger holds a Bachelor of Economics and a Master of Labour Law and Relations from the University of Sydney and Super Springboard Level 1 from the Australian Institute of Superannuation Trustees. She is also a Graduate Member of the Australian Institute of Company Directors.

Alex Claassens – Employee Representative, Board Member

Australian Rail, Tram and Bus Union
Appointed November 2012; reappointed November 2016 and November 2020

Mr Claassens has been on our board since 2012 and is the Chair of the Member Services Committee, Chair of the People & Culture Committee and appointed Deputy Chair of the Police Superannuation Advisory Committee (PSAC). He is currently the National Secretary of the Australian Rail, Tram and Bus Union, Director of Australian Mutual Bank and is an Elected Director & Deputy Chair of Transport Heritage NSW and is also the Chair of its Safety Committee.

Mr Claassens is an experienced board member having held numerous positions in the Mutual Credit Union sector and has been involved in several mergers. He is currently serving on the Board of Australian Mutual Bank and as a member of its Risk Committee. He has also recently joined the Board of Industry Skills Australia (ISA) and he is a member of the Australian Institute of Company Directors (AICD) and the Super Members Council (SMC).

Mr Claassens has a passion for the transport industry, having begun his career driving trains on the NSW rail network and still drives passenger trains and heritage steam locomotives on a regular basis.

Thomas Costa – Employee Representative, Board Member

Unions NSW
Appointed February 2023

Mr Costa is the Assistant Secretary of Unions NSW, where his responsibilities include managing the NSW peak union's communications and digital team and also its research and industrial strategy.

Mr Costa is also responsible for the coordination of Unions NSW's Visa Assist Project. A partnership with the Immigration Advice and Rights Centre (IARC), Visa Assist was launched in 2019 to assist unions in representing and advocating for migrants and in particular the project provides free immigration legal support and advice to migrants who are union members.

Prior to his role at Unions NSW, Mr Costa worked as an industrial officer and lawyer with the national offices of the Australian Rail, Tram and Bus Industry Union and the Australian Workers' Union. He has also worked as a solicitor for Slater & Gordon Lawyers and the HIV Aids Legal Centre (HALC).

Russell Mason – Employer Representative, Board Member

Appointed November 2022

Mr Mason has over 40 years advisory experience in the superannuation industry, having previously held senior roles with Mercer for 24 years and most recently a Partner with Deloitte for 11 years. At Deloitte he was the Lead Superannuation Advisory Partner for the firm.

Mr Mason is a qualified solicitor, having graduated from Macquarie University with a BA/LLB, and was previously a director of the Association of Superannuation Funds of Australia (ASFA). Following over 30 years active involvement in both the Board and NSW Executive he was made a Life Member of ASFA in 2018. In addition, he is the Chair of the Editorial Board of Superfunds magazine and Deputy Chair of the Police Superannuation Advisory Committee.

His experience in superannuation includes advising Boards of large public sector, corporate and industry funds in areas including outsourcing, governance, insurance and strategy. At Deloitte Mr Mason has advised some of Australia's largest funds in setting strategic directions and developing new products and services for members.

Tony O'Grady – Employee Representative, Board Member

Formerly NSW Nurses and Midwives' Association
Appointed June 2013; reappointed September 2017 and September 2021

Mr O'Grady has over 16 years' experience as a trustee director of superannuation funds, initially, with Private Hospitals Superannuation Pty Ltd – the trustee for Health Industry Plan. He was appointed to the Board of State Super in June 2013.

He trained as a Registered Nurse at Royal North Shore Hospital and subsequently nursed in the specialities of Orthopaedics, Rheumatology and Sexually Transmitted Diseases.

Mr O'Grady has more than 30 years' experience in the union movement, elected as a Branch Delegate to the New South Wales Nurses and Midwives' Association at Royal North Shore and Westmead Hospitals, before commencing full-time work with the Association in 1987. He worked as an organiser, industrial officer, team manager and projects manager. In 2004 he moved into administrative roles, initially as Manager Administrative Services, and from August 2006 to August 2018 as Manager Projects and Compliance. This latter role involved responsibility for managing the Finance, Information Technology, and Records and Information Teams with a focus on budget, audit, risk and compliance. He also served as the Association's Privacy Officer during this period.

Mr O'Grady served on the Risk and Audit Committee whilst a Director of HIP. He has been a member of State Super's Member Services Committee since 2013 and a member of State Super's Risk, Audit and Compliance Committee since December 2014.

Mr O'Grady holds a Graduate Diploma in Employment Relations from the University of Technology, Sydney and a Certificate in Nursing, which he completed at Royal North Shore Hospital.

Lisbeth Rasmussen – Employer Representative, Board Member

Appointed March 2020; re-appointed May 2024

Ms Rasmussen is a senior investment professional who brings to the board more than 35 years' experience in managing large, complex funds. Over this period Ms Rasmussen has held the following senior roles: CIO, Deputy CIO, Head of Strategy, Investment Manager, Investment Advisor and Economist in Europe and Australia.

For much of her career, Ms Rasmussen worked with State Super and its predecessors, before retiring as CIO in 2016, and was instrumental in establishing the principles that underpin the portfolios.

Ms Rasmussen is currently the Chief Investment Officer for the Coal Mining Industry (Long Service Leave Funding) Corporation where she is responsible for overseeing their investment portfolio. She is also a member of the Platypus Asset Management Investment Forum. Ms Rasmussen is a former Director of Equip and Togethr Trustees.

Ms Rasmussen has an economics degree from the University of Copenhagen and a M.Sc. from the University of Bath in Development Studies and is a graduate of the Australian Institute of Company Directors.

Cathy Yuncken – Employer Representative, Board Member

Appointed May 2022

Ms Yuncken has over thirty years' commercial and executive leadership experience in the financial services industry. She is currently a Non-Executive Director of FleetPartners Group Limited (ASX:FPR); and Managing Director of See Y Pty Ltd, a commercial and financial advisory consultancy.

Ms Yuncken's past directorships include Chair of the St George and Sutherland Medical Research Foundation, Chair of BT Private Nominees, Executive Director of the Advisory Boards of BankSA and Bank of Melbourne, and Non-Executive Director of Fitted for Work.

Ms Yuncken's executive career included corporate finance and investment banking roles at Bank of America and Barclays Capital, and executive leadership roles at GE Capital, Commonwealth Bank's institutional bank, and the multi-brand business banking and private wealth businesses of Westpac Group.

Ms Yuncken holds Bachelor of Laws and Bachelor of Commerce degrees from UNSW, is a Graduate member of the Australian Institute of Company Directors, and a member of Chief Executive Women.

Board membership and meeting attendance

The Board consists of a Chair, four employer representatives and four employee representatives nominated by Unions NSW. All Board members are appointed by the Minister on a part-time basis.

Board memberships and the current term of appointment for each member during the 2023-24 reporting period are listed in the table below.

	Appointed	Term end date	Meetings attended during 2023-24 (actual / possible)
Mr N Johnson *(Chair)*	26 Jun 2015	25 Jun 2025	7 / 7
Employee representatives			
Mr A Claassens	5 Nov 2012	4 Nov 2024	6 / 7
Mr T O'Grady	14 Sep 2017	13 Sep 2025	7 / 7
Ms C Bolger	25 Sep 2015	29 Sep 2027	7 / 7
Mr T Costa	13 Feb 2023	12 Feb 2027	6 / 7
Employer representatives			
Ms C Austin	28 Jun 2018	27 Jun 2025	6 / 7
Ms L Rasmussen*	12 Mar 2020	2 May 2027	6 / 6
Mr R Mason	1 Nov 2022	31 Aug 2026	7 / 7
Ms C Yuncken	26 May 2022	25 May 2025	7 / 7

The full-time employee representative position was vacant at 30 June 2014 and has since been filled by a part-time Board member.

**During the year:*

- *Ms Rasmussen's term on the Board, having expired on 11 March 2024, was re-appointed to the Board from 3 May 2024 for three years.*

Board and other committees

Investment Committee members during the reporting period

Ms Austin, Ms Bolger, Ms Rasmussen and Mr Johnson (Chair). Members of the executive and other invited visitors attend committee meetings.

Purpose
The purpose of the Investment Committee includes:

- supporting the Board in determining and monitoring the investment objectives and strategy
- monitoring the appointment or termination of investment managers for Pooled Fund investments, reviewing their performance and monitoring asset allocation
- monitoring the developments and activities in the Responsible Investments program, and the ESG performance of the Pooled Fund including State Super's 2050 net-zero greenhouse emissions objective and other climate change related initiatives
- receiving other information as may be required to improve the investment management decisions of State Super
- monitoring the asset and risk profile of the investment options so that they align with the investment strategy.

Meetings attended during 2023-24

Member	Attendance actual / possible
Mr N Johnson *(Chair)*	5 / 5
Ms C Austin	5 / 5
Ms C Bolger	5 / 5
Ms Rasmussen	5 / 5

Risk, Audit and Compliance Committee members during the reporting period

Ms Bolger (Chair), Ms Yuncken, Mr O'Grady and Mr Mason. Mr Mason joined this committee as a member from 6 September 2023, having successfully applied to the *NSW Government's Audit and Risk Committee Prequalification Scheme*.

Members of the executive, the Audit Office of New South Wales (and their delegates), the internal auditor and other invited visitors also attended committee meetings.

Purpose
The purpose of the Risk, Audit and Compliance Committee is to provide independent assistance and advice to the Board on State Super's:

- risk management, internal and external control frameworks and compliance framework
- internal and external audit, actuarial matters
- financial reporting and accountability
- emerging data security and cyber risk.

Meetings attended during 2023-24

Member	Attendance actual / possible
Ms C Bolger *(Chair)*	6 / 6
Ms C Yuncken	6 / 6
Mr T O Grady	6 / 6
Mr R Mason	4 / 4

Member Services Committee members during the reporting period

Ms Yuncken and Messrs Claassens (Chair), Mason and O'Grady.

Mr Mason was appointed as a member of the committee on 24 August 2023.

Members of the executive and other invited visitors also attended committee meetings.

Purpose
The purpose of the Member Services Committee includes:

- making recommendations to the Board on matters relating to the administration of State Super schemes and policies affecting stakeholders including dispute-related matters
- exercising a Board delegation to determine disputes involving State Super schemes
- monitoring member communications and research to assess member satisfaction with the services provided to them and how well the services meet member needs.

Meetings attended during 2023-24

Member	Attendance actual / possible
Mr A Claassens *(Chair)*	4 / 4
Mr T O Grady	4 / 4
Ms Yuncken	4 / 4
Mr R Mason	3 / 3

Statutory Committee – Police Superannuation Advisory Committee

The committee is a statutory committee established under Part 2H of the *Police Regulation (Superannuation) Act 1906* to exercise certain powers delegated to it by the State Super Board and to advise the Board on certain matters.

Members during the reporting period

This committee consists of a Chair appointed by the Minister, three nominees of the Police Association of New South Wales, and one nominee each from the Commissioned Officers' Branch of the Public Service Association of New South Wales, the State Insurance Regulatory Authority, the Minister for Police, and State Super. The State Super nominee is a member of the State Super Executive.

Functions
The functions of the Police Superannuation Advisory Committee include determining whether:

- a PSS member may be eligible for an invalidity pension payable from PSS;
- a PSS 'Hurt on Duty' pensioner is entitled to an increase to their pension and if so, how much of an increase and for what period;
- after periodic review, a 'Hurt on Duty' invalidity pension should be reduced because the pensioner has recovered a capacity for work; and
- various benefits are payable upon the 'Hurt on Duty' death of a PSS member, and

to advise State Super on matters relating to the administration of the *Police Regulation (Superannuation) Act 1906* that are referred to the Board.

Police Superannuation Advisory Committee meetings attended by Board members during 2023-24

Member	Attendance actual / possible
Mr A Claassens *(Chair)**	8/11
Mr R Mason (Deputy)	1/1

**An acting Chair was appointed from Committee members for 3 meetings during the year when the Chair was absent.*

People and Culture Committee members during the reporting period

Ms Bolger and Messrs Claassens (Chair), Johnson and Costa. Members of the executive and invited visitors also attended committee meetings.

Mr Costa was appointed to this committee from 24 August 2023.

Purpose
The purpose of the People and Culture Committee is to support the Board in fulfilling its responsibilities in relation to human resource matters and corporate culture including:

- overseeing the human resource governance framework and work health and safety
- oversee the framework to embed an ethical corporate culture
- reviewing and developing the ongoing performance assessment methodology to assess the performance of the Board and its committees
- to set and review the remuneration, performance objectives and criteria for the CEO
- Board training strategies and renewal.

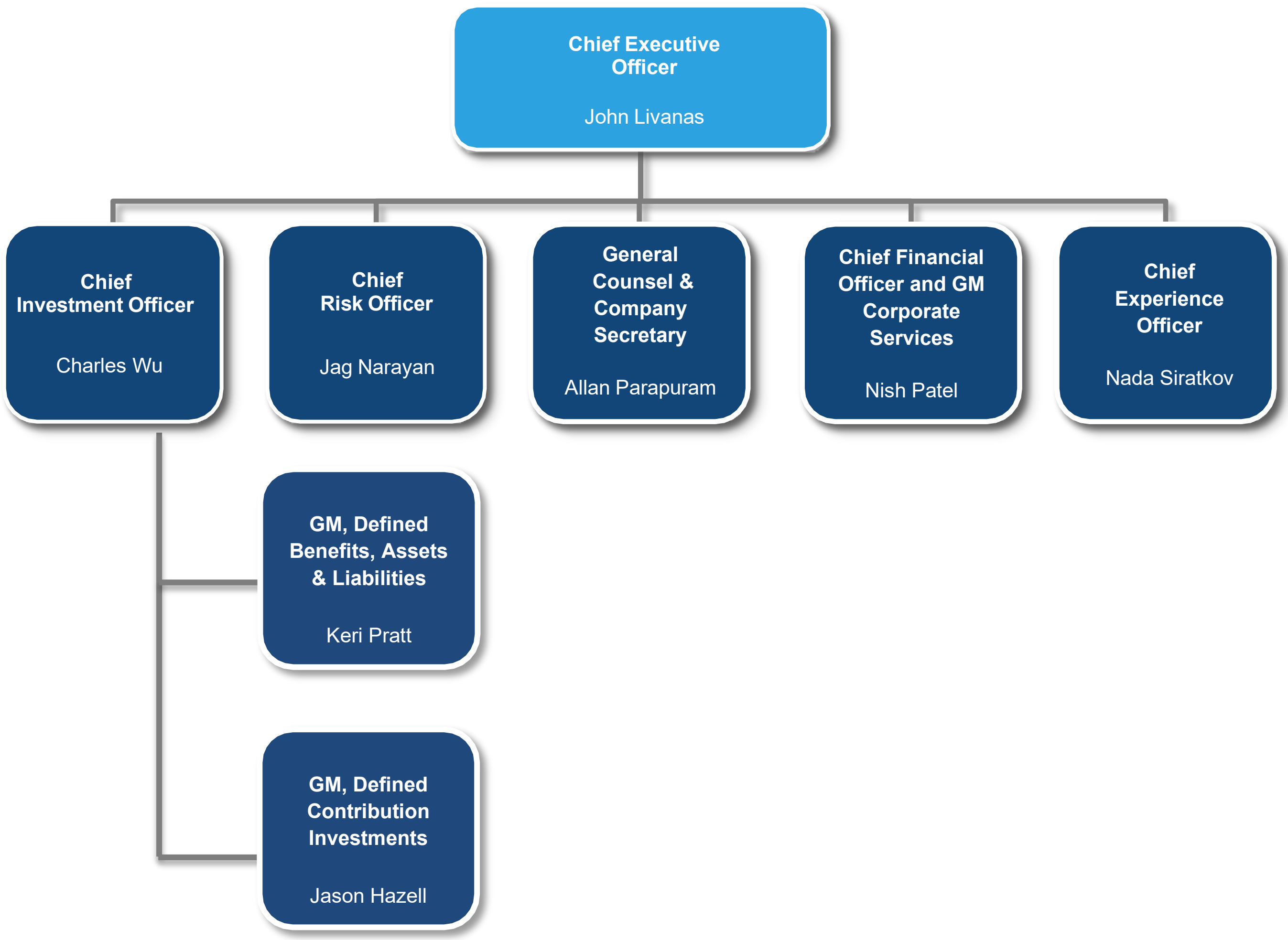
Meetings attended during 2023-24

Member	Attendance actual / possible
Mr A Claassens *(Chair)*	4 / 4
Ms C Bolger	4 / 4
Mr N Johnson	4 / 4
Mr T Costa	3 / 3

State Super Executive team

The State Super Executive comprises the Chief Executive Officer and seven senior executives. Together they are responsible for implementing State Super's corporate strategies and managing the day-to-day activities of the business.

The structure of the State Super Executive team as at 30 June 2024 is shown below:



Executive team profiles

John Livanas

Chief Executive Officer

Mr Livanas leads a team of experienced senior executives in managing the provision of member services and the investment of approximately $37 billion of assets.

Mr Livanas has over 30 years' industry experience, having worked in organisations including Deloitte South Africa, the South African Government Employees Pension Fund – the precursor to the country's sovereign fund – and several Australian superannuation funds.

Prior to his appointment at State Super, Mr Livanas was the Chief Executive Officer of AMIST Super and the General Manager of FuturePlus Financial Services. He was a Director of ISPT and ISPT Grosvenor International Property Trust and has been appointed to the Board of the Australian Council of Superannuation Investors, holding the position of Financial, Risk and Audit Committee Chair (FRAC). He is also an external member of the University of Sydney's Investment Subcommittee.

Mr Livanas holds a Bachelor of Science in Engineering and an MBA from the University of Witwatersrand and a Graduate Diploma of Finance and Investments from the Financial Services Institute of Australia. He is an ASFA-accredited Investment Fiduciary and a Graduate Member of the Australian Institute of Company Directors.

Jason Hazell

General Manager, Defined Contribution Investments

Mr Hazell was appointed General Manager, Defined Contribution Investments effective 1 September 2021. He has responsibility for oversight of the defined contributions portfolio and team. He works closely with fund managers, the investment consultant and custodian to ensure that State Super meets its obligations to members.

Mr Hazell has over two decades of experience in the superannuation and investment management industry. He was previously the Chief Investment Officer of the Crescent Wealth Super fund, a Sydney based ethical superannuation fund. Prior to this he held senior investment and leadership roles within the MLC Asset Management business over a tenure of 18 years.

Mr Hazell holds a Master of Finance from the University of New South Wales, a Bachelor of Science from the University of Sydney, a Diploma of Financial Services from the Financial Planning Association and is a Graduate of the Australian Institute of Company Directors (GAICD).

Mr Hazell spent time in the Australian Army during the 1990s and now serves as a volunteer non-executive director on the RSL NSW Board. The RSL NSW's charitable purpose is to provide assistance, care and relief for current and former members of the Australian Defence Force and their families.

Jag Narayan

Chief Risk Officer

Mr Narayan is responsible for developing and implementing the organisation's risk, compliance and internal audit strategy. The role encompasses embedding a risk culture within State Super, setting and monitoring strategic and operational risks and reporting to the Risk, Audit and Compliance Committee and the Board.

Mr Narayan has over 25 years' experience in risk management, with more than 18 years in financial services organisations. His previous employers include the Territory Insurance Office (TIO), Insurance Australia Group (IAG), Caltex Australia and Westpac Banking Corporation. Prior to his appointment in October 2015, Mr Narayan led the Audit, Risk and Compliance function and reported to the CEO and the Audit and Risk Committee/Board of the Territory Insurance Office in Darwin.

Mr Narayan is a qualified Chartered Accountant, Certified Internal Auditor and Certified Compliance and Risk Professional. He holds a Bachelor of Commerce (Accounting) from the University of Western Sydney. He is a Graduate Member of the Institute of Company Directors.

Allan Parapuram

General Counsel and Company Secretary

Mr Parapuram provides State Super with legal and governance counsel, overseeing the legal and governance framework and secretarial matters of the Board.

Mr Parapuram is a member of the Police Superannuation Advisory Committee which determines entitlement to medical discharge for members of the NSW Police Force under the Police Superannuation Scheme. He is a member of the State Super/Aware Super Steering Group, the central reference point for the oversight and management of the Aware Super relationship.

Mr Parapuram has held senior legal roles at State Super for the last twelve years and was previously Head of Legal, Risk and Compliance at Qantas Superannuation. He has more than twenty years' experience in superannuation and financial services law, trustee and investment governance, audit and compliance and risk management in financial services generally. Mr Parapuram holds a current legal practising certificate, a Master of Laws, a Bachelor of Laws, and a Bachelor of Economics. He is a Fellow of the Governance Institute of Australia and is a Graduate Member of the Australian Institute of Company Directors.

Nish Patel

Chief Financial Officer and GM Corporate Services

Mr Patel is the Chief Financial Officer and General Manager Corporate Services, responsible for directing and managing the financial, investment and operational activities of the organisation and ensuring the implementation of the overall organisational strategy.

Mr Patel has over 25 years' senior executive experience in funds management, investment banking and financial services. Prior to joining the organisation, he was AMP Capital's Chief Financial Officer and later Chief Operating Officer, Asia. He has held senior finance, strategy and M&A roles with leading ASX 100 companies. He commenced his career with Arthur Andersen in London and has worked extensively in Europe and Asia.

Mr Patel is a qualified Chartered Accountant and holds a Bachelor of Science (Honours) degree in Economics.

Keri Pratt

General Manager, Defined Benefits, Assets & Liabilities

Ms Pratt is responsible for ensuring that State Super meets its asset-liability management objectives in negotiation with State and Federal governments and working with the CIO and the Prime Advisor (TCorp) to develop investment strategies. Ms Pratt also oversees implementation and effectiveness of the $35 billion investment outsourcing arrangement with TCorp, manages key stakeholder relationships, and leads State Super's actuarial function.

Ms Pratt joined State Super in 2017, and prior to that time was Head of Institutional, Australia & NZ, at global asset manager, Franklin Templeton Investments, held an equivalent role and was a partner at GMO Australia Ltd, as well as working in superannuation, product and consulting roles with NAB, MLC & Lend Lease.

Ms Pratt holds a MBA (Exec.) and a Graduate Diploma in Applied Finance & Investment, TFASFA and is a Graduate Member of the Australian Institute of Company Directors. She is also a Non-Executive Director of Guild Trustee Services Ltd (Guild Super) and ACT Government DSSF Advisory Board and served on several industry associations and investment committees.

Nada Siratkov

Chief Experience Officer

Ms Siratkov is responsible for directing and managing the delivery of member services and engagement strategies. This includes setting the direction of Member Engagement and ensuring that there is an integrated approach to managing the member experience. Ms Siratkov is responsible for negotiating and managing material service contracts, including administration of the fund to maximise value to State Super and its members. In addition, Ms Siratkov is responsible for driving scheme legislative and product changes, interpretation of scheme legislation and policies and ensuring, where relevant and required, its alignment to Commonwealth superannuation legislation. Ms Siratkov has overall accountability for the services provided to all members, marketing and communications, stakeholder engagement, media, disputes and the management of State Super's profile and brand.

Ms Siratkov is responsible for the Member Services Committee, is a member of the State Super/Aware Super Steering Group and is on State Super's WHS Committee.

Prior to joining State Super, Ms Siratkov held commercial and executive leadership roles in the financial services industry including Aon, Zurich and Westpac and has an extensive knowledge of the superannuation, insurance and banking environments.

Ms Siratkov holds a Bachelor of Arts from the University of Sydney, a Master of Business majoring in Marketing from the University of Technology and is a Graduate Member of the Australian Institute of Company Directors.

Charles Wu

Chief Investment Officer

Mr Wu leads State Super's internal Investment team. He is responsible for determining and executing the Fund's investment policies and objectives, determining asset allocation, and implementing and monitoring the Fund's investment arrangements. Mr Wu is acknowledged across the industry for his expertise in the use of machine learning (artificial intelligence) within pension funds and has helped bring State Super to the forefront of this exciting development.

Mr Wu joined State Super in 2015 and was previously an Investment Manager at Media Super and an analyst at Mercer. He holds a Master of Commerce and a Bachelor of Computer Engineering and is a Chartered Financial Analyst holder. In 2020 he was appointed President of the Chartered Financial Analyst (CFA) Society Sydney.

Regulatory and Compliance framework

State Super's regulatory framework

State Super is governed by the *Superannuation Administration Act 1996* (NSW) (the SA Act). The SA Act expressly provides that State Super is a trustee for the purposes of the *Trustee Act 1925* (NSW).

The State Super schemes are exempt public sector superannuation schemes for the purposes of the *Superannuation Industry Supervision Act 1993* (Cth) (the SIS Act) and are not regulated under the SIS Act. However, the SIS Act is relevant because the State of NSW is a party to HOGA with the Commonwealth Government. The HOGA contains an undertaking by the State of NSW that it will ensure that members' accrued benefits in exempt schemes are fully protected. Exempt schemes on a best endeavours basis, are required to conform to the principles of the Commonwealth's retirement income policy. These requirements are reflected in the attachment to the HOGA and from time to time in Commonwealth legislation. State Super considers that the Commonwealth legislation (and APRA Superannuation Prudential Standards made under that legislation) provide significant guidance as to the exercise of its statutory and fiduciary functions. Accordingly, State Super aspires to be compliant with Commonwealth legislation including the SIS Act (and the APRA Superannuation Prudential Standards) on a best endeavours basis.

The Treasurer of NSW has specific responsibilities under the SA Act for overseeing State Super's prudential regulation.

Compliance framework

State Super's formal compliance framework outlines the processes adopted by the Board to ensure compliance with the regulatory obligations that apply to State Super's operations. The framework is a structured set of systems, policies, processes and people within State Super's business operations that identify, assess and manage compliance obligations. The Board receives ongoing reporting and actively participates in the monitoring process to ensure the adequacy of the plans and policies, both directly and through its Committees. Internal Audit reviewed the State Super Compliance Framework in 2021 as part of its tri-ennial review and raised no material issues.

State Super's compliance processes include:

- The review and maintenance of plans and policies required by NSW legislation for public sector agencies.
- The review and maintenance of plans and policies that comply (on a best endeavours basis) with the SIS Act and the APRA Superannuation Prudential Standards.
- The review and maintenance of compliance obligation registers that identify State Super's legislative and contractual obligations.
- Ongoing self-assessment of compliance with the compliance obligations register and reporting of results to the Risk, Audit and Compliance Committee.
- Obtaining annual formal verification from State Super's outsourced service providers confirming they have complied with their contractual and legislative obligations in relation to their services to State Super.
- Periodic internal audits of compliance with relevant plans and policies.
- Regular Board appraisals to assess governance and control practices along with other key elements to support continuous improvement and performance management for the Board.

2. Strategy

State Super's 2023-24 Corporate Plan identified five key objectives for the financial year

1. **Member**. Deliver relevant and reliable member experiences.
2. **Investment**. Set and meet our risk/return objectives.
3. **Governance**. Maintain an effective governance framework.
4. **Stakeholders**. Maintain positive relationships with stakeholders.
5. **Operating Model**. Strengthen State Super's operating model and workforce.

Overview

1. Member: Deliver relevant and reliable member experiences

Alongside investment performance, ensuring a positive member experience is fundamental to State Super's success. During the 2023-24 strategy period, State Super committed to meeting members' best financial interests through agreeing a set of Member Beliefs that guides our engagement with members.
We redeveloped the research programme to capture member satisfaction with critical and core services in line with changing membership base and reviewed the provision of member service to align to member cohorts with the future operating model.

State Super continued the implementation of the holistic and integrated member engagement program including revising member communications on members exiting employment to improve member process/experience.

A comprehensive review of member data and behaviour has guided the continued development of a data analytics framework to guide service strategies for various member cohorts.

In 2023-24 we finalised with Mercer Administration Services (MAS) the migration of all State Super administration systems to Acurity. This project will reduce our systems risk substantially. It also facilitates a better member experience, a more robust control environment and effective end-to-end administration.

2. Investment: Set and meet risk/return objectives

During the fiscal year, State Super continued its diligent partnership with TCorp and our independent scheme actuary from PwC, alongside the asset consultant at Frontier. We consistently prioritised meticulous oversight and continuous improvement of how investment strategies for defined benefit assets line up with the actuarial forecasts of member liabilities. It is worth mentioning that the Treasurer renewed commitment to a persistent funding strategy in FY24 by increasing annual Crown contributions to 2040 in September 2023.

The Trustee Selection Investment strategy aligns with its central goal over the decade culminating on June 30, 2024. Despite this, it has fallen short of its target in more brief intervals. It's essential to recognise that the focus of the strategy is to secure ideal risk-adjusted returns for the plans by considering elements such as the increasing average age of members, adverse cash flow patterns, and the intricacies involved in managing sequencing risk.

The DC Balanced and Conservative options achieved returns in the top quartile, while DC Growth delivered returns in line with the median when compared to funds with similar allocations to growth assets over a one-year period. Furthermore, each of these options consistently provided returns above the median over their respective investment horizons. The purpose of the Defined Contribution is to deliver risk-adjusted return that is in line with industry peers noting similar complexity applies to these options.

We continually assess the risk parameters and distribution of assets across the Fund's portfolios. Considering recent market fluctuation and liquidity needs, we stay vigilant in our oversight. The investment portfolio is diversified among various asset classes, risks, managers, and securities to moderate return volatility and achieve a consistent return objective. Furthermore, we employ methods such as tail risk mitigation and foreign currency investments to guard against severe market downturns.

3. Governance: Maintain an effective governance framework

The Board is served by highly skilled individuals who meet the requirements of the organisation as reflected by internal and external Board Assessments. State Super maintains a skills matrix for the Board and Executive, which is published on the website along with the Board's gender diversity and tenure. This reflects a highly skilled and diverse Board that provides continuity. The internal Board annual performance assessment for FY2023 concluded that the Board continues to be a high performing Board.

State Super's governance and delegations framework enables appropriate oversight and monitoring of the organisation. This framework is regularly reviewed to make sure it is fit for purpose and reflects better practice.

State Super complies with the HOGA requirements, conforming to the prescribed Commonwealth Retirement Income principles to the best of our endeavours. These include principles around trustee governance, risk management and regulatory reporting. Adherence to the HOGA principles was assessed and reviewed by an Internal Audit in 2023 with no adverse findings. State Super has adopted the AIST Governance Code and benchmarks its compliance with the Code. AIST reviews adherence annually and confirmed for FY2022 that State Super fully meets most of the requirements of the Code, suggesting good governance practices are in place.

The Fund and State Super schemes are audited annually by the Auditor General and the outcomes of the annual audit are contained in the Annual Accounts that are part of this Annual Report.

Staff capabilities are regularly assessed against the skills required in the organisation with appropriate training and development programs implemented.

State Super continues to focus on monitoring its outsourced arrangements with its mandated investment manager TCorp, its Scheme administrator, MAS and its custodian, JP Morgan.

4. Stakeholders: Maintain positive relationships with stakeholders

Much like last year - State Super stakeholders (as measured by an independent survey) continue to hold State Super in high regard for their dedicated focus on member needs, and especially noted integrity and reliability. There was wide acknowledgement of State Super for its professional team and leadership and their dedication to working within stated processes and adhering to good governance. Furthermore, our stakeholder's say that the State Super brand evokes safety and trust.

Continuing our focus on understanding the Australian renewable energy transition, and Just Transition, our ESG Associate attended an Investor Group on Climate Change facilitated delegation in the Hunter Valley engaging with local leaders across government, industry, unions and community groups. The delegation visited a heat-resistant lithium battery factory and abatement plant for nitrous oxide and strongly aligns with our corporate engagement and policy advocacy activities, which are a fundamental pillar in our Stewardship and engagement approach.

In expanding our direct policy engagement activities, we aim to be one of many voices advocating for policy certainty for an orderly transition to net-zero in Australia. Policy certainty, technology investment and ensuring there is a Just Transition to a net-zero economy provides resilience to our Australian based corporate, sovereign, and semi-sovereign investments which we consider provided stronger risk-adjusted returns for members and aligns with our net-zero ambition. In this regard, our Senior Manager of Responsible Investment attended a delegation to Canberra hosted by the Australian Sustainable Finance Institute, of which State Super is a founding member.

Our continuing engagement with universities has raised the profile of the State Super Academic Scholarship which has re-focused the scholarship to promote ESG and net-zero topics as areas of study and delivered the most applications to date.

State Super continues to build the brand and profile through regular industry and media engagement, to represent the organisation as innovative and industry-leading, in areas such as Responsible Investment.

We have also enhanced our presence online through increased engagement on platforms like LinkedIn and received other relevant media exposure.

5. Operating Model: Strengthen State Super's operating model and workforce

State Super's workforce strategies continue to focus on three key areas and supporting initiatives have been refined to address business requirements during the reporting period.

Building capability and knowledge retention to enable high performance: To maintain and build on the organisation's strong performance, State Super has continued to focus on a blended approach to learning and professional development during the reporting period to support staff.

Embedding a workplace culture that promotes employee wellbeing and engagement: State Super achieved a high level of employee participation in the 2023 People Matter Employee Survey with State Super's overall results, relative to its public sector cluster, continuing to be strong. Employee engagement at 79 was higher than the previous year (+1) and compared favourably against the Treasury Cluster (-9) and Sector (-15). Improvement actions based on our survey results are part of our ongoing business activities.

Refine the strategic workforce strategy: Enhance the employee value proposition and implement strategic workforce strategies to address future needs of the organisation.

Objective of controlled entity

State Super has one controlled entity – SAS Trustee Corporate Staff Agency. The principal activity and objective of the SAS Trustee Corporate Staff Agency is to provide personnel services to State Super and the SAS Trustee Corporation Pooled Fund.

3. Operations and Performance

A message from the Chair

I am pleased to report that the investment performance of the State Super funds over the past financial year have again been excellent with the Defined Benefit Fund maintaining its rolling ten year target of a real return of 3.7% and the Defined Contributions funds delivering industry top quartile risk-adjusted returns.

As in prior annual reports I will focus my review on three major themes that receive much attention from the Board. The three themes are largely direct developments from those I discussed last year, being the State Super Operating Model, Responsible Investment, and Business Continuity and Cyber Security.

State Super Operating Model

At the outset I should highlight what we are doing today, and how we are organised today works well.

The evidence supporting this statement is the continuing strong investment returns across the range of funds for which State Super is responsible, coupled with consistent positive feedback from member surveys which confirm the perceived outstanding standard of delivery of member services.

However, the nature of our members' needs is steadily changing. More members are moving into retirement, and either draw pensions or leave the fund with a lump sum payment. This trend is resulting in a shrinking aggregate number of members, in a shrinking pool of assets under management and in a growing need for liquidity to be available to meet the rising associated cash outflows from the funds.

Liquidity is especially important in the next four years when we expect the size of the Defined Contributions fund to fall from $7 billion to under $4 billion, with an associated possibility of this reduction occurring in as short a time as two years.

The Board recognises that these changing demographics and consequential diminishing scale in State Super's business may require appropriate evolution to the current operating model to deliver the performance and services members demand.

Naturally the Board is cautious in its approach to any changes, insisting on facts to demonstrate why change may be needed, and thorough analysis to establish that any changes will be in members' best interests.

In this context I will discuss two major areas of our business operating model that are being given much attention by State Super management and the Board.

Options for investment management

First, as the size of the Defined Contributions funds declines, it may become necessary to consider how these funds continue to be efficient. We have been reviewing the potential of improved future outcomes.

I expect the Board will make a decision during the coming financial year on which strategic option is in Members Best Financial Interest and will communicate their views and reasoning to you.

Options for 'Back Office' outsourced administration services

The second aspect of the operating model under review is how to ensure that the 'Back office', providing all the administration and call centre services to members, is organised to ensure that current excellence in services is maintained over the long life of the various funds.

Currently provision of much of our administration services is outsourced to a third party, Mercer Administration, who operate our call centre and administration platform in Wollongong under a contract that continues to 2031. The Board is always considering options to ensure that longer term administration for our members is maintained.

Responsible Investment

I have written before about the framework developed to allow State Super to measure and to manage its carbon footprint, and to engage with the companies in which we invest especially those who we see to be lagging in their efforts to improve all aspects of their corporate governance.

This framework is proving to be robust and reliable. We are regularly monitoring to endeavour that your fund will achieve its interim 2030 objective of a 45% reduction across our CO2e emissions levels (compared to 2020 baseline).

As an example of our focus on the governance of individual companies in our portfolio I would highlight our decision during the year to vote against the reappointment of the Chair and the Climate Transition Action Plan of Woodside Petroleum, reflecting that company's slow progress in identifying and moving towards an effective climate change strategy.

During the year there was a high level of cooperation and dialogue between the Responsible Investing teams of State Super and NSW TCorp, our prime financial advisor responsible for managing the Defined Benefit portfolio. This enhanced focus resulted in close coordination in evaluating underperforming companies in the portfolios and in coordinating voting intentions.

Business Continuity and Cyber Security

Cyber security continues to be identified as a major risk potentially affecting a wide range of State Super activities ranging from the security of members' private data to being able to make payments through the financial system.

Cyber security incidents are reported to the Board and fully investigated by our Risk Team. We believe that our digital network and those of our outsourced service suppliers are robust but will be subject to continual improvement as new cyber threats are identified.

Team commitment

Finally, another huge thank you to every individual member of the State Super team which has delivered such excellent results and service to members over so many years. They have done another fine job over the past year.

And of course, my sincere thanks for the leadership provided by my fellow Board Members and by the outstanding Executive Leadership Team. Great job everyone.

Nicholas Johnson
Chair
October 2024

Chief Executive Officer's report

I write this report while on the land of the Gadigal people of the Eora nation, to whose Elders, past and present and emerging, I pay my respects.

On the 3 September we finished another of our Member Advisory Forums – a virtual corrobboree of sorts, to which our members are invited to share their views. Each year our Member Advisory Forums have the common purpose; to listen to the voices of our members in the hope we can learn to continually improve our service to them.

The most recent Forum asked our members to talk about their financial wellbeing in retirement in the hope we can learn lessons from them.

Around 70 people joined us – the majority of these were members who had a background in the Education sector, from schooling to higher education.

A few keys messages came across for me; the value of our defined benefit schemes to enable dignity in retirement, and the concern our members had for the new generation and their ability to afford housing. Many were helping their children and grandchildren – some had been helped themselves. This remarkable and extensive intergenerational commitment to the next generation is something that our leaders should recognise, be it with financial or with other support.

The Forum reinforces the benefit of our values – of placing members at the centre of what we do. We will shortly publish a white paper that compiles their feedback.

Investments

This year we again met our objectives for member's investment returns. Our Member Choice funds, for those members in SASS with those options, all performed consistent with objectives. State Super credited a 9.1% return to members in Growth (after superannuation tax), a 8.3% return for Balanced and a 7.1% return for Conservative for the year to 30 June 2024. This places our performance amongst the top 25% to 50% of the funds in Australia.

What is significant, is that we achieved this for our members, while carefully managing investment risk under challenging investment environments. In fact, we took less risk than 75% of the funds in Australia when measured over a 5 or 10-year basis.

Our larger Defined Benefit pool (Trustee Selection) had net assets of around $37bn as at 30 June 2024, and returned 7.5% for the year, and 7.4% when measured over 10 years. Trustee Selection continuing to achieve its required investment returns to support the path to achieve full funding, with the balance being supported by NSW government.

Towards this end, we hope to shortly finalise an arrangement with NSW Treasury which will provide further flexibility and support towards full funding. The arrangement would create a framework within which contributions could be adjusted to maintain the probability of meeting full funding. When coupled with a framework to support liquidity, these policy initiatives will allow the Trustee to further optimise the investment strategy for the Pooled Fund, benefiting State Super members, and NSW taxpayers.

Our Service to Members

This year also marked the successful completion for State Super of the largest systems transition to date. Over a multi-year period we transformed our systems to a more contemporary platform, transferring member information to the more robust Acurity system.

The success of this transition was in no small part the result of the dedicated and singular focus of our team. We credit this for limiting any impact on members.

As an outcome, our members continued to evaluate our performance highly, with standouts for our Telephone Service responses (a satisfaction score from Pension Members, who make up the bulk of our membership, of 8.5 out of 10). These members also rated Financial Planning services highly at 8.6 and Investment Performance at 8.1.

While there are always challenges in administration, your State Super team is committed to maintaining our centre of operations in Wollongong with people who know your scheme and understand our members. We are in the process of reviewing our current administration services, and as part of these negotiations we have set ourselves the objective of continual member service improvement through recognising and retaining the skills and talent of our Wollongong based staff.

Our People

With our very strong culture and employee engagement (we measure this annually) and our dedicated staff, we are well placed to deliver ongoing member support. We will do this by continually assisting our staff in learning and development, and in recruiting the best and brightest – with the right culture fit and with a focus on members. Our Employee Engagement score is again amongst the highest in NSW, with a score of 79% for 2024.

Our culture survey noted that State Super's Employee Value proposition is centred on 'Work-life balance and flexibility, Supportive Management and Team Culture, Focus on Personal Development and Employee Wellbeing, and Strong Organisational Values and Member focus.'

Regarding our work culture – our set of values are strongest aligned for 'results orientation' and 'people centric', a recognition of the approach we take to serving members.

Externally, State Super is well regarded, with an external survey noting that '…. (the) State Super team is professional, experienced, conscientious – and focussed on achieving the best for its members'.

Risk Management

Our focus remains on members' best interests, enshrined in our Member Beliefs. To continue to support this, means we will need to continue enhancing our member service delivery, our investment management capability, and our operations. As we do this, risk management is key. Our recent risk culture survey noted that 100% of our people that responded, felt that there is enough focus on 'Integrity, Transparency, Challenge, Accountability,' and that 'leaders effectively identify and control risks'. 96% of people felt that 'leaders consider alternative views when making decisions'.

Our Future

State Super has consistently been a leader in superannuation within Australia. From establishing and developing entities like Dexus and StatePlus, which evolved into billion-dollar organisations, to pioneering innovations in machine learning and responsible AI tools and pioneered innovative investments processes for our members.

As our Chair highlighted, we are currently exploring exciting new phases for State Super concerning our investments and the management of your schemes.

Our key objectives are twofold:

To maintain and enhance the intellectual capabilities and skills of our team who have provided industry-leading risk-adjusted returns.

To retain the exceptional expertise and proficiency of staff based in Sydney and Wollongong, who possess in-depth knowledge of your schemes. They assist members by handling over 60,000 calls annually, managing nearly 20,000 written inquiries, disbursing payments to over 65,000 pensioners, and processing more than 10,000 member contributions each year.

Regarding investments, our schemes rank among the most complex in Australia. Our exceptional team has not only achieved outstanding risk-adjusted returns but also developed significant expertise in processes and leveraging machine learning. This intellectual property holds considerable value, and we are exploring exciting new opportunities.

With our commitment to members and investment returns, you can be assured that our innovative, highly skilled, and dedicated team will continue to explore and implement solutions for you. Our forward-thinking approach ensures that, as new opportunities arise, we will embark on this journey together.

Thank you!

John Livanas
Chief Executive Officer
October 2024

State Super's activities

Overview of scheme membership

The membership of the State Super schemes at 30 June 2024 is set out below.

Scheme	At 30 June 2019	At 30 June 2024	Movement % over 5 years
Active members			
SASS	18,875	10,056	-47%
SSS	2,313	504	-78%
PSS	784	235	-70%
Total	**21,972**	**10,795**	**-51%**
Deferred benefit members			
SASS	9,293	7,125	-23%
SSS	1,228	611	-50%
PSS	85	50	-41%
Total	**10,606**	**7,786**	**-27%**
Pension members			
SASS	4,620	5,134	11%
SSS	55,455	52,995	-4%
PSS	6,659	6,728	1%
Total	**66,734**	**64,857**	**-3%**
Total	**99,312**	**83,438**	**-16%**

The State Super schemes are closed to new members. Over the past five years, the number of active members decreased by 11,177 and pension members decreased by 1,877. Refer to page 35 for membership statistics over the past five years.

The next five years

Over the coming five-year period to 30 June 2029, the membership of the State Super schemes will continue to fall to a projected 66,730 members, while the contributory or active membership is expected to more than halve to 4,132 members.

This rapid reduction in contributors reflects the age profile of the membership. Over the period to 2029, the deferred benefit membership is projected to fall to 2,924 members, as these members reach the age when they can claim their benefit.

The number of pension members is projected to fall from 64,857 to 59,675 in 2029. Over the longer term, pension members will be the only remaining State Super members with many having reversionary spouse pension entitlements.

Benefits for members

State Super continues to provide a range of services to enable members to obtain timely, accurate and useful information on the schemes and their personal benefit entitlements.

INFORMATION, EDUCATION AND ADVICE SERVICES

The trends in members' use of the services are shown in the table below.

	2021-22	2022-23	2023-24
Telephone calls	69,007	66,950	62,794
Letters	3,825	3,606	4,020
Emails	15,147	15,375	15,681
Seminar attendance	3,177	3,110	2,914
Member Service appointments	69	67	59
Financial planning advice	9,321	7,607	6,548

Member contact

Over 82,000 phone calls, letters and emails were managed by our external administrator Mercer Administration Services (MAS). State Super has an oversight framework which carefully monitors the service levels against performance of both core and critical member services that are delivered by MAS through an administration contract.

There were 171,000 users who visited the State Super website 311,000 times and spent an average 1:41 minutes per session. Our members clicked the link to login to view their account 74,898 times, clicked to call us from a mobile 3,442 times and submitted 3,005 enquiry forms. There were also 326 views of videos on the site, 1,965 clicks on calculators, 2,108 clicks on seminar information and 294 clicks on financial planning information.

Member Service appointments

Member Service appointments are available for current and deferred State Super members. Members are provided with general information about their scheme and superannuation rules. During 2023-24, State Super provided 59 personal interviews. Member Service appointments are conducted via video calls or in-person meetings.

Financial planning advice

Aware Super provides financial planning advice to members of the State Super schemes and their relatives.

State Super carefully monitors and works with Aware Super to ensure that State Super scheme members continue to have access to high quality information and advice about their scheme entitlements and financial planning. During 2023-24, Aware Super made 6,548 financial planner appointments for State Super members or relatives of State Super members. Aware provide an "advice on demand" arrangement where Aware clients see financial planners as and when their circumstances change which has reduced the financial appointment frequency. Our members continue to rate the Aware financial planning service highly in our annual member satisfaction research.

Education seminars

During 2023-24, Aware Super delivered a mix of webinars and in-person seminars on our behalf across the NSW metropolitan and regional areas. Seminar topics were Retirement and pre-retirement planning for SASS (active and deferred) and SSS members, Ageing Care Journey and Estate Planning. There were 64 webinars, 50 SASS, 8 SSS, 2 Ageing Care and 4 Estate Planning. The in-person seminars recently commenced in May 2024 and 3 in-person seminars were delivered for SASS.

These were attended by 2,914 members in total, with 2,501 attending Retirement Planning, 183 Ageing Care and 230 Estate Planning. The seminar programs are presented as 60-minute sessions.

OTHER BENEFITS FOR MEMBERS

Salary sacrifice contributions

All members have the option of contributing their compulsory member contributions on a post or pre-tax (salary sacrifice) basis. The majority of members in all schemes make salary sacrifice contributions. The percentage of member contributions received via salary sacrifice for 30 June 2024 is shown in the following table, with a breakdown per scheme.

Percentage of member contributions received via salary sacrifice over the last three years

Scheme	2021-22 %	2022-23 %	2023-24 %
SASS	73	71	69
SSS	79	79	75
PSS	72	73	73

SASS member investment choice

SASS members can choose single or multiple investment strategies for their personal account balance and future contributions.

The table below shows the allocation of member account balances by investment strategy. The account balances cover both contributory and deferred SASS members, are net of surcharge tax liabilities and include deferred SANCS benefits invested in the Growth Strategy.

	Account balances			
	30 June 2023 $ million	%	30 June 2024 $ million	%
Growth	5,422	75	5,216	73
Balanced	1,209	17	1,337	19
Conservative	446	6	404	6
Cash	160	2	143	2
Total	**7,237**	**100**	**7,100**	**100**

A large majority of account balances continue to be invested in the Growth Strategy (the default strategy) for member investment choice.

Five years at a glance – to 30 June 2024

Member statistics	2020	2021	2022	2023	2024
Active members – SASS	17,009	15,269	13,447	11,763	10,056
Active members – SSS	1,741	1,260	946	674	504
Active members – PSS	649	534	394	304	235
Total active members	**19,399**	**17,063**	**14,787**	**12,741**	**10,795**
Deferred benefit members – SASS	9,004	8,688	8,347	7,802	7,125
Deferred benefit members – SSS	1,094	948	844	729	611
Deferred benefit members – PSS	79	70	64	57	50
Total deferred benefit members	**10,177**	**9,706**	**9,255**	**8,588**	**7,786**
Pension members – SASS	4,737	4,848	4,927	5,025	5,134
Pension members – SSS	55,170	54,919	54,391	53,726	52,995
Pension members – PSS	6,697	6,735	6,763	6,760	6,728
Total pension members	**66,604**	**66,502**	**66,081**	**65,511**	**64,857**

Gender ratios – active members	2020	2021	2022	2023	2024
Females – SASS	49%	49%	49%	49%	50%
Males – SASS	51%	51%	51%	51%	50%
Females – SSS	46%	48%	49%	51%	51%
Males – SSS	54%	52%	51%	49%	49%
Females – PSS	14%	15%	16%	17%	15%
Males – PSS	86%	85%	84%	83%	85%

Contributions – $ million	2020	2021	2022	2023	2024
Employer contributions	442	451	523	398	501
Employee contributions	206	173	145	133	120
Crown contributions	1,656	31	0	1,198	1,650
Total contributions	**2,304**	**655**	**668**	**1,729**	**2,271**
Benefits paid – $ millions	4,871	4,857	5,159	5,340	5,718
Net contributions – $ millions	(2,567)	(4,202)	(4,491)	(3,611)	(3,477)
Investment revenue – $ millions	647	5,698	(497)	3,531	3,012

Assets/liabilities*	2020	2021	2022	2023	2024
Accrued benefits – SASS	14,194	14,441	13,505	13,284	12,829
Net assets to pay benefits	12,104	12,554	11,058	10,586	10,266
Over (under) funding – SASS	**(2,090)**	**(1,887)**	**(2,447)**	**(2,698)**	**(2,563)**
Accrued benefits – SSS	34,589	34,644	35,511	36,979	36,910
Net assets to pay benefits	22,805	23,620	21,077	21,126	20,910
Over (under) funding – SSS	**(11,784)**	**(11,024)**	**(14,434)**	**(15,853)**	**(16,000)**
Accrued benefits – PSS	7,621	7,769	8,049	8,498	8,615
Net assets to pay benefits	5,034	5,257	4,702	4,770	4,864
Over (under) funding – PSS	**(2,587)**	**(2,512)**	**(3,347)**	**(3,728)**	**(3,751)**
Accrued benefits – SANCS	2,145	2,079	1,935	1,832	1,808
Net assets to pay benefits	1,731	1,747	1,525	1,641	1,402
Over (under) funding – SANCS	**(414)**	**(332)**	**(410)**	**(191)**	**(406)**
Total accrued benefits	58,549	58,933	59,000	60,593	60,162
Total net assets to pay benefits	41,674	43,178	38,362	38,123	37,442
Over (under) funding – Total	**(16,875)**	**(15,755)**	**(20,638)**	**(22,470)**	**(22,720)**

**Net asset figures above exclude Employer Sponsor Receivable*

Employers are required by AASB119 Employee Benefits to report accrued benefits using a risk-free discount rate. This rate differs from the assumed earning rate used by the Fund actuary to calculate the accrued benefits set out in the table above. The risk-free rate results in a higher estimate of accrued benefits.

Land disposal

No land disposals were undertaken during the reporting period.

Budgets

State Super's budget for the year ended 30 June 2025 and 2024

Income (reimbursement)	Budget FY 2025 $'000	Budget FY 2024 $'000	Actual FY 2024 $'000
Income (reimbursement)	49,822	42,233	35,944
Expenditure			
Member administration costs	**27,332**	**22,074**	**19,959**
Overheads, Executive and Board			
Board expenses	800	775	698
Staff related costs*	7,484	7,248	7,290
Accommodation/premises costs	1,800	1,480	1,618
Other administration expenses	8,062	7,166	5,416
Regulatory, Governance & Process Improvement Initiatives	4,344	3,490	963
Total Overheads, Executive and Board expenses	**22,490**	**20,159**	**15,985**
Total expenditure	**49,822**	**42,233**	**35,944**
Net income/loss	**-**	**-**	**-**

**Includes Superannuation re-measurement gains or losses which is determined by the Actuary in compliance with AASB119.*

State Super’s investment structure, policies and strategies

Investment management structure

TCorp is the Master Investment Manager for the Trustee Selection Strategy, which primarily invests employer funded (defined benefit) assets.

State Super retains responsibility for setting and overseeing all State Super investment strategies, including risk and return objectives, investment policies, strategic asset allocation and ranges, and portfolio risk overlay strategies.

TCorp is responsible to State Super for implementing the investment strategy for Trustee Selection in accordance with State Super’s policies. TCorp’s responsibilities include dynamic risk management, portfolio construction, investment risk management and investment manager selection. State Super continues to be responsible for the investment management of the four Member Investment Choice strategies (Growth, Balanced, Conservative and Cash) in which the SASS defined contribution assets are primarily invested, and the University Cash strategy in which the Universities’ Employer reserves are invested.

Investment policies and practices

STRATEGIC ASSET ALLOCATION

State Super allocates assets into three categories: Liquid Growth, Alternatives and Liquid Defensive, to reflect the role of each type of asset within the portfolio. Liquid Growth consists of Australian and international listed equities. Liquid Defensive includes fixed interest, income, cash and other defensive strategies. Alternatives comprise property, infrastructure, alternative debt, private markets and absolute return strategies.

Liquid Growth is expected to contribute significantly to long-term returns; however, the market is likely to remain highly volatile. The allocation to Liquid Growth, as well as the distribution between Australian and international equities within this category, may change from time to time depending on market opportunities.

Alternatives serve a dual purpose. Some of the asset classes within this category are expected to generate returns that align with or exceed the return objective. Other asset classes within Alternatives aim to provide good returns while also reducing volatility, particularly during periods of equity market declines.

Liquid Defensive encompasses asset classes that tend to perform during turbulent or declining equity markets. These asset classes offer capital protection when most other strategies are underperforming but are not expected to make a significant contribution to long-term returns.

State Super dynamically allocates assets among different asset classes based on changes in the investment environment. In contrast, the allocation to Alternatives tends to be strategic in nature and generally illiquid, with investments held over the medium to long term.

State Super conducts annual reviews of the strategic asset allocation in collaboration with its advisers. These reviews prioritise critical areas such as defining investment risk and return objectives, considering the expected investment environment for each investment option’s timeframe, and evaluating liquidity requirements for the short and medium terms to ensure timely payment of member benefits.

MARKET RISK PROTECTION STRATEGIES

State Super is focused on mitigating the risks associated with significant drawdowns in equity markets. However, downside protection strategies typically require a premium to be paid for that protection, which may involve sacrificing some returns during strong equity market conditions. State Super carefully evaluates this trade-off in managing its downside risk.

Downside protection – State Super may employ a variety of investment strategies to manage downside risk, which could include a combination of derivatives for hedging and exposure management, rotation of assets and managers, centrally managed currency overlays, option strategies, and manager benchmarking focused on downside risk management.

Exposure management – In the case of Trustee Selection and all DC Strategies, the listed asset classes can be adjusted away from their respective asset allocation weights in a disciplined manner. The portfolios are adjusted using dynamic asset allocation ranges established for each of the strategies to capture upside potential gains while providing a degree of downside protection.

RESPONSIBLE INVESTMENT

State Super's Investment Beliefs recognise that "environmental, social and governance (ESG) factors may materially impact investment risk and returns, particularly over the long term". State Super is committed to the integration of responsible investment and ESG factors in the selection, retention and realisation of investments, and the adoption of an active ownership approach across the Pooled Fund.

State Super is guided by its Responsible Investment Policy, Climate Change Statement and Stewardship Statement when incorporating responsible investment considerations.

Significant developments in this respect include:

- Net-Zero – State Super continues its goal of achieving its net-zero CO2e goal across its investment portfolio, in its Pooled Fund, by 2050.
- In December 2022, the Board-approved plan was formulated with input from TCorp and MAS, with State Super setting a milestone of a 45% reduction in the weighted-average intensity of CO2e emissions by 2030 by revenue against an end of calendar 2020 baseline, on the way to the 2050 net-zero objective. Progress against a suite of metrics was reported to the State Super Board last year.
- Climate modelling – During the year, the climate modelling research project undertaken with one of our investment managers was finalised and the outcomes, which act to embed climate related considerations more structurally in our annual SAA process, were applied to the DC Option.
- State Super continues to model alternative climate change scenarios to assess the impact of climate change on the expected return characteristics for different asset classes and reflect its impact in the annual investment strategy review.
- Proxy voting – All proxy voting for DC and DB Options voted by State Super and TCorp respectively. For DC Options voting is based on a bespoke policy for international equities, with the Australian Council of Superannuation Investors as our prime advisor for domestic votes. Proxy voting for Trustee Selection has been delegated to TCorp. State Super continues to publish six-monthly proxy voting activities on its website.
- Engagement – State Super continues to engage with companies collectively on climate and ESG policy through organisations such as The Australian Council of Superannuation Investors, Hermes EOS, Investor Group on Climate Change, the Principles for Responsible Investment and the Australian Sustainable Finance Institute. During the year, a State Super representative travelled to Canberra to discuss domestic sustainable finance matters with various federal Ministers.
- Modern Slavery – State Super continues to engage with investment managers regarding modern slavery risks and has again requested reporting from them to assist in monitoring and addressing this on an annual basis. We include reporting requirements in our contracts as well as our expectations of compliance with the regulatory requirements to modern slavery. We actively engage with investee companies regarding their approach to modern slavery.
- Carbon footprint analysis – State Super continues to measure and monitor the carbon footprint of the listed equities portfolios within the DC fund and has implemented carbon reduction strategies for quantitative equities strategies. This forms part of the ongoing management of ESG risk. At reporting date, TCorp continue to invest with reference to a low carbon benchmark for the passively managed developed market equities portion of the DB portfolio.
- Exclusions – State Super continued to exclude investments in tobacco (GICS Code: 30203010) and controversial weapon manufacturers from the Pooled Fund, based on specific thresholds for investment and

provided by a third party researcher.

- Diversity – We firmly believe that individuals from various backgrounds and with diverse perspectives contribute to better member outcomes, which is why we actively recruit diverse teams. At State Super, we highly promote and cherish diversity and inclusion. We have significant female presence, with strong representation, both at the Board level and within the Executive Leadership Committee. Our commitment to this extends to our investee companies, where we advocate for increased diversity, not only on the board but also among the executive team and expect them to maintain a balanced gender composition.

Defined Benefit investment strategies at 30 June 2024

TRUSTEE SELECTION STRATEGY

Investment objective: The objective of the Trustee Selection Strategy is to maximise the earnings rate, subject to a greater than 50% probability of exceeding CPI + 3.7%* p.a. over rolling 10-year periods.

Risk: High (standard risk measure risk band 6: from 4 to less than 6 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2024: $29,970 million

Asset allocation at 30 June 2024:

	Strategic %	Actual %
Liquid growth	**55.0**	**52.9**
Australian equities	11.0	10.6
International equities	44.0	42.3
Alternatives	**37.0**	**38.8**
Infrastructure	12.0	16.5
Property	7.0	7.7
Alternatives - Other	18.0	14.6
Liquid defensive	**8.0**	**8.3**
Australian fixed interest	0.0	0.0
International fixed interest	0.0	0.0
Defensive Strategies	4.0	3.2
Cash	4.0	5.1
TOTAL	**100.0**	**100.0**

**Net of superannuation tax and fees*

UNIVERSITY CASH STRATEGY

Investment objective: The objective of the University Cash Strategy is to maximise the earnings rate subject to a greater than 80% probability of exceeding cash p.a. over rolling three-year periods.

Risk: Very Low (standard risk measure risk band 1: less than 0.5 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2024: $372 million

Asset allocation at 30 June 2024:

	Strategic %	Actual %
Liquid growth	**0.0**	**0.0**
Alternatives	**0.0**	**0.0**
Liquid defensive	**100.0**	**100.0**
Australian fixed interest	0.0	0.0
International fixed interest	0.0	0.0
Cash	100.0	100.0
TOTAL	**100.0**	**100.0**

Member Investment Choice strategies at 30 June 2024

GROWTH STRATEGY

Investment objective: The objective of the Growth Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 3%* p.a. over rolling 7-year periods.

Risk: High (standard risk measure risk band 6: from 4 to less than 6 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2024: $5,216 million

Asset allocation at 30 June 2024:

	Strategic %	Actual %
Liquid growth	**60.0**	**57.5**
Australian equities	24.0	21.8
International equities	36.0	35.7
Alternatives	**30.0**	**33.1**
Infrastructure	5.0	6.0
Property	2.0	5.2
Alternatives - Other	23.0	21.9
Liquid defensive	**10.0**	**9.4**
Fixed Interest	4.0	5.7
Income	3.0	1.2
Defensive Strategies	0.25	0.0
Cash	2.75	2.5
TOTAL	**100.0**	**100.0**

**Net of superannuation tax and fees*

BALANCED STRATEGY

Investment objective: The objective of the Balanced Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 2%* p.a. over rolling 7-year periods.

Risk: Medium to High (standard risk measure risk band 5: from 3 to less than 4 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2024: $1,337 million

Asset allocation at 30 June 2024:

	Strategic %	Actual %
Liquid growth	**48.0**	**45.5**
Australian equities	17.5	15.1
International equities	30.5	30.4
Alternatives	**22.0**	**27.1**
Infrastructure	5.0	6.0
Property	2.0	5.2
Alternatives - Other	15.0	15.9
Liquid defensive	**30.0**	**27.4**
Fixed Interest	7.0	8.6
Income	8.0	4.9
Defensive Strategies	0.25	0.0
Cash	14.75	13.9
TOTAL	**100.0**	**100.0**

**Net of superannuation tax and fees*

CONSERVATIVE STRATEGY

Investment objective: The objective of the Conservative Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 1.0%* p.a. over rolling 4-year periods.

Risk: Medium (standard risk measure risk band 4: from 2 to less than 3 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2024: $404 million

Asset allocation at 30 June 2024:

	Strategic %	Actual %
Liquid growth	**30.0**	**28.4**
Australian equities	10.5	8.9
International equities	19.5	19.5
Alternatives	**18.0**	**22.6**
Infrastructure	5.0	6.1
Property	2.0	5.2
Alternatives - Other	11.0	11.3
Liquid defensive	**52.0**	**49.0**
Fixed Interest	11.0	12.5
Income	17.0	15.3
Defensive Strategies	0.25	0.0
Cash	23.75	21.2
TOTAL	**100.0**	**100.0**

**Net of superannuation tax and fees*

CASH STRATEGY

Investment objective: The objective of the Cash Strategy is to maximise the earnings rate subject to a greater than 80% probability of exceeding Cash p.a. over rolling 3-year periods.

Risk: Very low (standard risk measure risk band 1: less than 0.5 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2024: $143 million

Asset allocation at 30 June 2024:

	Strategic %	Actual %
Liquid growth	**0.0**	**0.0**
Alternatives	**0.0**	**0.0**
Liquid defensive	**100.0**	**100.0**
Cash	100.0	100.0
TOTAL	**100.0**	**100.0**

Changes to investment strategies effective 1 July 2024

In June 2024, State Super undertook its annual detailed review of the investment strategies and objectives for each investment option of the Pooled Fund.

Investment Options	Return Objectives effective 1 July 2023	Return Objectives effective1 July 2024
Growth Strategy	CPI + 3.0% p.a. over rolling 7-year periods	CPI + 3.0% p.a. over rolling 7-year periods
Balanced Strategy	CPI + 2.0% p.a. over rolling 7-year periods	CPI + 2.0% p.a. over rolling 7-year periods
Conservative Strategy	CPI + 1.0% p.a. over rolling 4-year periods	CPI + 1.0% p.a. over rolling 4-year periods
Cash Strategy	Cash return over rolling 3-year periods	Cash return over rolling 3-year periods
Trustee Selection Strategy	CPI + 3.7% p.a. over rolling 10-year periods	CPI + 3.7% p.a. over rolling 10-year periods

Strategic asset allocation changes

As part of the review, several strategic asset allocation changes have been made to the DC Member Investment Choice options. We continue to harmonise illiquid assets across different Member Investment Choice options to enhance portfolio liquidity. These changes have been implemented by re-weighting the allocations to the impacted asset classes. While we continue to maintain a constructive longer-term outlook, we are mindful of the heightened risk in the shorter term and these changes are intended to further improve the diversification and provide additional downside risk protection.

Growth, Balanced and Conservative Strategy

As part of the review, we made minor adjustments to the Strategic Asset Allocation, resulting in a decrease to liquid growth, while simultaneously increasing our allocations to alternatives and liquid defensive categories. We took the opportunity presented by the much higher interest rate environment to increase our allocation to various income-generating assets, such as fixed income and alternative debt, primarily funded from equities in the near term and unlisted assets throughout the investment horizon.

In the liquid growth segment, we reduced our exposure to Australian equities and emerging market equities. Within the alternatives category, we lowered our allocation to infrastructure and liquid alternatives while increasing the target allocation to property to align with expected implementation weights for FY2024/25.

In the liquid defensive category, we increased our allocation to fixed interest while slightly reducing our exposure to income. Additionally, we decreased our target exposure to foreign currencies.

These adjustments were made to ensure liquidity in the face of negative cash flow pressures while remaining aligned with our overarching investment strategies and long-term objectives.

Trustee Selection Strategy

Trustee Selection is a defined benefit scheme with a different investment time horizon to DC options. No changes were made to the Strategic Asset Allocation for the Trustee Selection strategy this year.

STRATEGIC ASSET ALLOCATIONS FOR DEFINED BENEFIT STRATEGIES

Trustee Selection Strategy

Effective from 1 July 2024, the strategic asset allocation for the Trustee Selection Strategy is as follows:

	Strategic asset allocation %	Asset allocation range %
Liquid growth	**54.0**	**32.0 – 67.0**
Australian equities	11.0	
International equities	43.0	
Alternatives	**35.0**	**13.0 – 47.0**
Infrastructure	12.0	
Property	8.0	
Alternatives - Other	15.0	
Liquid defensive	**11.0**	**3.0 – 35.0**
Australian fixed interest	0.0	
International fixed interest	0.0	
Other defensive strategies	6.0	
Cash	5.0	
TOTAL	**100.0**	**100.0**

University Cash Strategy

Effective from 1 July 2024, the strategic asset allocation for the University Cash Strategy is as follows:

	Strategic asset allocation %
Liquid growth	**0.0**
Alternatives	**0.0**
Liquid defensive	**100.0**
Cash	**100.0**
TOTAL	**100.0**

Note: Asset allocation ranges are not used in the University Cash Strategy.

STRATEGIC ASSET ALLOCATIONS FOR MEMBER INVESTMENT CHOICE STRATEGIES

Growth Strategy

Effective from 1 July 2024, the strategic asset allocation for the Growth Strategy is as follows:

	Strategic asset allocation %	Asset allocation range %
Liquid growth	**56.5**	**40.5 – 72.5**
Australian equities	23.5	
International equities	33.0	
Alternatives	**32.0**	**20.0 – 44.0**
Infrastructure	2.0	
Property	6.0	
Alternatives - Other	24.0	
Liquid defensive	**11.5**	**1.5 – 21.5**
Fixed Interest	7.5	
Income	1.0	
Defensive strategies	0.25	
Cash	2.75	
TOTAL	**100.0**	**100.0**

Balanced Strategy

Effective from 1 July 2024, the strategic asset allocation for the Balanced Strategy is as follows:

	Strategic asset allocation %	Asset Allocation range %
Liquid growth	**41.5**	**31.5 – 51.5**
Australian equities	15.5	
International equities	26.0	
Alternatives	**25.5**	**13.5 – 37.5**
Infrastructure	2.0	
Property	6.0	
Alternatives - Other	17.5	
Liquid defensive	**33.0**	**23.0 – 43.0**
Fixed Interest	11.5	
Income	12.0	
Defensive strategies	0.25	
Cash	9.25	
TOTAL	**100.0**	**100.0**

Conservative Strategy

Effective from 1 July 2024, the strategic asset allocation for the Conservative Strategy is as follows:

	Strategic asset allocation %	Asset allocation range %
Liquid growth	**23.5**	**15.5 – 31.5**
Australian equities	8.0	
International equities	15.5	
Alternatives	**21.5**	**9.5 – 33.5**
Infrastructure	2.0	
Property	6.0	
Alternatives – Other	13.5	
Liquid defensive	**55.0**	**45.0 – 65.0**
Fixed Interest	15.0	
Income	22.5	
Defensive strategies	0.25	
Cash	17.25	
TOTAL	**100.0**	**100.0**

Cash Strategy

Effective from 1 July 2024, the strategic asset allocation for the Cash Strategy is as follows:

	Strategic asset allocation %
Liquid growth	**0.0**
Australian equities	0.0
International equities	0.0
Alternatives	**0.0**
Liquid defensive	**100.0**
Cash	100.0
TOTAL	**100.0**

Note: Asset allocation ranges are not used in the Cash Strategy.

Investment Performance

This section provides an overview of State Super's investment performance and activities during 2023-24.

Investment market overview

Year in review – Financial Year ending 30 June 2024

The financial year ending 30 June 2024 marked a continued period of strong recovery and impressive performance for our funds. DC Growth returned an impressive 9.1% fuelled largely by robust performance in the equities market. International shares, buoyed by the surge in US technology stocks, returned a striking 21.5%, while Australian shares also performed well, yielding a solid return of 11.9%, particularly driven by gains in the banking sector.

Defensive assets also displayed positive returns, with cash investments yielding 4.4%, Australian bonds at 3.7%, and international bonds at 2.7%, contributing to a balanced portfolio performance. The strong gains came despite the backdrop of continued economic uncertainty, including inflationary pressures and geopolitical tensions that did contribute to periods of volatility during the year.

The financial year saw a significant turnaround in fund performance as investor sentiment improved, leading to better-than-expected earnings growth for companies. This improvement was further underpinned by resilient economic activity throughout the year, reflecting a robust labour market and positive consumer confidence.

The year ahead – Financial Year 2025

Looking ahead to the financial year 2025, significant challenges remain, particularly concerning inflation rates and ongoing global market uncertainties. Investment sentiment may continue to be impacted by these factors, as well as the potential for interest rate fluctuations. Consequently, our funds may experience volatility as markets adjust to these ongoing developments.

A significant event to watch in the upcoming year is the U.S. presidential election scheduled for November 2024. The outcome of this election could have far-reaching effects on global markets, including shifts in U.S. economic policy, trade relations, and regulatory frameworks. Investor sentiment in the lead-up to the election may intensify, resulting in increased market fluctuations as stakeholders assess potential outcomes and their implications for economic growth.

The outlook for FY2025 suggests that while the recent strong performance may not be sustainable over the long term, a diversified investment strategy will be crucial for navigating any market volatility.

Investment performance for 2023/24

2023-24 performance

The 2023-24 annual crediting rates for the various investment options were as follows:

Strategy	Crediting rate p.a.* %
Defined Benefit	
Trustee Selection	7.3**
University Cash	4.0
Member Investment Choice	
Growth	9.1
Balanced	8.3
Conservative	7.1
Cash	4.4

**Net of fees and taxes*
***This excludes the benefit of the ECPI, please refer to the table on page 33 for the inclusion of ECPI returns.*

In the financial year 2024, all investment selections saw outstanding performance. In particular, the Member Investment Choice options, which include DC Growth, Balanced, and Conservative, surpassed their SuperRatings groups, showing excellent relative results for the 12 months ending on June 30, 2024.

The main contributor to these returns was the success of liquid growth assets which took advantage of robust stock market conditions. Furthermore, other asset categories also contributed positively to the overall returns. Nevertheless, the outcomes of liquid defensive assets and property slightly dampened these returns. Due to increasing interest rates, fixed income investments saw a modest decline. Similarly, equity hedges intended to protect against downturns reduced the total returns given the strength of the equity markets during this period.

Long-term performance

Meeting long-term goals requires investments to be actively managed to capture the returns offered for taking on risk, whilst controlling the impact of losses in more turbulent market conditions. Given the Fund's negative cash flow and different investment horizons for different investment options, State Super (either directly or via TCorp for Trustee Selection) will reallocate assets as it deems necessary to increase the probability of all investment strategies achieving their respective investment objectives and ensuring appropriate liquidity levels.

Crediting rates for the period ended 30 June 2024 against investment objectives for each of the State Super strategies are provided in the table below.

Strategy	Objective (at 30 June 2024)	Objective Period	Average annual compound crediting rate p.a. %*	Objective p.a. %
Defined Benefit				
Trustee Selection	CPI + 3.7%	10 years	7.0	7.2
University Cash	Cash	3 years	2.2	2.4
Member Investment Choice				
Growth	CPI + 3.0%	7 years	7.0	6.4
Balanced	CPI + 2.0%	7 years	5.6	5.4
Conservative	CPI + 1.0%	4 years	4.9	5.9
Cash	Cash	3 years	2.4	2.4

**Net of superannuation tax and fees*

The Trustee Selection's performance met its long-term goal. Except for the Conservative option, the DC Options yielded returns surpassing their longevity objectives. TCorp has adjusted the portfolio to be more conservative, resulting in slightly diminished gains during a robust stock market.

State Super administers its investment approaches via investment managers, with TCorp responsible for selecting these managers. Throughout the fiscal year, the performances of investment managers across different strategies were evaluated and modifications were executed to align the risk-return profiles of each strategy with their designated objectives. State Super consistently upholds rigorous liquidity standards to meet its obligations, and prioritising liquidity management is essential for the investment team.

Regular reviews are conducted on the Fund's risk profile and asset allocation. The investment strategies are diversified across various asset classes, generating risk premiums, and spread among distinct investment managers and securities. The objective is to achieve returns with significantly less volatility. Risk management is an integral component of maintaining this approach.

Crediting rates for defined benefit reserves

The crediting rates provided in the following tables for defined benefit reserves are prior to adjustments for the varying rates of exempt current pension income (ECPI) tax. As a result of the ECPI tax adjustment, each of the defined benefit reserves (including those relating to Crown and other Government enterprises with pension members) is credited with an additional amount over and above that shown below.

Trustee Selection Strategy

Year ending	Crediting rate to employer reserves (p.a.) %
30 June 2024	7.3
30 June 2023	8.8
30 June 2022	-0.6
30 June 2021	13.1
30 June 2020	1.3
Average annual compound crediting rate (p.a.)	
Over 3 years	5.1
Over 5 years	5.9
Over 10 years	7.0

University Cash Strategy

Year ending	Crediting rate to employer reserves (p.a.) %
30 June 2024	4.0
30 June 2023	2.5
30 June 2022	0.1
30 June 2021	0.1
30 June 2020	0.8
Average annual compound crediting rate (p.a.)	
Over 3 years	2.2
Over 5 years	1.5
Over 10 years	N/A

Trustee Selection returns for Crown employers after the benefit of ECPI tax	Crediting rate including ECPI *effect on employer reserves (p.a.) %
30 June 2024	8.3
30 June 2023	10.0
30 June 2022	-1.1
30 June 2021	14.9
30 June 2020	1.6
Average annual compound crediting rate (p.a.)	
Over 3 years	5.7
Over 5 years	6.7
Over 10 years	7.9

*Tax effect arising from Exempt Current Pension Income

Crediting rates for member investment choice strategies

SASS is a hybrid scheme, with the member-financed benefit component being an accumulation of member contributions with investment earnings and the employer-financed benefit component being a defined benefit. On deferral, both the member and employer-financed components are accumulated with investment earnings from the investment strategy or strategies selected by the member.

SASS members have a choice of four investment strategies – Growth, Balanced, Conservative and Cash. The Growth Strategy is the default strategy that applies if a member does not make an investment choice.

The crediting rates for the four investment strategies are shown below. Given as an annual rate and rounded to one decimal point, they are credited to members' accounts at the end of the financial year. Actual crediting rates are declared monthly to four decimal places. The annual rate is the compounded monthly rates.

Growth Strategy

Year ending	Crediting rate to members (p.a.) %
30 June 2024	9.1
30 June 2023	9.9
30 June 2022	-1.7
30 June 2021	14.3
30 June 2020	1.5
Average annual compound crediting rate (p.a.)	
Over 3 years	5.7
Over 5 years	6.5
Over 10 years	7.3

Conservative Strategy

Year ending	Crediting rate to members (p.a.) %
30 June 2024	7.1
30 June 2023	6.1
30 June 2022	1.1
30 June 2021	5.6
30 June 2020	3.0
Average annual compound crediting rate (p.a.)	
Over 3 years	4.7
Over 5 years	4.5
Over 10 years	4.8

Balanced Strategy

Year ending	Crediting rate to members (p.a.) %
30 June 2024	8.3
30 June 2023	8.0
30 June 2022	-0.9
30 June 2021	8.9
30 June 2020	2.7
Average annual compound crediting rate (p.a.)	
Over 3 years	5.1
Over 5 years	5.3
Over 10 years	6.0

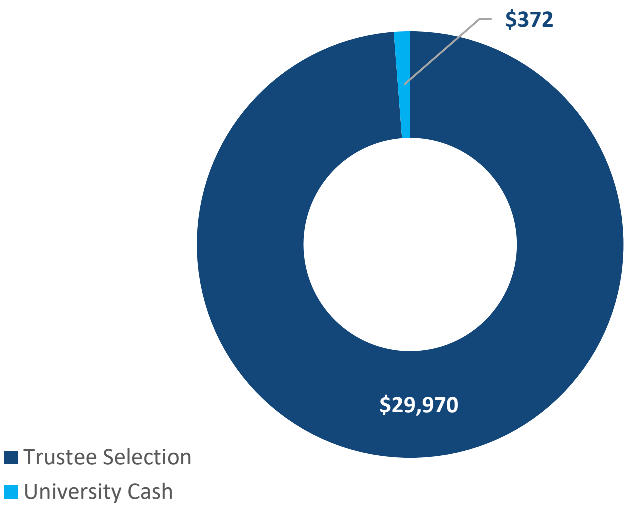
Cash Strategy

Year ending	Crediting rate to members (p.a.) %
30 June 2024	4.4
30 June 2023	2.7
30 June 2022	0.1
30 June 2021	0.1
30 June 2020	0.9
Average annual compound crediting rate (p.a.)	
Over 3 years	2.4
Over 5 years	1.6
Over 10 years	1.8

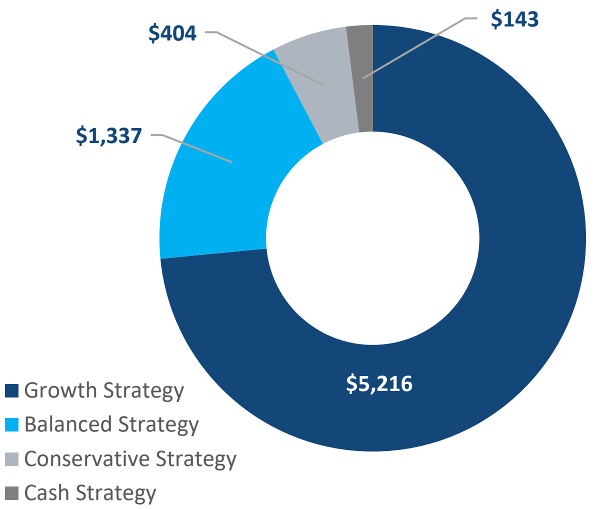
Funds under management (FUM)

FUM per investment strategy at 30 June 2024 ($ millions) *

DEFINED BENEFIT STRATEGIES



MEMBER INVESTMENT CHOICE STRATEGIES



*Excludes Employer Sponsor Receivable

Investment managers at 30 June 2024

	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Australian Equities			
Alphinity Investment Management Pty Ltd	✓	–	–
Ausbil Investment Management Limited	✓	–	–
BlackRock Asset Management Australia Limited	✓	–	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
Ellerston Capital Limited	–	✓	–
Macquarie Securities (Australia) Limited	–	✓	
Macquarie Investment Management Limited	✓	–	–
Martin Currie Investment Management Ltd	–	✓	–
MFS International Australia Pty Ltd	✓	–	–
Northcape Capital Pty Ltd	✓	–	–
Pendal Institutional Limited	✓	✓	–
Plato Investment Management Limited	–	✓	–
Platypus Asset Management Pty Ltd	✓	–	–
State Street Bank & Trust Company	–	✓	–
State Street Global Advisors Australia Limited	–	✓	–
UBS Securities Australia Limited	–	✓	–
International Equities			
Ardevora Asset Management LLP	✓	–	–
Artisan Partners Limited Partnership	✓	–	–
AQR Capital Management LLC	–	✓	–
BlackRock Asset Management Australia Limited	✓	–	–
BNP Paribas Management UK Ltd	–	✓	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
C Worldwide Asset Management Fondsmaeglerselskrab A/S	–	✓	–
Harris Associates Limited Partnership	✓	–	–
MFS International Australia Pty Ltd	✓	–	–
Ninety One UK Limited	✓	✓	–
Northcape Capital Pty Ltd	✓	–	–
Northern Trust Asset Management Australia Pty Ltd	✓	–	–
NSW Treasury Corporation	✓	–	–
Robeco Hong Kong Limited	✓	–	–
State Street Bank & Trust Company	–	✓	–
State Street Global Advisors Australia Limited	–	✓	–
Property			
AEW Capital Management, LP (via Equity Trustees Ltd)	–	✓	–
Brookfield Premier Real Estate Partners L.P	✓	–	–
Charter Hall Investment Management Limited	–	✓	–
EG Funds Management Pty Ltd	✓	–	–
Franklin Templeton Investments Australia Limited	✓	–	–

Property con't	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Invesco Real Estate (via Equity Trustees Ltd)	–	✓	–
Investa Commercial Property Group	–	✓	–
ISPT Pty Ltd	–	✓	–
LaSalle Investment Management (via Equity Trustees Ltd)	–	✓	–
LendLease Investment Management (AFSL) Pty Limited	✓	–	–
NSW Treasury Corporation	✓	–	–
Australian Fixed Interest & Cash			
Macquarie Investment Management Australia Limited	–	✓	
Macquarie Investment Management Limited	✓	–	–
Macquarie Securities (Australia) Limited	–	✓	–
NSW Treasury Corporation	✓	–	–
State Street Global Advisors Australia Limited	✓	✓	✓
Alternative Assets			
Bentham Asset Management Pty Limited	–	✓	–
Blackstone Inc.	✓	–	–
Challenger Investment Partners Limited	–	✓	–
Fulcrum Asset Management LLP	–	✓	–
HarbourVest Partners, LLC	–	✓	–
KKR & Co (Kohlberg Kravis Roberts & Co. L.P.)	–	✓	–
Lazard Asset Management Pacific Co	✓	–	–
Neuberger Berman Australia Ltd	–	✓	–
Ninety One UK Limited	✓	–	–
NSW Treasury Corporation	✓	–	–
Pendal Institutional Limited	–	✓	–
PineBridge Investments LLC	–	✓	–
Siguler Guff Distressed Opportunities Fund IV (F) LP	✓	–	–
York Distressed Asset Holdings IV, LLC	–	✓	–
Currency & Overlay			
Challenger Investment Solutions Management Pty Ltd	–	✓	–
Citigroup Global Markets Australia Pty Ltd	✓	–	–
Macquarie Investment Management Limited	✓	–	–
Macquarie Securities (Australia) Limited	–	✓	–
Mesirow Financial Investment Management, Inc.	–	✓	–
NSW Treasury Corporation	✓	–	–
PIMCO Australia Pty Ltd	✓	–	–

High Yield/Bank	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Brigade Capital Management LP	✓	–	–
Intermediate Capital Group Limited	✓	–	–
KKR Australia Investment Management Pty Limited	✓	–	–
NSW Treasury Corporation	✓	–	–
PineBridge Investments LLC	✓	–	–
Infrastructure			
H.R.L. Morrison & Co Limited	–	✓	–
Macquarie Investment Management Limited	✓	–	–
NSW Treasury Corporation	✓	–	–
QIC Limited	–	✓	–

4. Management and Accountability

This page is intentionally left blank.

Human resource management

Numbers and remuneration of senior executives

The table below shows remuneration levels and the number of senior executive staff by salary band and gender at 30 June 2024.

In FY 2024, 29.1% of State Super's employee-related expenditure related to senior executives, compared to 30% in FY 2023. The variance is driven by an increase in headcount of non-executive staff.

Band and salary range 2023-24 SOORT determination	2022				2023				2024			
	Men	Women	Total	Average Remune-ration	Men	Women	Total	Average Remune-ration	Men	Women	Total	Average Remune-ration
Band 4 (Secretary) >$509,251	1	0	1	$568,250[1]	1	0	1	$594,105[2]	1	0	1	$594,105[3]
Band 3 (Deputy Secretary) $361,301 - $509,250	1	0	1	$420,250	1	0	1	$428,655	1	0	1	$428,655
Band 2 (Executive Director) $287,201 - $361,300	2	0	2	$337,327	2	0	2	$337,327	4	1	5	$344,299
Band 1 (Director) $201,350 - $287,200	2	2	4	$273,522	2	2	4	$278,992	0	1	1	$261,375
	6	2	8		6	2	8		6	2	8	

(1) 2021-22 An additional performance bonus of $186,386 was paid.
(2) 2022-23 An additional performance bonus of $191,665 was paid.
(3) 2023-24 An additional performance bonus of $191,665 was paid.

Salary movement

The State Super Enterprise Agreement 2020-2022 continued to govern the employment terms for the organisation's non-executive staff during the reporting period, despite the fact that it notionally expired on 9 August 2022. A new State Super Enterprise Agreement 2024 - 2027 is currently being negotiated.

State Super applied a 4.5% increase for its non-executive employees effective 1 July 2023, with the increase applied administratively in December 2023 with retrospective effect.

Employee remuneration levels

The table below shows remuneration levels and number of staff by gender and salary range as at 30 June 2024. The salary ranges for 2024 are before any increase effective at 1 July 2024.

2022			Salary range	2023			Salary range	2024			Salary range
Men	Women	Total staff		Men	Women	Total staff		Men	Women	Total staff	
	4	4	$69,920 – $99,054		4	4	$72,018 – $102,026		3	3	$75,259 - $106,617
	1	1	$99,024 – $125,818		1	1	$102,027 – $129,593		2	2	$106,618 - $135,425
2	1	3	$125,820 – $139,216		1	1	$129,595 – $143,392		2	2	$135,427 - $149,845
4	4	8	$139,218 – $163,097	5	7	12	$143,395– $167,990	5	7	12	$149,848 - $175,550
12	9	21	$163,098 – $191,555	12	10	22	$167,991 – $197,302	15	8	23	$175,551 - $206,181
18	**19**	**37**		**17**	**23**	**40**		**20**	**22**	**42**	
49%	**51%**			**43%**	**57%**			**48%**	**52%**		

Payments to consultants

Payments to consultants in accordance with TPG 23-10

Area	Project	Consultant	Total Cost $
Member Engagement	IT advisory for Administration Platform Transition*	PwC Consulting (Australia) Pty Ltd	$164,485
Consultancies equal to or more than $50,000			**$164,485**
Consultancies less than $50,000 (2 engagements)**			**$50,160**

*Subject to procurement process including probity auditor

**Subject to competitive quote process

Promotion

Overseas visits

Catherine Bolger, Audit Risk and Compliance Chair, STC Director & Sarah Gallard, Senior Responsible Investment Manager

Ms Bolger was invited by Meegan Marais (Senior Events Manager - PRI) to attend the PRI in Person conference as a guest speaker in Tokyo from 3-5 October 2023, and Ms Gallard attended the Frontier Responsible Investment Study Tour from 30 September – 2 October, which included the PRI in Person, from 3-5 October 2023, in Tokyo, Japan.

The total cost incurred by State Super was $34,000.00, covering Catherine's business class return flights, Sarah's economy return flights, accommodation, the study tour, and incidentals.

Legal change

Relevant legislative changes

There was one change of some significance to State Super's constituent legislation that took effect just after the end of the 2023-24 year (the relevant pieces of legislation and a brief description of any change are set out below).

Changes to Acts governing the State Super schemes

Principal Act	Description
Superannuation Administration Act 1996 (NSW)	Changes were made to the provision in the Act that provides for the right to appeal from disputes determined by State Super's disputes committee (the Member Services Committee (MSC)). Until 30 June 2024, the Act provided for these appeals to be made to the Supreme Court of New South Wales. From 1 July 2024, these appeals will be made (as they had been until December 2016) to the restored Industrial Relations Commission in Court Session. There was also a very minor wording change made to the Act during the year.
Police Regulation (Superannuation) Act 1906 (NSW)	No changes during the year.
Police Association Employees (Superannuation) Act 1969 (NSW)	No changes during the year.
State Authorities Superannuation Act 1987 (NSW)	Only a minor change during the year.
State Authorities Non-contributory Superannuation Act 1987 (NSW)	Only a minor change during the year.
Superannuation Act 1916 (NSW)	Only a minor change during the year.

Changes to regulations made under Acts governing the schemes

Regulations have been made under some of the Acts listed above.

There was a minor change to the following regulation during the 2023-24 year.

State Authorities Non-contributory Superannuation Regulation 2020.

The other regulations made under some of the Acts listed above were not amended during the year.

Significant judicial decisions or cases

In the 2023-24 year, there were no significant judicial decisions in cases involving State Super.

Disputes and appeals

The legislation governing the superannuation schemes administered by State Super provides a scheme member or beneficiary with a two-stage system of review of a decision made by a delegate of State Super, if they wish to dispute such a decision. The first stage is State Super's Member Services Committee, and the second stage is an appeal to the Supreme Court of NSW (or, from 1 July 2024, to the NSW Industrial Relations Commission in Court Session). It should be noted that decisions in certain matters relating to PSS can be appealed directly to the District Court of NSW (see *District Court* section below).

There was 1 dispute lodged during the 2023 – 2024 financial year.

Disputes on hand at 1 July 2023	0
Disputes lodged in 2023-24	1
Disputes determined in 2023-24	
Confirmation of State Super delegate's decision	0
Delegate's decision set aside and new decision made	1
Settled	0
Disputes withdrawn or discontinued in 2022-23	0
Disputes on hand at 30 June 2024	0

Appeals to the Supreme Court

There were no appeals made to the Supreme Court during the 2023-24 year from any determination of a dispute by the Member Services Committee. As mentioned above, from 1 July 2024 appeals from any determination of a dispute by the Member Services Committee will be to the Industrial Relations Commission in Court Session.

District Court

The *Police Regulation (Superannuation) Act 1906* (NSW) (the PRS Act) provides for a right to apply directly to the District Court of NSW (with no requirement to first lodge a dispute with State Super) from decisions of:

- The Police Superannuation Advisory Committee (PSAC) as the delegate of State Super, concerning applications by PSS hurt on duty (HOD) pensioners for increases to their pensions and/or changes to the commencement dates of their pensions.
- PSAC or the CEO of State Super, as the delegate of State Super, concerning applications by current or former members of the Police Force who are in PSS for a certificate of incapacity under s.10B of the PRS Act.
- PSAC as the delegate of State Super, concerning applications for benefits upon the HOD death of any current or former member of the Police Force who was in PSS.
- The CEO of State Super as the delegate of State Super, concerning whether an application for a certificate of incapacity under s.10B of the PRS Act or for an increase to a HOD pension which was received outside of

the legislatively prescribed timeframe should be accepted.

- Allianz Insurance Australia Limited as the delegate of State Super, concerning applications by current or former members of the Police Force who are in PSS for lump sum payments for HOD-related permanent impairments or for reimbursement of HOD-related medical expenses.

Applications to the District Court against a decision of State Super or its delegates resulted in outcomes in the 15 matters 2023-24 year as set out below:

	PSAC/CEO as delegate	Allianz as delegate
Decided in favour of State Super	1	-
Decided in favour of the member/beneficiaries	1	-
Withdrawn or discontinued	-	-
Settled	13	-
Total	**15**	**-**

As at 30 June 2024 there were ten (10) applications to the District Court in matters involving State Super where the legal proceedings were still ongoing. None of these matters involved a decision made by Allianz as a delegate for State Super.

In the 2023-24 year, there were two (2) matters involving State Super that were decided by the Court of Appeal of NSW.

	PSAC/CEO	Allianz
Decided in favour of State Super	2	-
Decided in favour of the member/beneficiaries	-	-
Withdrawn or discontinued	-	-
Settled	-	-
Total	**2**	**-**

At 30 June 2024, there were no appeals to the Court of Appeal from a decision of the District Court in a matter involving State Super on foot.

In each of the Court of Appeal matters decided in State Super's favour in 2023-24, the scheme member involved sought special leave to appeal against the decision to the High Court. In one case, the application for special leave was dismissed with costs during the year. In the other case, at the end of the 2023-24 year the application was still awaiting a decision by the High Court on the papers.

Access to information

State Super is, for the purposes of the *Government Information (Public Access) Act 2009* (NSW) (the GIPA Act), an agency and as such must release "government information" unless there is an overriding public interest against disclosure. Government information is anything contained in a record held by an agency or held on behalf of an agency by a private sector entity, to which the agency has right of access.

State Super holds (either itself or via a service provider) information that is classed as "government information" about:

- itself as a corporation – such as information relating to its business operations, financial situation and dealings, staff and structure and property and equipment and
- the superannuation schemes that it is trustee of, including a superannuation membership file for each of the members of the schemes.

Information about the investment functions performed by State Super is excluded for the purposes of the GIPA Act.

Open access information about State Super

The GIPA Act obliges agencies to release "open access information" (as defined in the GIPA Act) and State Super's "open access information" is set out on the website www.statesuper.nsw.gov.au (under "About Us" and then "Access to Information").

State Super reviews annually the types of government information it holds for the purpose of determining what government information should be made publicly available. The result of the review in 2023-24 was that State Super believes that it has made publicly available all the government information it holds that should, in the public interest, be available and that can be made available without imposing unreasonable costs on itself.

Access to information about State Super

Information about State Super, including its open access information, is available from the website www.statesuper.nsw.gov.au (under "About Us" and then "Access to Information"). The website also contains State Super's Agency Information Guide, which amongst other things describes the types of government information held by State Super, the types of information that is available to the public and how to access that information.

Access to some government information about State Super may be able to be released after an informal application for the information, and such an application can be made by contacting State Super's Information Access Officer on 02 9238 5906. However, State Super may impose reasonable conditions on the release of information informally, or it may require an applicant to make a formal application for access under the GIPA Act.

A formal application under the GIPA Act may be required where the requested information is of a type that is costly to make available or where the decision about access may have to be formally made because of the nature of the information sought. A formal application can be made using the form available from the website www.statesuper.nsw.gov.au (under "About Us" and then "Access to Information"). The completed form should be addressed to State Super at:

Information Access Officer

SAS Trustee Corporation

PO Box N259

Grosvenor Place NSW 1220

A formal application under the GIPA Act requires an application fee of $30 and State Super also has the right to charge a processing fee of $30 per hour in addition to the application fee. Processing charges may be reduced by 50% for a pensioner holding a health care card, a full-time student or where an applicant is suffering financial hardship.

During the 2023-24 year, State Super did not **directly** receive any formal valid applications for access to information under the GIPA Act. All of the formal valid applications for access to information under the GIPA Act received by State Super in the 2023-24 year were received on behalf of State Super by MAS. The statistics for the applications for access to information received by or on behalf of State Super in the 2023-24 year are set out in Appendix 1 to this Annual Report.

Member access to their superannuation file

State Super members can apply for access under the GIPA Act for part or all the information held in the superannuation membership file that the scheme administrator (MAS) maintains, on behalf of State Super, in relation to their scheme membership.

MAS is contractually obliged to State Super to process these applications and has responsibility for handling the processing of certain functions of State Super relating to applications for access to information made by members of the State Super schemes. MAS processes these applications as authorised delegate for and on behalf of State Super, which is the owner of the government information held by MAS that comprises the members' superannuation files.

A formal application under the GIPA Act is required for a member of a State Super scheme to access part or all the information in their superannuation membership file held by MAS. The forms for such an application are available on the State Super website under "About Us" and then "Access to Information" or by calling a MAS Information Access Officer on 1800 779 068. The applications are made to MAS, who process them as a delegate for and on behalf of State Super. An application fee of $30 must be paid to MAS and processing fees of $30 an hour may apply (although the first 20 hours of processing is free of charge). Processing charges may be reduced by 50% for a pensioner holding a health care card, a full-time student or where an applicant is suffering financial hardship.

A formal application, once completed on the appropriate form, should be addressed to MAS at:

Information Access Co-ordinator

Mercer Administration Services (MAS)

GPO Box 2181

Melbourne VIC 3001

Applications to State Super (either directly or via MAS) under the GIPA Act for access to information

During the 2023-24 year, there were:

- 171 formal applications for information (under the GIPA Act) received by or on behalf of State Super, (including withdrawn applications, but excluding invalid applications).
- 165 applications processed (including 3 which were withdrawn).
- 28 applications refused, in whole or in part, because the application was for information for which there is a conclusive presumption of overriding public interest against disclosure (categories referred to in Schedule 1 of the GIPA Act). Of those 28 applications, all were only refused in part.
- There were 15 applications still in progress as at 30 June 2024 (there had been 9 applications in progress at 1 July 2023).

Refer to Appendix 1 for statistical information about applications to State Super (either directly or via MAS) under the GIPA Act for access to information in the 2023-24 year.

Risk management

Risk management and insurance

State Super has established and maintains a risk management framework appropriate to the size, business mix and complexity of the State Super schemes. This enables it to effectively manage the material risks presented by its environment and objectives.

The Risk, Audit and Compliance Committee (RACC) of State Super monitors and reviews the risk management framework holding regular meetings attended by members of the Executive, Internal Audit and representatives of the NSW Audit Office (External Audit). Material outsourced providers, including the Administrator, Custodian and Master Investment Manager, also attend RACC meetings when required.

Risk Management Framework and associated documents

State Super's Risk Management Framework sets out the Board's approach to risk management. It represents the systems, structures, policies, processes and people within State Super's business operations that identify, assess, manage, and mitigate risks. This includes the monitoring of internal and external sources of risk that could have a material impact on State Super's business operations or the interests of beneficiaries.

State Super's Risk Management Framework has been developed having regard to the APRA Superannuation Prudential Standard SPS220 Risk Management and includes the following:

- Risk Appetite Statement (including Risk Tolerances)
- Risk Management Strategy
- Other supporting risk management policies, procedures and controls to identify, assess, monitor, report on, mitigate and manage material risks
- Clearly defined and documented roles, responsibilities and formal reporting structures for the management of material risks throughout State Super's business operations
- A designated risk management function
- A review, monitoring, and reporting process to ensure that the risk management framework remains effective

The Risk Appetite Statement articulates the Board's acceptable risk limits within which staff and consultants, whether internal or external, and at all levels of State Super business operations, must operate; while material risks, control methods and ongoing monitoring procedures are set out in State Super's Risk Management Strategy. State Super's Risk Management Framework details:

- Risks that have been identified by the Board as material
- Methods adopted to minimise and/or mitigate material risks
- A methodology for monitoring and reporting material risks on an ongoing basis.

In addition to the Risk Management Framework, State Super has procedures in relation to:

- The management and monitoring of adequate human, technical and financial resources to enable State Super to carry out its obligations effectively
- The management and control of fraud and corruption
- Insurance cover in the event of an unexpected occurrence affecting its operations or resources.

State Super also has policies to deal with conduct risk, including State Super's Code of Conduct and Ethics and Public Interest Disclosure Policy as well as risk and compliance training to encourage proactive risk management and regulatory compliance.

State Super arranges an independent review of its Risk Management Framework every three years. The most recent review was carried out by the Internal Auditor in March 2023 and found our framework to be relatively mature, balancing the challenges of a large fund with high member base and a highly outsourced business model.

In 2023-24, Internal Audit reviewed State Super control frameworks in relation to tax governance, Cybersecurity, Anti-Money Laundering/Counter-Terrorist Financing (AML/CTF) and the Compliance framework. No major issues were raised.

Insurance

During the 2023-24 financial year, insurance for State Super was maintained with the NSW Government self-insurance scheme called the Treasury Managed Fund (TMF), which covers the NSW Government's insurable risks. TMF provides cover for the following classes of risk:

- Workers Compensation
- Property (full replacement, new for old, including consequential loss)
- Liability (including, but not limited to, professional indemnity and directors’ and officers’ liability)
- Miscellaneous (e.g. personal accident).
- Motor Vehicle

Internal Audit and Risk Management Attestation Statement for the 2023-24 Financial Year for the SAS Trustee Corporation

Internal Audit and Risk Management Attestation Statement for the 2023 - 2024 Financial Year for SAS Trustee Corporation

The Board of SAS Trustee Corporation (STC) is of the opinion that STC and its controlled entity, the SAS Trustee Corporate Staff Agency has internal audit and risk management processes in operation that are compliant with the seven (7) core requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector TPP 20-08*, specifically:

Core Requirements

1.1	The STC Board is ultimately responsible and accountable for risk management in STC and its controlled agency.	COMPLIANT
1.2	A risk management framework that is appropriate to STC has been established and maintained and the framework is consistent with AS ISO 31000:2018.	COMPLIANT

Internal Audit Function

2.1	STC has established and maintained an internal audit function that is appropriate and fit for purpose.	COMPLIANT
2.2	The operation of the internal audit function for STC is consistent with the International Standards for the Professional Practice of Internal Auditing.	COMPLIANT
2.3	STC has an Internal Audit Charter that is consistent with the content of the 'model charter' in line with TPP 20-08.	COMPLIANT

Audit and Risk Committee

3.1	STC has established and maintained efficient and effective arrangements for an independent Risk, Audit and Compliance Committee. The Committee provides advice and guidance to the STC Board, based on its oversight of STC's governance processes, risk management and control frameworks, and external accountability obligations.	COMPLIANT
3.2	The STC Risk, Audit and Compliance Committee has a Charter that is consistent with the content of the 'model charter' in line with TPP 20-08.	COMPLIANT

This ATTESTATION was executed on 10 September 2024, following a resolution of the STC Board on 10 September 2024.

The COMMON SEAL of the SAS Trustee Corporation was hereto affixed in the presence of:

SAS TRUSTEE CORPORATION Common Seal

....
Signature of John Livanas

John Livanas
Chief Executive Officer

....
Signature of Allan Parapuram

Allan Parapuram
General Counsel

Privacy and use of member information

State Super complies with relevant legislation, including the *Privacy and Personal Information Protection Act 1998* (NSW) (the NSW Privacy Act) and the *Health Records and Information Privacy Act 2002* (NSW) (the HRIP Act).

State Super has a Privacy Management Plan that is administered with the assistance of MAS. State Super has also developed a Privacy Statement that:

- details how State Super complies with the requirements of the NSW Privacy Act and the HRIP Act;
- explains how State Super deals with members' personal and health information that may be collected and used in the course of administering the schemes; and
- summarises the circumstances where State Super may provide a members' personal and health information to third parties.

State Super endeavours to ensure its records of members' personal details are accurate. Members may contact MAS to change their personal or health details. State Super takes steps to ensure there is no unauthorised use or disclosure of members' information. The Privacy Statement is available on request and from the State Super website at **www.statesuper.nsw.gov.au**.

Public interest disclosures

State Super has a Public Interest Disclosures (PID) Policy which ensures that State Super's processes are compliant with the *Public Interest Disclosures Act 2022* (NSW) (the PID Act). That Act replaced the previous PID legislation effective 1 October 2023. State Super's PID Policy was amended in accordance with the new PID Act in the 2023-24 year. State Super facilitates staff awareness of its PID Policy and the relevant protections under the PID Act in a number of ways, including providing staff access to the Policy and conducting staff awareness training.

There was one (1) public interest disclosure made to State Super during the 2023-24 year and that disclosure was investigated and finalised during the year.

Credit card use

State Super's policy for the use of corporate credit cards by Executive staff is in accordance with the Treasury Policy and Guidelines Paper TPP 21-02. No irregularities in the use of corporate credit cards were recorded during the year.

Annual report production details

The production of this report, including its writing, editing, typesetting and printing, was undertaken internally and no external costs were incurred. This report is available online at **www.statesuper.nsw.gov.au** in PDF format. Hard copies can be provided upon request.

Cyber security policy attestation

I, John Livanas, the Chief Executive Officer of State Super, am of the opinion that State Super has managed cyber security risks in a manner that is consistent with the Mandatory Requirements of the NSW Cyber Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of State Super are adequate.

- State Super has assessed its cyber security risks.
- Cyber security is appropriately addressed as part of State Super's governance framework.
- State Super's cyber security response plans are integrated within its business continuity arrangements and have been tested over the previous 12 months (involving senior business executives).
- An internal audit of Cyber Security Assessment and effectiveness of controls was undertaken in July 2024 and found to be adequate.

5. Sustainability

This page in intentionally left blank.

Compliance with Modern Slavery legislation

State Super has engaged with its service providers, including its investment managers, to have the respective service provider or investment management agreements amended, or the process for amendment commenced, to provide to the effect that each service provider:

- warrants and represents to State Super that it does not, and will not, engage in any activity that constitutes or involves Modern Slavery (as defined in the relevant legislation);
- warrants and represents to State Super that it has not been convicted of any Modern Slavery offence or has not been, and is not currently, the subject of any investigation or proceedings relating to Modern Slavery;
- will regularly and upon request provide information to State Super about its reporting in accordance with Modern Slavery legislation and to enable State Super to comply with any requirements it has under Modern Slavery legislation.

State Super will take all reasonable steps to ensure that the service provider or investment management agreement for any new service provider contains provisions to the effect of what is set out above.

During the year, State Super liaised with its service providers and informed its staff as to the importance of ensuring that no services procured by or for it were the product of Modern Slavery.

Work health and safety

In 2023/24, COVID-19 restrictions were further scaled back, with most staff opting for flexible work arrangements, splitting their time between the office and home throughout the week. To maintain a safe working environment, State Super implemented Working from Home Guidelines, a checklist, and required staff to make an attestation about the safety of their home office environment.

During the year, State Super also continued to offer annual on-site flu vaccinations, with the aim of reducing the risk of cold and flu symptoms in the workplace. The vaccinations were well attended.

Towards the end of 2023, BDO Services Pty Ltd (BDO) were commissioned to conduct a review of State Super's Work, Health & Safety (WHS) Framework. The overall risk rating for the review was considered as **'Low'** given only one low risk finding was observed along with two opportunities for improvement.

The review highlighted several strengths, including staff's strong awareness of the WHS reporting process, consistent communication, and updates from management and the WHS committee on safety matters, and the regular quarterly inspections of State Super's offices to identify and address potential hazards.

In February 2024, State Super's Board approved a Prevention of Sexual Harassment at Workplace policy. This policy was presented to all staff and training on the policy will be conducted in the new financial year.

In March 2024, State Super relocated to Level 21 of 83 Clarence Street. In the new office, each employee was provided with their choice of ergonomic chairs and electronic sit-to-stand desks, ensuring a comfortable and customisable workspace for everyone.

During the reporting period, State Super had no work-related injuries, illnesses or prosecutions under the *Work Health and Safety Act 2011.*

Workforce Diversity

Diversity and inclusion is a key component of State Super's corporate planning process. The focus of its Diversity and Inclusion Policy and Plan is on embedding a culture of inclusivity and respect through awareness programs and clear behavioural expectations; data collection, analysis and reporting; identifying and removing barriers to merit based recruitment, professional development and career progression.

Table A: Trends in the representation of workforce diversity groups[1]

Workforce diversity group	% of total staff[2]			
	Benchmark or target	2022	2023	2024
Women	50%	46.67%	52.08%	52%
Aboriginal people and Torres Strait Islanders	2.6%	0%	0%	0%
People whose first language is not English	19%	24.44%	31.25%	34%
People with a disability	N/A[3]	2.22%	2.08%	2%
People with a disability requiring work-related adjustment	N/A	0%	0%	0%

Table B: Trends in the distribution of workforce diversity

Workforce diversity group	Distribution Index[4]			
	Benchmark or target	2022	2023	2024
Women	100	83	84	74
Aboriginal and Torres Strait Islander people	100	N/A	N/A	N/A
People whose first language was not English	100	99	95	97
People with a disability	100	97	99	97
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

Our leadership team is fully committed to integrating diversity and inclusion strategies into our people programs. Our recruitment advertisements highlight our commitment to inclusivity, and we maintain balanced gender representation in our interview panels to ensure fairness.

With strong backing from our Board of Directors and Executive team, we've encouraged the development of our female employees, enabling their professional growth through both formal education and attending conferences.

We acknowledge existing gaps and aim to continually address them.

[1] Staff numbers at 30 June 2024.
[2] Excludes casual employees.
[3] Per cent employment levels are reported but a benchmark level has not been set.
[4] A distribution index of 100 indicates that the centre of the distribution of the workforce diversity group across salary levels is equivalent to that of other staff. Values of less than 100 mean that the workforce diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases, the index may be more than 100, indicating that the workforce diversity group is less concentrated at lower salary levels. The distribution index is not calculated where the workforce diversity group or non-workforce diversity group numbers are less than 20.

6. Triennial Actuarial Valuation Report

The Triennial Actuarial Valuation of the STC Pooled Fund and each of the individual schemes at 30 June 2024 was carried out by Nathan Bonarius FIAA of PricewaterhouseCoopers Securities Ltd. A summary of this valuation is provided. A full version of the Actuarial Valuation Report will be made available on the State Super website, **www.statesuper.nsw.gov.au**.

Triennial Actuarial Valuation as at 30 June 2024

Introduction

As requested by the SAS Trustee Corporation (STC) we have carried out a triennial review as at 30 June 2024 to report on the operation and state of funding of the STC Pooled Fund and its constituent Schemes:

- the State Superannuation Scheme (SSS)
- the State Authorities Superannuation Scheme (SASS)
- the Police Superannuation Scheme (PSS)
- the State Authorities Non-contributory Superannuation Scheme (SANCS)

The previous report as at 30 June 2021, dated October 2021, was prepared by Catherine Nance FIAA and Janice Jones FIAA of PricewaterhouseCoopers Securities Ltd.

Our advice to STC constitutes Actuarial Advice and has been prepared in accordance with the Institute of Actuaries of Australia Code of Conduct.

This report together with the accompanying work, has been prepared in accordance with Professional Standards 400, 402, 404 and 410 issued by the Institute of Actuaries of Australia noting that some requirements are not applicable to exempt public sector superannuation Schemes (EPSSS) / partially unfunded schemes.

Nathan Bonarius FIAA

Superannuation & Investments Consulting
Authorised Representative (#1284864) of
PricewaterhouseCoopers Securities Ltd

Funding position by Scheme at 30 June 2024

The total assets for the STC Pooled Fund as at 30 June 2024 are $37.4b:

Scheme	Assets			
	Employer Reserve ($m)	Contributor Reserve ($m)	Deferred Reserve ($m)	Total ($m)
SSS	20,570.2	340.4	-	20,910.6
SASS	3,737.6	3,494.4	3,023.9	10,255.9
PSS	4,729.6	134.2	-	4,863.8
SANCS	671.2	149.0	581.4	1,401.6
Total Assets [1]	**29,708.6**	**4,118.0**	**3,605.3**	**37,431.9**

[1] Total STC Pooled Fund assets of $37,431.9m are based on the total net assets from the audited financial statements ($41,193m), less the allowance for the Employer Sponsor Receivable which relates to the PSS deficiency ($3,751m) and the SASS Additional Benefits Reserve ($10.4m). These adjustments are made for consistency with the liabilities. The SASS Additional Benefit Reserve is a self-insurance arrangement to cover the member's proportion of the SASS Additional Benefits, and this is subject to a further actuarial investigation.

The total past service liabilities as at 30 June 2024 are $60.7b. This is made up of $52.9b employer past service liabilities, $4.1b contributor reserves and $3.6b deferred reserves:

Scheme	Past Service Liabilities (Accrued Benefits)			
	Employer ($m)	Contributor Reserve ($m)	Deferred Reserve ($m)	Total ($m)
SSS	36,883.4	340.4	-	37,223.8
SASS	6,407.1	3,494.4	3,023.9	12,925.4
PSS	8,553.9	134.2	-	8,688.1
SANCS	1,089.9	149.0	581.4	1,820.4
Total Past Service Liabilities	**52,934.3**	**4,118.0**	**3,605.3**	**60,657.6**

The employer past service liabilities by Scheme for each type of membership are as follows:

Scheme	Employer Past Service Liabilities (Accrued Benefits)			
	Contributors ($m)	Deferred ($m)	Pensioners ($m)	Total ($m)
SSS	215.9	114.1	36,553.4	36,883.4
SASS	4,028.3	-	2,378.7	6,407.1
PSS	403.6	9.2	8,141.0	8,553.9
SANCS	1,089.9	-	-	1,089.9
Total Past Service Liabilities	**5,737.8**	**123.3**	**47,073.1**	**52,934.3**

The Scheme-level assets and liabilities for the employer reserve are compared in the table below, at both 30 June 2024 and 30 June 2021 (the date of the previous triennial review):

Scheme	30 June 2024				*30 June 2021*			
	Employer Past Service Liabilities ($m) A	Employer Reserve ($m) B	Employer Unfunded Liabilities ($m) B - A	Asset Coverage B/A	*Employer Past Service Liabilities ($m) A*	*Employer Reserve ($m) B*	*Employer Unfunded Liabilities ($m) B - A*	*Asset Coverage B/A*
SSS	36,883.4	20,570.2	(16,313.2)	56%	*34,024.9*	*23,000.8*	*(11,024.1)*	*68%*
SASS	6,407.1	3,737.6	(2,669.5)	58%	*7,044.1*	*5,147.9*	*(1,896.2)*	*73%*
PSS	8,553.9	4,729.6	(3,824.3)	55%	*7,514.4*	*5,002.6*	*(2,511.8)*	*67%*
SANCS	1,089.9	671.2	(418.7)	62%	*1,366.0*	*1,034.0*	*(332.1)*	*76%*
Total	**52,934.3**	**29,708.6**	**(23,225.7)**	**56%**	***49,949.4***	***34,185.3***	***(15,764.1)***	***68%***

The asset coverage for employer past service liabilities has decreased from 68% to 56% from 30 June 2021 to 30 June 2024. This was due to several impacts, with key noteworthy items including:

- $4.2b deterioration in funding due to higher-than-expected pension indexation
- $0.5b deterioration in funding due to the lower than expected investment returns.
- $1.9b deterioration due to updated financial and demographic assumptions following the 2024 experience review.

A more detailed reconciliation of the movement in unfunded liabilities from 30 June 2021 to 30 June 2024 is set out in a later section.

Funding position by Sector

The funding position results have been repeated below by sector:

Scheme	Employer Past Service Liabilities (Accrued Benefits)			
	Contributors ($m)	Deferred ($m)	Pensioners ($m)	Total ($m)
General Government	4,685.4	94.3	41,219.0	45,998.7
Universities	111.3	11.1	3,231.9	3,354.3
PTEs/Other[1]	941.1	18.0	2,622.2	3,581.3
Total Past Service Liabilities	**5,737.8**	**123.3**	**47,073.1**	**52,934.3**

1. *Public Trading Enterprises, Public Financial Corporations and Other employers Sector (PTEs/Other).*

The sector-level assets and liabilities for the employer reserve are compared in the table below, at both 30 June 2024 and 30 June 2021 (the date of the previous triennial review):

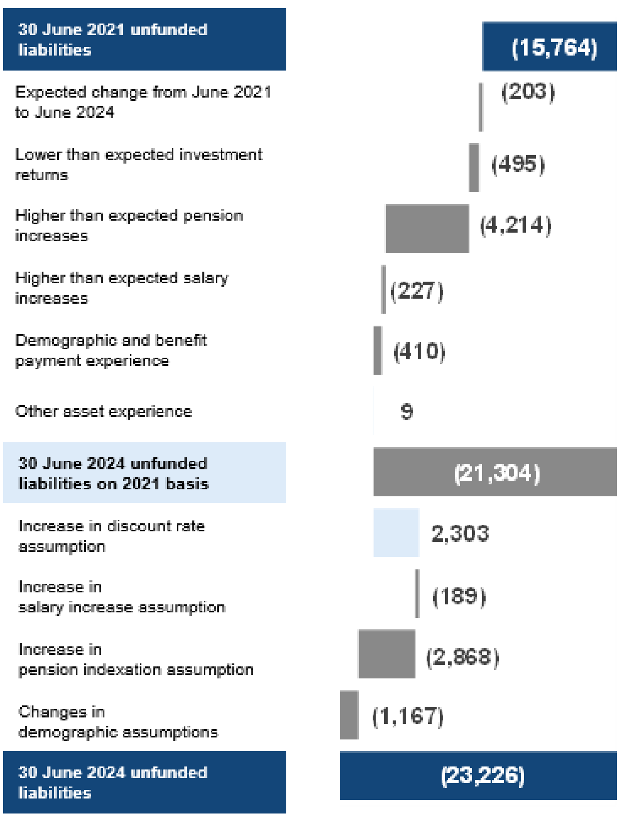
Scheme	30 June 2024				*30 June 2021*			
	Employer Past Service Liabilities ($m) A	Employer Reserve ($m)[2] B	Employer Unfunded Liabilities ($m) B - A	Asset Coverage B/A	*Employer Past Service Liabilities ($m) A*	*Employer Reserve ($m) B*	*Employer Unfunded Liabilities ($m) B - A*	*Asset Coverage B/A*
General Government	45,998.7	25,907.0	(20,091.7)	56%	*43,217.6*	*30,205.3*	*(13,012.3)*	*70%*
Universities	3,354.3	422.3	(2,932.0)	13%	*3,299.6*	*418.2*	*(2,881.4)*	*13%*
PTEs/Other[1]	3,581.3	3,379.3	(202.0)	94%	*3,432.1*	*3,561.7*	*129.6*	*104%*
Total	**52,934.3**	**29,708.6**	**(23,225.7)**	**56%**	***49,949.3***	***34,185.3***	***(15,764.1)***	***68%***

1. *Public Trading Enterprises, Public Financial Corporations and Other employers Sector (PTEs/Other).*
2. *The asset splits by sector have been estimated by taking the total assets from the audited financial statements and apportioning these in line with the asset splits taken from provisional asset data. As with the previous triennial, the assets and liabilities above exclude the SASS Additional Benefits Reserve of $10.4m, which is a self-insurance arrangement to cover the member portion of the SASS additional benefits, and excludes allowance for Employer Sponsor Receivable for PSS.*

Reconciliation of unfunded liabilities, from 30 June 2021 to 30 June 2024

The employer funding position has deteriorated since 2021 by $7.4b, moving from a $15.8b deficit to a $23.2b deficit.

Movement in Employer Unfunded Liabilities ($m)



Main reasons for movements

- The employer funding position has deteriorated by $7.4b versus an expected $0.2b
- Experience over the three years, contributed $5.5b (first section, moving from a deficit of $15.8b to a deficit of $21.3b). The main drivers were:
  - Lower than expected investment returns: 5.1% p.a. vs 5.7% p.a. expected.
  - Higher than expected pension increases: 5.0% p.a. vs 1.7% p.a. expected.
  - Higher than expected salary increase: 3.8% p.a. vs 2.7% p.a. expected.
  - Higher than expected benefit payments over the period.
  - Offset by higher than expected employer contributions, mostly due to revision in Crown Funding Plan.
- Changes in actuarial assumptions contributed $1.9b (second section, moving from a deficit of $21.3b to a deficit of $23.2b). The main drivers were:
  - Discount rate used to value future cashflows increased from 6.5% p.a. to 7.0% p.a.
  - Both short term and long term salary increase assumption increased.
  - Both short term and long term pension increase assumption increased.
  - Changes in demographic assumptions.

The table below shows the same movement in employer unfunded liabilities, broken down by Scheme:

Movement in Employer Unfunded Liabilities ($m)

	SSS	SASS	PSS	SANCS	Total
30 June 2021 unfunded liabilities	**(11,024)**	**(1,896)**	**(2,512)**	**(332)**	**(15,764)**
Expected change	(948)	906	(134)	(27)	**(203)**
Lower than expected investment returns	(326)	(83)	(56)	(31)	**(495)**
Higher than expected pension increases	(3,294)	(195)	(724)	-	**(4,214)**
Higher than expected salary increases	(12)	(156)	(20)	(40)	**(227)**
Demographic and benefit payment experience	(165)	(197)	(34)	(13)	**(410)**
Other asset experience	919	(960)	15	35	**9**
30 June 2024 unfunded liabilities on 2021 basis	**(14,849)**	**(2,582)**	**(3,465)**	**(408)**	**(21,304)**
Increase in discount rate assumption	1,592	210	478	24	**2,303**
Increase in salary increase assumption	(6)	(134)	(13)	(36)	**(189)**
Increase in pension indexation assumption	(2,117)	(159)	(593)	0	**(2,868)**
Changes in demographic assumptions	(933)	(5)	(230)	2	**(1,167)**
30 June 2024 unfunded liabilities	**(16,313)**	**(2,669)**	**(3,824)**	**(419)**	**(23,226)**

Additional Scheme-level commentary on movements

- The explanations on the previous page apply across all Schemes. We discuss below the items for which we have further Scheme level commentary.
- The salary increase experience by Scheme over the 3 years was as follows: SSS 3.2% p.a. actual; SASS 3.9% p.a. actual; PSS: 3.7% p.a. actual; and Total 3.8% p.a. actual (all compared to 2.7% p.a. expected)1.
- Scheme specific experience is generally reflective of the mix of pensioner or contributor membership and otherwise generally consistent. The differences by Scheme within other asset experience reflects the adoption of the 2021 Triennial recommendation to rebalance the crown funding plan contributions in proportion to the unfunded liabilities.
- The main items reflected in the changes in demographic assumptions are::
  - Decrease in standard pensioner mortality and applied mortality improvements from 2021 to 2024. This has increased the liability for all Schemes.
  - Decrease in male invalidity pensioner mortality and applied mortality improvements from 2021 to 2024 (male and female). This has increased the liability for all Schemes.
  - Pensioner mortality future improvements were updated to adopt 25-year mortality improvements for all future years. This has increased the liability for all Schemes.
  - Percentage married at death was decreased for males. This has decreased the liability for all Schemes.
  - More details on the demographic assumptions are set out in a later section.

Recommended contribution rates

General Government sector

Due to the impact of COVID-19, the NSW government revised the Crown Funding Plan ("CFP") in 2021. Under the new plan contributions recommenced in FY23 following a 2-year contribution holiday, targeting full funding of all General Government Sector liabilities by FY40.

Since FY23, the NSW Government has adopted a further revised CFP with contributions increased by $0.4b in FY24 and indexed at 5% until FY2040. The NSW Government will contribute $1.73b in FY25 with the total value of contributions from FY25 to FY40 currently expected to be $41.0b (nominal value). We note the Fiscal Responsibility Act 2012 has not yet been amended to reflect the new target of 2040 instead of 2030. The NSW Treasury's FY22 to FY24 Budgets have affirmed this change.

The Government's long-term funding program is projected to result in a $1.3b deficit for the General Government sector at 30 June 2040. However, it should be noted that there is significant variability in the projected funding level depending on unfolding experience (e.g. investment returns).

We recommend that the current Crown funding plan is maintained and that STC continue to review the funding position annually and adjust as necessary. We also recommend rebalancing the Crown funding plan contributions by Scheme so that they are in line with the proportions of the General Government Sector employer unfunded liabilities: SASS 12.2%, SSS 66.6%, PSS 19.0% and SANCS 2.2%.

Non-Crown General Government Sector employers are assumed to continue to contribute at recent levels of contributions.

Individual funding plans for Non-Crown General Government Sector employers were reviewed as at 30 June 2024 and recommendations were provided separately in October 2024.

Universities

The Commonwealth and NSW Governments entered into a Memorandum of Understanding (MoU) in December 2014 to provide financial assistance for the unfunded superannuation liabilities of the NSW Universities.

Under the agreement the Commonwealth and NSW Governments have agreed to assist the universities with their unfunded superannuation liabilities through the provision of funds on a 78/22 per cent basis. The universities will continue to contribute at their current rate of 17% of salaries per annum and further additional contributions in respect of 'Excess salaries' as set out in the MoU.

The Commonwealth and NSW Governments will make payments to the Fund on a pay-as-you-go basis with the aim of maintaining a one-year asset buffer at all times to meet expected benefit payments.

We note University of NSW (UNSW) Australian Defence Force Academy (ADFA) made a top-up contribution of approximately $58m in 2021 to pre-fund all of ADFA's past and future service liabilities.

Public Trading Enterprises and other employers

Funding plans for each of these employers are reviewed annually. Individual employer funding plans were reviewed as at 30 June 2024 and recommendations were provided separately in October 2024.

Valuation assumptions

An experience review was carried out and reported on separately in order to inform the economic and demographic assumptions for the 2024 triennial valuation, which are set as a best estimate. The review considered the current long-term market outlook for future investment returns and CPI increases, actual vs expected experience for the Fund over recent years, and broader superannuation industry practices and research.

The economic assumptions, together with those from the 2023 annual valuation and the previous triennial valuation are summarised below:

Assumption	30 June 2021 Triennial Valuation	30 June 2023 AASB 1056 valuation	30 June 2024 Triennial Valuation
Discount rate			
Non-pensioner (taxed)	5.7% p.a.	6.2% p.a.	**6.2% p.a.**
Pensioner (untaxed)	6.5% p.a.	7.0% p.a.	**7.0% p.a.**
Rate of CPI increase			
Short term	1% for FY2021	6.65% for FY2023, 3.50% for FY2024, 3.00% for FY2025	**3.7% p.a. for FY2024**
Long term	2.0% p.a.	2.5% p.a.	**2.5% p.a.**
Untaxed gap (pensioner discount rate less CPI)	4.5% p.a.	4.5% p.a.	**4.5% p.a.**
General salary increases			
Short term	2.7% p.a. to FY2026	4.45% for FY2024, 2.95% for FY2025, 2.74% for FY2026	**4.56% for FY2025, 3.80% for FY2026, 3.78% for FY2027, 3.80% for FY2028**
Long term	3.2% p.a.	3.2% p.a.	**3.7% p.a.**
Expenses	1.0% of benefit payments		**0.85% of benefit payments**

In terms of the economic assumptions, the key driver of the valuation is the difference between the discount rate and CPI increases.

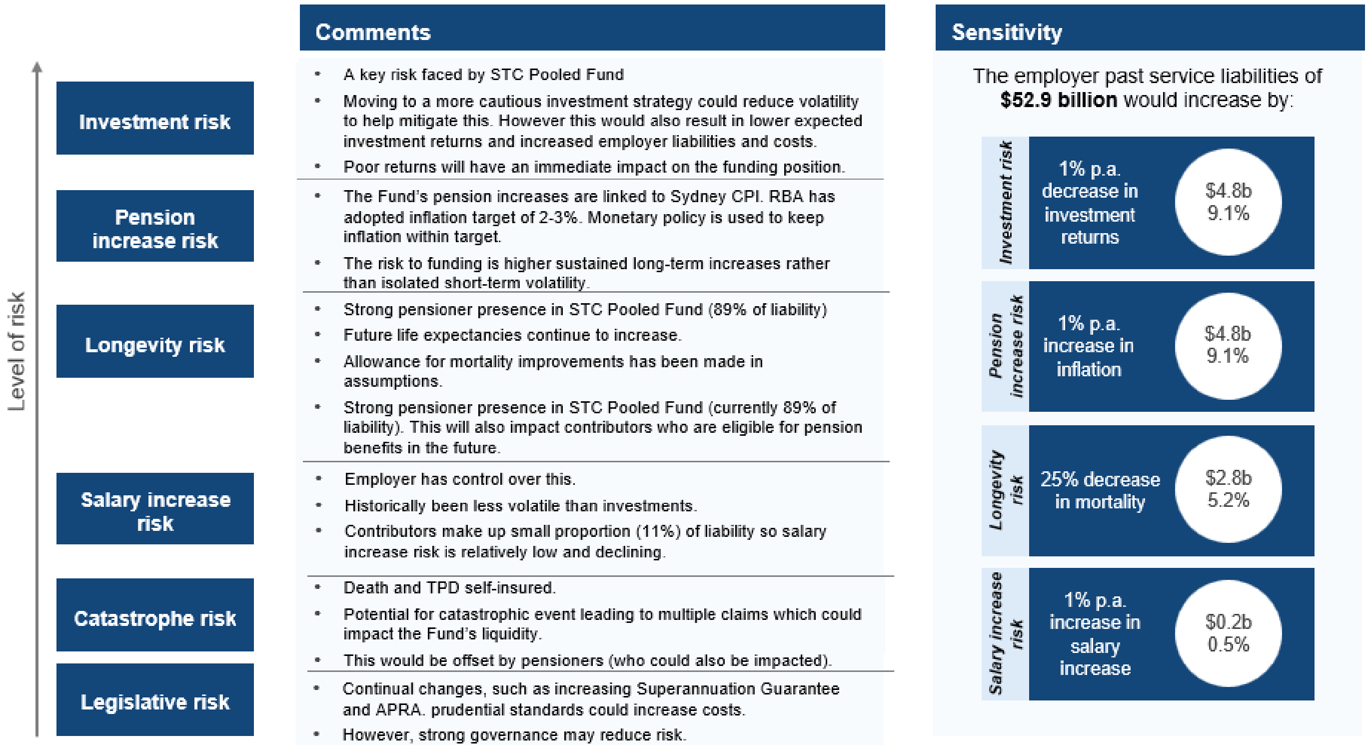
The table below shows the key demographic assumptions as well as brief commentary on some of the recent experience seen:

Assumption	2024 Triennial valuation changes
Standard Pensioner Mortality (All Schemes)	Decrease mortality assumptions for males aged between 67 and 89 inclusive and for females for all ages up to age 99.
Invalidity Pensioner Mortality (All Schemes)	Decrease mortality assumption for males across all ages until age 99. Maintain 2021 valuation assumptions for females.
Future pensioner mortality improvements (All Schemes)	Utilise 25-year short-term mortality improvement factors from ALT 2015-17 for all future years. Previously, short-term (25-year) mortality improvement factors were used for 6 years followed by long-term (125 year) mortality improvement factors.
Pension take up rate (SASS Contributors)	Increase the percentage take up rate for SASS contributors who are eligible for pension experience to align with experience.
Pension Commutation rate (SSS members)	Decrease the commutation rate for original pensioner and spouse pensioner in line with experience.
Percentage Married at Death (All Schemes)	Decrease percentage married at death for males in line with experience.
Female spouse age difference (All Schemes)	Update assumption for females to be 1 year younger than their spouse.
Standard retirement and HoD rates (PSS contributors)	Increase Hurt on Duty invalidity retirements and decrease standard retirement rates in line with experience.
Retirement rates (SASS deferreds)	Decrease retirement rates for SASS deferreds in line with experience.

The demographic assumption changes above resulted in a $1.2b increase in the employer past service liabilities of $52.9b.

Risks and sensitivities

A description of key risks as faced by the STC Pooled Fund as well as sensitivity results which highlight the possible impact of changes in assumptions in these areas are shown below.



The largest risks relate to investment risk and pension increase risk. Note that the sensitivities shown above reflect a possible alternative assumption rather than the size of the risk itself.

Further details of the sensitivity results by Scheme are shown below:

Employer Past Service Liabilities ($m)	SSS	SASS	PSS	SANCS	Total
Central assumptions	**36,883**	**6,407**	**8,554**	**1,090**	**52,934**
Investment return / Discount rate plus 1% (central assumption 7.0% p.a. / 6.2% p.a.) [1]	34,010 (-2,874 or -7.8%)	6,025 (-382 or -6.0%)	7,718 (-836 or -9.8%)	1,047 (-43 or -3.9%)	**48,800 (-4,134 or -7.8%)**
Investment return / Discount rate minus 1% (central assumption 7.0% p.a. / 6.2% p.a.) [1]	40,205 (+3,322 or +9.0%)	6,841 (+434 or +6.8%)	9,554 (+1,000 or +11.7%)	1,136 (+46 or +4.2%)	**57,736 (+4,802 or +9.1%)**
CPI increases plus 1% (central assumption 2.5% p.a.)	40,405 (+3,522 or +9.5%)	6,680 (+273 or +4.3%)	9,597 (+1,043 or +12.2%)	1,090 (+0 or +0.0%)	**57,772 (+4,838 or +9.1%)**
CPI increases minus 1% (central assumption 2.5% p.a.)	33,800 (-3,084 or -8.4%)	6,171 (-236 or -3.7%)	7,672 (-882 or -10.3%)	1,090 (-0 or -0.0%)	**48,732 (-4,202 or -7.9%)**
25% decrease in mortality (+1.9 years) (central assumption consistent with a life expectancy of 90.2 for a 65 year old) [2]	39,110 (+2,227 or +6.0%)	6,545 (+138 or +2.2%)	8,949 (+395 or +4.6%)	1,090 (+0 or +0.0%)	**55,694 (+2,760 or +5.2%)**
25% increase in mortality (-1.5 years) (central assumption consistent with a life expectancy of 90.2 for a 65 year old) [3]	35,157 (-1,726 or -4.7%)	6,298 (-109 or -1.7%)	8,239 (-315 or -3.7%)	1,090 (+0 or +0.0%)	**50,784 (-2,150 or -4.1%)**
Salary increases plus 1% (central assumption 4.56% / 3.80% / 3.78% / 3.80% / 3.7% p.a.) [4]	36,889 (+6 or +0.0%)	6,584 (+177 or +2.8%)	8,568 (+14 or +0.2%)	1,137 (+47 or +4.3%)	**53,179 (+245 or +0.5%)**
Salary increases minus 1% (central assumption 4.56% / 3.80% / 3.78% / 3.80% / 3.7% p.a.) [4]	36,877 (-6 or -0.0%)	6,241 (-166 or -2.6%)	8,540 (-14 or -0.2%)	1,045 (-45 or -4.1%)	**52,703 (-231 or -0.4%)**

[1] Central assumption for discount rate is 7.0% p.a. for all pensioners / 6.5% p.a. for other members

[2] Assumes 25% decrease in base mortality assumption and applies mortality improvement factors for all future years in line with 2024 experience review. This results in 1.9 years increase in life expectancy for a 65-year-old.

[3] Assumes 25% increase in base mortality assumption and applies mortality improvement factors for all future years in line with 2024 experience review. This results in 1.5 years decrease in life expectancy for a 65-year-old

[4]Central assumption 4.56% for FY2025, 3.80% for FY2026, 3.78% for FY2027, 3.80% for FY2028 and 3.7% p.a. thereafter.

The changes in each row above are applied individually, while leaving the other assumptions unchanged.

Membership

The table below shows the STC Pooled Fund membership by Scheme and member type, and compares it with the membership at 2021. The total membership in the table below is based on the total of the SSS, SASS and PSS memberships. Contributor and deferred members in these Schemes are generally also members of SANCS (see note 4 below for more details).

Scheme	30 June 2024[1]				30 June 2021			
	Contributors	Deferred	Pensioners	Total	Contributors	Deferred	Pensioners	Total
SSS	519	384[2]	52,954[3]	53,857	1,310	584[2]	54,755[3]	56,649
SASS	9,838	7,083	5,101	22,022	15,100	8,559	4,811	28,470
PSS	251	41	6,733	7,025	538	61	6,731	7,330
SANCS	10,608	7,393	-	18,001	16,948	9,084	-	26,032
Total[4]	**10,608**	**7,508**	**64,789**	**82,905**	**16,948**	**9,204**	**66,297**	**92,449**

[1] 2024 membership based on 30 April 2024 administrative data, projected to 30 June 2024 (as such, figures may differ slightly to Annual Accounts). Contributory and deferred members are also generally in SANCS.

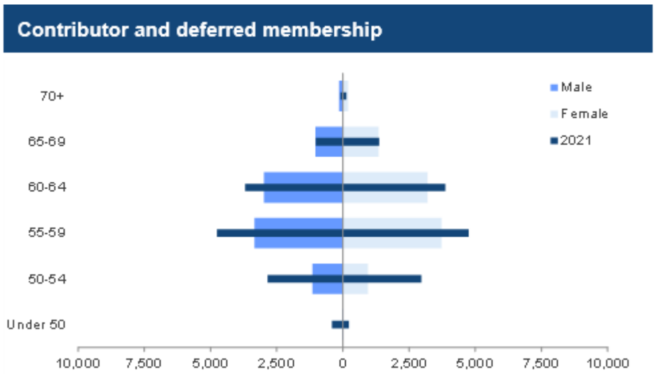
[2] SSS deferreds who are currently receiving pension payments have been excluded from deferreds and included in pensioners. There were 236 such members in 2024 and 368 in 2021.

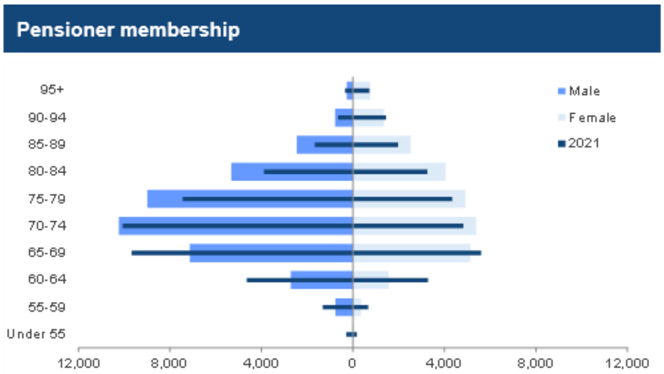
[3] Excludes SSS fully commuted pensioners who are not currently in receipt of a pension payment. The spouses of these fully commuted pensioners are eligible for a reversionary pension and the past service liabilities for SSS include a liability provision for these spouse reversions. There were 14,158 such pensioners in 2024 and 16,217 in 2021.

[4] As noted above this total is based on the total of the SASS, SSS and PSS memberships. All SASS, SSS and PSS contributors are also members of SANCS (with the exception of Sydney Grammar). There are no SANCS contributory members who are not members of SASS, SSS or PSS. Nearly all of the SASS, SSS and PSS deferred members are also deferred members of SANCS. Thus the totals have been determined as the sum of SASS, SSS and PSS only.

The total membership has decreased by 10.3% from 92,449 to 82,904. Contributor membership has decreased by 37.5% from 16,948 to 10,608 which reflects the fact that the Fund is closed, and members are leaving.

The charts below show an age profile of the combined contributor and deferred membership (18,116 people) and of the pensioner membership (64,789 people). The average age for both groups has increased since 2021, from 58.1 to 59.4 for contributors, and from 72.9 to 74.9 for pensioners.





This page is intentionally left blank

7. Financial statements of the SAS Trustee Corporation

This page is intentionally left blank

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the SAS Trustee Corporation (the Corporation), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows of the Corporation and the consolidated entity.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

The Trustee Board's Responsibilities for the Financial Statements

The Trustee Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulation and Treasurer's Directions. The Trustee Board's responsibility also includes such internal control as the Trustee Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee Board is responsible for assessing the Corporation and consolidated entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation and the consolidated entity carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Weini Liao
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

12 September 2024
SYDNEY

SAS TRUSTEE CORPORATION

ABN 29 239 066 746

Statement by the Accountable Authority
for the year ended 30 June 2024

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* and in accordance with a resolution of the Board of the SAS Trustee Corporation, we state that in our opinion the financial statements:

1. present fairly the financial position of the SAS Trustee Corporation as at 30 June 2024, the financial performance and cash flows for the year then ended, and

2. have been prepared in accordance with the Australian Accounting Standards including Australian Accounting Interpretations, and other mandatory and statutory reporting requirements, including the applicable requirements of the *Government Sector Finance Act 2018*, the Government Sector Finance Regulation 2024 and the Treasurer's Directions.

Signed at Sydney this 10th day of September 2024.

Nicholas Johnson
Chair of the Board
SAS Trustee Corporation

Catherine Bolger
Board Member and Chair of the Risk, Audit and Compliance Committee
SAS Trustee Corporation

Consolidated Statement of Comprehensive Income for the year ended 30 June 2024	**Note**	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000	**Parent Entity 2024 $'000**	Parent Entity 2023 $'000
Revenue					
Operating Revenue	3	**40,083**	38,888	**35,944**	35,596
Expenses					
Operating Expenses	3	**(39,702)**	(39,211)	**(35,554)**	(35,531)
Finance Costs	3	**(390)**	(65)	**(390)**	(65)
Net Result		**(9)**	(388)	**-**	-
Other Comprehensive Income					
Items that will not be reclassified into Net Result in subsequent periods:					
Net superannuation actuarial re-measurement gains	13	**9**	388	**-**	-
Total Other Comprehensive Income		**9**	388	-	-
Total Comprehensive Income		**-**	-	**-**	-

The accompanying notes form an integral part of the above Consolidated Statement of Comprehensive Income

Consolidated Statement of Financial Position as at 30 June 2024	Note	Economic Entity 2024 $'000	Economic Entity 2023 $'000	Parent Entity 2024 $'000	Parent Entity 2023 $'000
Current Assets					
Cash and Cash Equivalents		**4,462**	8,295	**4,462**	8,295
Receivables	4	**4,875**	5,012	**4,875**	5,012
Other Current Assets		**1,221**	442	**1,221**	442
Total Current Assets		**10,558**	13,749	**10,558**	13,749
Non-Current Assets					
Right-of-Use Assets	5	**8,563**	2,564	**8,563**	2,564
Plant and Equipment	9	**560**	371	**560**	371
Total Non-Current Assets		**9,123**	2,935	**9,123**	2,935
Total Assets		**19,681**	16,684	**19,681**	16,684
Current Liabilities					
Payables	6	**6,060**	9,676	**7,388**	10,787
Lease Liabilities	7	**1,846**	1,467	**1,846**	1,467
Provisions	8	**3,952**	3,605	**3,137**	2,981
Total Current Liabilities		**11,858**	14,748	**12,371**	15,235
Non-Current Liabilities					
Lease Liabilities	7	**7,246**	1,399	**7,246**	1,399
Provisions	8	**577**	537	**64**	50
Total Non-Current Liabilities		**7,823**	1,936	**7,310**	1,449
Total Liabilities		**19,681**	16,684	**19,681**	16,684
Net Assets		**-**	-	**-**	-
Equity					
Accumulated Funds		**-**	-	**-**	-
Total Equity		**-**	-	**-**	-

The accompanying notes form an integral part of the above Consolidated Statement of Financial Position

Consolidated Statement of Changes in Equity for the year ended 30 June 2024	Note	Economic Entity 2024 $'000	Economic Entity 2023 $'000	Parent Entity 2024 $'000	Parent Entity 2023 $'000
Balance at 1 July		**-**	-	**-**	-
Net Result for the year		**(9)**	(388)	**-**	**-**
Other Comprehensive Income					
Net superannuation actuarial re-measurement gains	13	**9**	388	-	**-**
Total Other Comprehensive Income		**9**	388		
Total Comprehensive Income for the year		**-**	-	**-**	**-**
Balance at 30 June		**-**	-	**-**	-

The accompanying notes form an integral part of the above Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows for the year ended 30 June 2024	**Note**	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000	**Parent Entity 2024 $'000**	Parent Entity 2023 $'000
Cash Flows from Operating Activities					
Receipts from SAS Trustee Corporation Pooled Fund		**40,288**	39,554	**36,149**	36,262
Interest Received		**323**	224	**323**	224
Payments to Suppliers and Employees		**(42,469)**	(33,880)	**(38,330)**	(30,588)
Net Cash Flows from Operating Activities	14	**(1,858)**	5,898	**(1,858)**	5,898
Cash Flows from Investing Activities					
Purchases of plant and equipment		**(378)**	(410)	**(378)**	(410)
Net Cash Flows from Investing Activities		**(378)**	(410)	**(378)**	(410)
Cash Flows from Financing Activities					
Payments of the principal portion of Lease Liabilities		**(1,597)**	(1,303)	**(1,597)**	(1,303)
Net Cash Flows from Financing Activities		**(1,597)**	(1,303)	**(1,597)**	(1,303)
Net Increase/(Decrease) in Cash & Cash Equivalents		**(3,833)**	4,185	**(3,833)**	4,185
Opening Cash & Cash Equivalents		**8,295**	4,110	**8,295**	4,110
Closing Cash & Cash Equivalents		**4,462**	8,295	**4,462**	8,295

The accompanying notes form an integral part of the above Consolidated Statement of Cash Flows

Notes to the Financial Statements
for the year ended 30 June 2024

1. OPERATIONS

Under the terms of the *Superannuation Administration Act 1996* (the Act), the SAS Trustee Corporation (STC) is trustee for all assets of the SAS Trustee Corporation Pooled Fund ("the Pooled Fund"). STC is economically dependent on the Pooled Fund. STC is a statutory body and a NSW Government Agency domiciled and incorporated in NSW Australia. Its registered address is Level 21, 83 Clarence Street, Sydney, NSW, 2000.

Scheme administration services for the Pooled Fund are carried out by Mercer Administration Services (Mercer Administration). Mercer Administration charges fees for the services it provides.

The Pooled Fund is a separate reporting entity for accounting and taxation purposes.

The STC Staff Agency provides personnel services to STC and the Pooled Fund and is wholly owned by STC. The STC Economic Entity includes all transactions of STC and the STC Staff Agency. The principles of consolidation are described in note 2(b) below. STC is consolidated as part of the NSW Total State Sector Accounts.

2. STATEMENT OF MATERIAL ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Preparation

The financial statements are general purpose financial statements and are prepared in accordance with;

- the *Government Sector Finance Act 2018*
- the Government Sector Finance Regulation 2024
- the Treasurer's Directions, and
- Australian Accounting Standards and Interpretations.

Both the Economic Entity and the Parent Entity are not-for-profit entities.

The financial statements are prepared using the accrual basis of accounting.

The financial statements items are prepared in accordance with the historical cost convention, except where specified otherwise.

The accounting policies adopted in preparing the financial statements have been consistently applied during the year, unless otherwise stated. All amounts are expressed in Australian dollars and rounded to the nearest thousand dollars.

The financial statements are prepared on the basis that the economic entity will continue to operate as a going concern.

The financial statements were authorised for issue by the Trustee Board on 10th September 2024.

Notes to the Financial Statements
for the year ended 30 June 2024

2. STATEMENT OF MATERIAL ACCOUNTING POLICIES (Continued)

b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and the operating results of the Parent Entity (STC) and its controlled entity, the STC Staff Agency.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

The Parent Entity and its controlled entity are referred to in these financial statements as the "Economic Entity". The STC Staff Agency is exempted from preparing separate financial statements under the Government Sector Finance Regulation 2024.

c) Revenue Recognition

In accordance with AASB 15 *Revenue from Contracts with Customers,* revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received for the rendering of services.

Management fees are the reimbursement from the Pooled Fund for all costs relating to scheme administration and management incurred by STC and comprise of the direct expenses of the Parent Entity and administration fees from Mercer Administration. Under the terms of the Act, STC must recover the costs it incurs from the Pooled Fund. Revenue from rendering of services is recognised when STC satisfies the performance obligation by transferring the promised services.

d) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank, which are subject to an insignificant risk of changes in value.

For the purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash as defined above.

e) Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities. The instruments include cash at bank, receivables and payables. All classes of instruments are initially recorded at cost and receivables and payables are subsequently measured at amortised cost. As such, inputs for valuing the receivables and payables are not based on observable market data. Such measurement provides a reliable estimate of the instrument.

Notes to the Financial Statements
for the year ended 30 June 2024

2. STATEMENT OF MATERIAL ACCOUNTING POLICIES (Continued)

f) Income Tax

STC is exempt from income tax under the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*.

g) Goods and Services Tax (GST)

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

- amount of GST incurred by the entity as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

h) Leases

The Trustee assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Right-of-use assets
The Trustee recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment on an annual basis.

(ii) Lease liabilities
At the commencement date of the lease, the Trustee recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the entity uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The entity applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Financial Statements
for the year ended 30 June 2024

2. STATEMENT OF MATERIAL ACCOUNTING POLICIES (Continued)

i) Plant and equipment

Plant and equipment comprising leasehold improvements, office furniture and equipment and computer hardware are stated at cost less accumulated depreciation and impairment which approximates fair value. Cost includes expenditure that is directly attributable to the acquisition or construction of the item.

Depreciation is calculated on a straight-line-basis, from the date the assets are commissioned, over their estimated useful lives as follows:

- Leasehold improvements – the shorter of the contractual term of the lease or economic useful life of the assets.
- Furniture and Equipment - two years.

j) New Accounting standards and interpretations

Australian Accounting Standards and Interpretations that became effective for the first time for the Trustee for the annual reporting period ended 30 June 2024 and their impact on the financial statements is outlined below.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
The standard is effective for the year ended 30 June 2024. The amendments provide a definition of and clarifications on accounting estimates and clarifies the concept of materiality in the context of disclosure of accounting policies. The adoption of the amendments resulted in updates to accounting policy disclosures.

k) Accounting standards issued but not yet effective

AASB 18 Presentation and Disclosure in Financial Statements
The standard is effective for the year ended 30 June 2028. AASB 18 will replace AASB 101 Presentation of Financial Statements. AASB 18 will impact the presentation and disclosure of the financial statements. The key presentation and disclosure requirements established by AASB 18 that will impact the financial reporting requirements are to classify income and expenses into operating, investing, and financing categories in the statement of comprehensive income as well as enhanced requirements for grouping of information. No material changes to these financial statements are expected.

Also to note that STC has not early adopted any new accounting standards, amendments, and interpretations in compliance with NSW Treasury Policy and Guidelines 24-06 “Mandates of options and major policy decisions under Australian Accounting Standards”.

l) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparatives have been restated to improve the presentation.

m) Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements for the year ended 30 June 2024. The defined benefit superannuation liabilities have been actuarially determined. The key assumptions are disclosed in note 13.

Notes to the Financial Statements
for the year ended 30 June 2024

3. OPERATING RESULT	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000	**Parent Entity 2024 $'000**	Parent Entity 2023 $'000
Revenue				
Management Fees	**38,959**	38,280	**34,820**	34,988
Interest revenue	**323**	224	**323**	224
Other revenue	**801**	384	**801**	384
Total Revenue	**40,083**	38,888	**35,944**	35,596
Overheads, Executive and Board Expenses				
Employee Related Expenses	**9,778**	8,805		
Superannuation	**993**	933		
Total Employee Expenses	**10,771**	9,738	**6,623**	6,058
Depreciation Expenses	**1,808**	1,468	**1,808**	1,468
Other Overhead Expenses	**2,821**	2,197	**2,821**	2,197
Board Expenses	**698**	660	**698**	660
Total Overheads, Executive and Board Expenses	**16,098**	14,063	**11,950**	10,383
Fund Expenses				
Scheme Administration Fees	**19,327**	20,111	**19,327**	20,111
Regulatory, Governance & Process Improvement Initiatives	**963**	1,475	**963**	1,475
Professional Fees*	**2,624**	2,732	**2,624**	2,732
Other Administration Fees	**690**	830	**690**	830
Total Fund Expenses	**23,604**	25,148	**23,604**	25,148
Total Operating Expenses	**39,702**	39,211	**35,554**	35,531
Finance Costs				
Interest expense on Lease Liabilities	**390**	65	**390**	65
Total Finance Costs	**390**	65	**390**	65
Net Result	**(9)**	(388)	-	-

* External audit fees of $27,550 (2023: $26,250) in relation to the audit of the financial statements for STC is included in the Professional Fees.

Notes to the Financial Statements
for the year ended 30 June 2024

4. RECEIVABLES	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000	**Parent Entity 2024 $'000**	Parent Entity 2023 $'000
Current				
Receivables from Pooled Fund	**2,576**	3,045	**2,576**	3,045
Reimbursement of Investment Expenses	**2,067**	1,621	**2,067**	1,621
GST Receivables	**232**	346	**232**	346
	4,875	5,012	**4,875**	5,012

5. RIGHT-OF-USE ASSETS	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000	**Parent Entity 2024 $'000**	Parent Entity 2023 $'000
Non-current				
Office Leases	**8,563**	2,564	**8,563**	2,564
	8,563	2,564	**8,563**	2,564

The entity has recognised right-of-use assets and associated lease liabilities (note 7) for its business premises. The discount rate in the range of 3.70% to 4.10% (FY 2023: 0.94% to 3.70%) were adopted as published by NSW Treasury for agencies that do not borrow from the market. The rates are updated bi-annually on 1 January and 1 July, for new leases (including replacement leases), applicable lease liability re-assessment and lease modifications. No impairment recognised during the year and the comparative year.

Right-of-Use Assets	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000	**Parent Entity 2024 $'000**	Parent Entity 2023 $'000
Premises				
As at 1 July	**2,564**	3,037	**2,564**	3,037
Addition	**8,293**	956	**8,293**	956
Lease surrender	**(675)**	-	**(675)**	-
Depreciation expense	**(1,619)**	(1,429)	**(1,619)**	(1,429)
As at 30 June	**8,563**	2,564	**8,563**	2,564

6. PAYABLES	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000	**Parent Entity 2024 $'000**	Parent Entity 2023 $'000
Current				
Administration Fees Payables	**1,645**	5,217	**1,645**	5,217
Investment Expenses Payables	**3,482**	3,424	**3,482**	3,424
Trustee Related Expenses Payables	**933**	1,035	**933**	1,035
Intercompany Payable – STC Staff Agency	**-**	-	**1,328**	1,111
	6,060	9,676	**7,388**	10,787

All payables are non-interest bearing and generally short-term in nature.

Notes to the Financial Statements
for the year ended 30 June 2024

7. LEASE LIABILITIES	Economic Entity 2024 $'000	Economic Entity 2023 $'000	Parent Entity 2024 $'000	Parent Entity 2023 $'000
Current				
Office Leases	**1,846**	1,467	**1,846**	1,467
	1,846	1,467	**1,846**	1,467
Non-current				
Office Leases	**7,246**	1,399	**7,246**	1,399
	7,246	1,399	**7,246**	1,399

Lease Liabilities	Economic Entity 2024 $'000	Economic Entity 2023 $'000	Parent Entity 2024 $'000	Parent Entity 2023 $'000
Premises				
As at 1 July	**2,866**	3,148	**2,866**	3,148
Addition	**8,293**	956	**8,293**	956
Lease surrender	**(860)**	-	**(860)**	-
Interest expense	**390**	65	**390**	65
Lease Payments	**(1,597)**	(1,303)	**(1,597)**	(1,303)
As at 30 June	**9,092**	2,866	**9,092**	2,866

Future Lease Payments	Economic Entity 2024 $'000	Economic Entity 2023 $'000	Parent Entity 2024 $'000	Parent Entity 2023 $'000
Premises				
Within one year	**1,921**	1,484	**1,921**	1,484
Later than one year and not later than five years	**8,323**	1,118	**8,323**	1,118
Later than five years	**-**	418	**-**	418
Total	**10,244**	3,020	**10,244**	3,020

Notes to the Financial Statements
for the year ended 30 June 2024

8. PROVISIONS	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000	**Parent Entity 2024 $'000**	Parent Entity 2023 $'000
Current				
Trustee Related Expenses Provisions	**1,228**	1,280	**1,228**	1,280
Employee Benefits				
- Annual Leave	**1,400**	1,298	**901**	931
- Long Service Leave	**1,324**	1,027	**1,008**	770
	3,952	3,605	**3,137**	2,981
Non-current				
Employee Benefits				
- Long Service Leave	**143**	111	**64**	50
Defined Benefit Superannuation Fund (refer Note 13)				
- State Superannuation Scheme (SSS)	**434**	426	**-**	-
	577	537	**64**	50

Movement in Provisions	Economic and Parent Entity	Economic Entity	Parent Entity	Economic Entity
	Trustee Related Expenses	Employee Benefits		DB Superannuation Fund
	2024 $'000			
Carrying amount at the beginning of the period	**1,280**	**2,436**	**1,751**	**426**
Additions	**899**	**1,169**	**735**	**8**
Amount used	**(951)**	**(738)**	**(513)**	-
Carrying amount at the end of the period	**1,228**	**2,867**	**1,973**	**434**

Employee Benefits and related on-costs

Salaries and wages, annual leave and sick leave
Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Notes to the Financial Statements
for the year ended 30 June 2024

8. PROVISIONS (Continued)

Employee Benefits and related on-costs (Continued)

Long service leave

The unconditional entitlements to long service leave (where employees have completed the required period of service or where employees are entitled to pro-rata payments in certain circumstances) are presented as current liabilities. The entity does not have an unconditional right to defer settlement for any of these obligations. However, based on experience, the entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The liability for employee benefits relating to long service leave is measured at their discounted value using the risk-free rate mandated by NSW Treasury. Such measurement provides a reliable estimate of the liability.

Superannuation

The Economic Entity participates in the State Superannuation Scheme (SSS) closed defined benefit superannuation scheme for some of its past employees. For the purposes of determining the level of funding of the defined benefits superannuation liability, *AASB 119 Employee Benefits* requires the amount of accrued liabilities to be determined based on the present value of expected future payments which arise from membership of the Fund up to the measurement date. This is determined by the application of the Government Bond Rate (provided by NSW Treasury) as the discount rate, and other relevant actuarial assumptions (refer to note 13).

Any unfunded superannuation liability is recognised as a liability in the Statement of Financial Position and amounts representing pre-paid superannuation contributions are recognised as an asset. For the year ended 30 June 2024 the *AASB119 Employee Benefits* unfunded liability was $434,000.
In compliance with *AASB 119 Employee Benefits* requirements, any actuarial gains and losses arising from changes to demographic assumptions, financial assumptions, and liability experience, are recognised in comprehensive income in the year in which the gain or loss occurs (refer to note 13).

Contributions made to superannuation funds are charged against the operating result.

9. Plant and Equipment	Economic and Parent Entity					
	Leasehold Improvements		Furniture and Equipment		Total Plant and Equipment	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Opening	**333**	-	**77**	-	**410**	-
Opening accumulated depreciation	**(13)**	-	**(26)**	-	**(39)**	-
Opening carrying amount	**320**	**-**	**51**	**-**	**371**	**-**
Changes during the year						
Additions	**125**	333	**253**	77	**378**	410
Depreciation expense	**(103)**	(13)	**(86)**	(26)	**(189)**	(39)
Closing carrying amount	**22**	320	**167**	51	**189**	371
Closing	**458**	333	**330**	77	**788**	410
Closing accumulated depreciation	**(116)**	(13)	**(112)**	(26)	**(228)**	(39)
Carrying amount at year end	**342**	320	**218**	51	**560**	371

Notes to the Financial Statements
for the year ended 30 June 2024

10. FAIR VALUE AND FINANCIAL RISKS

STC is exposed to minimal financial risk as its governing legislation permits STC to recover all its costs from the Pooled Fund.

11. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION

The following were key management personnel of the STC Economic Entity during the year and the comparative year.

Non-executive Trustees

Ms C Austin
Ms C Bolger
Mr A Claassens
Mr T Costa (term commenced 13 February 2023)
Mr N Johnson
Ms C Keating (term completed 31 October 2022)
Mr S Little (term completed/resigned 1 December 2022)
Mr R Mason (term commenced 1 November 2022)
Mr T O'Grady
Ms L Rasmussen (term completed 11 March 2024, and re-appointed 3 May 2024)
Ms C Yuncken

Executive Officers

Mr J Hazell
Mr J Livanas
Mr J Narayan
Mr A Parapuram
Mr N Patel
Ms K Pratt
Ms N Siratkov
Mr C Wu

The key management personnel compensation in relation to services to STC is as follows	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000
Board member compensation	**557**	524
Short-term employee benefits	**3,157**	2,998
Other long-term employee benefits	**6**	4
	3,720	3,526

12. RELATED PARTY INFORMATION

a) The following Board Member was a member of the Fund schemes during the reporting period or up to the date of the financial statements (including comparative year): A Claassens. His membership terms and conditions were the same as those applied to other members of the Fund schemes.

b) For other related party transactions, STC has receivables from SAS Trustee Corporation Pooled Fund of $2,576,000 (2023: $3,045,000) refer to note 4 and payables to STC Staff Agency of $1,328,000 (2023: $1,111,000) refer to note 6.

c) STC leases office space at 83 Clarence Street, Sydney on normal commercial terms from the Fund which owns the building. Refer to note 7 outlining lease payments made during the year which were fully reimbursed by the Fund.

d) Directors are required to advise the Board on an ongoing basis of any interest they believe could conflict with State Super's interests. If a potential conflict does arise, either the director concerned may choose not to, or the Board may decide that he or she should not, receive documents or take part in Board discussions while the matter is being considered. Conflicts of interest, including related party transactions, are a standing agenda item and are considered by the Board at each Board meeting.

Notes to the Financial Statements
for the year ended 30 June 2024

12. RELATED PARTY INFORMATION (Continued)

e) Mr R Mason was appointed to the Board on 1 November 2022, whilst a partner of Deloitte Australia. Deloitte Australia were the supplier of internal audit services from August 2018 until their tenure completed with effect from 25 July 2023. During their tenure controls and governance were in place to manage any conflicts of interest. Mr R Mason resigned from the Deloitte partnership on 31 December 2023. Following a tender process, BDO Australia were appointed as supplier of internal audit services with effect from 1 September 2023.

13. SUPERANNUATION

The Economic Entity participates in the State Superannuation Scheme (SSS) closed defined benefit superannuation scheme for some of its past employees.

The scheme is a defined benefit scheme, whereby the benefit on retirement is directly related to a members' unit entitlement as dictated by their final salary. Members receive a pension on retirement and disablement. Upon death, there is provision for a reversionary pension benefit to an eligible spouse. If a member elects payment of a withdrawal benefit, this is paid as a lump sum and there is no further benefit payable.

The SSS scheme is closed to new members.

Description of risks

There are a number of risks to which the Fund exposes STC as a participating employer. The more significant risks relating to the defined benefits are;

- investment risk - The risk that investment returns will be lower than assumed and the participating employer will need to increase contributions to offset this shortfall
- longevity risk – The risk that pensioners live longer than assumed, increasing future pensions
- salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional contributions from the participating employer
- CPI risk – The risk that CPI will be higher than assumed, increasing CPI related pension payments
- legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no Fund amendments, curtailments or settlements during the year.

Net defined benefit liability movement

The Scheme actuary calculates the defined benefit obligations based on two separate methodologies, an Accounting basis and the Funding basis:

- Under the Accounting basis *AASB 119* (used for financial reporting purposes), the Scheme's actuary determines the present value of the defined benefit obligations by discounting the future benefits payable to members at the yield on high quality government bonds of a similar maturity at the end of the reporting period.
- Under the Funding basis *AASB 1056*, the Scheme's actuary determines the value of the accrued benefits as the value of future benefits payable to members (allowing for future salary increases), discounted using the expected rate of return on the assets to fund the benefits.

Notes to the Financial Statements
for the year ended 30 June 2024

13. SUPERANNUATION (Continued)

The Funding basis is used to determine the level of employer contributions needed to be provided by each employer to meet the defined benefit obligations. For the year ended 30 June 2024, in accordance with *AASB 1056* the economic entity as a participating employer has met in full its funding contribution rates for its past employees as determined by the Fund Trustee.

The *AASB 1056* surplus will be higher than the *AASB 119* net defined benefit asset recognised in the Statement of Financial Position, because the expected after-tax rate of return on Fund assets is typically higher than the long-term government bond rate.

The following information has been prepared by the Scheme actuary under the Accounting basis ***AASB 119 Employee Benefits***.

Reconciliation of the Net Defined Benefit Liability/(Asset)

SSS	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000
Net Defined Benefit Liability/(Asset) at start of year	**426**	785
Current service cost	**-**	-
Net interest on the net defined benefit liability/(asset)	**17**	29
Past service cost	**-**	-
(Gains)/losses arising from settlements	**-**	-
Actual returns on Fund assets less interest income	**(174)**	(300)
Actuarial (gains)/losses arising from changes in demographic assumptions	**286**	-
Actuarial (gains)/losses arising from changes in financial assumptions	**(102)**	(157)
Actuarial (gains)/losses arising from liability experience	**(19)**	69
Adjustment for effect of asset ceiling	**-**	-
Employer contributions	**-**	-
Net Defined Benefit Liability/(Asset) at end of year	**434**	426

The Superannuation actuarial re-measurement gain of $9,000 (2023 gain of $388,000) comprises of actuarial gains/losses arising from changes to actual returns on Fund assets, financial assumptions and liability experience.

This amount is disclosed under Other Comprehensive Income in compliance with *AASB119* requirements.

Notes to the Financial Statements
for the year ended 30 June 2024

13. SUPERANNUATION (Continued)

Reconciliation of the fair value of Fund assets

SSS	Economic Entity 2024 $'000	Economic Entity 2023 $'000
Fair value of Fund assets at beginning of the year	**5,551**	5,405
Interest income	**218**	192
Actual return on Fund assets less interest income	**174**	300
Employer contributions	**-**	-
Contributions by participants	**-**	-
Benefits paid	**(397)**	(374)
Taxes, premiums and expenses paid	**30**	28
Transfers in	**-**	-
Contributions to accumulation section	**-**	-
Settlements	**-**	-
Exchange rate changes	**-**	-
Fair value of Fund assets at end of the year	**5,576**	5,551

Reconciliation of the Defined Benefit Obligation

SSS	Economic Entity 2024 $'000	Economic Entity 2023 $'000
Present value of defined benefit obligation at beginning of the year	**5,978**	6,190
Current service cost	**-**	-
Interest cost	**234**	221
Contributions by participants	**-**	-
Actuarial (gains)/losses arising from changes in demographic assumptions	**286**	-
Actuarial (gains)/losses arising from changes in financial assumptions	**(102)**	(157)
Actuarial (gains)/losses arising from liability experience	**(19)**	69
Benefits paid	**(397)**	(374)
Taxes, premiums and expenses paid	**30**	28
Transfers in	**-**	-
Contributions to accumulation section	**-**	-
Past service cost	**-**	-
Settlements	**-**	-
Exchange rate changes	**-**	-
Present value of defined benefit obligation at end of the year	**6,010**	5,978

Notes to the Financial Statements
for the year ended 30 June 2024

13. SUPERANNUATION (Continued)

Reconciliation for the effect of the asset ceiling

SSS	Economic Entity 2024 $'000	Economic Entity 2023 $'000
Adjustment for effect of asset ceiling at beginning of the year	**-**	-
Change in the effect of asset ceiling	**-**	-
Adjustment for effect of asset ceiling at end of the year	**-**	-

Fair value of Fund assets

All of the Fund's assets are invested by STC (in its capacity as the Trustee Board) at arm's length through independent fund managers and assets are not separately invested for each participating employer. As such, the following disclosures relate to the Pooled Fund's total assets.

Year ended 30 June 2024	**%**	**Total ($m)**	**Level 1 ($m)**	**Level 2 ($m)**	**Level 3 ($m)**
Asset category					
Short term securities	**7%**	**2,493**	**2,285**	**208**	**-**
Australian fixed interest	**0%**	**92**	**-**	**92**	**-**
International fixed interest	**3%**	**1,027**	**-**	**1,015**	**12**
Australian equities	**16%**	**6,036**	**4,491**	**1,545**	**-**
International equities	**40%**	**14,849**	**14,705**	**141**	**3**
Property	**6%**	**2,101**	**-**	**-**	**2,101**
Alternatives	**28%**	**10,460**	**3**	**2,864**	**7,593**
Total	**100%**	**37,058**	**21,484**	**5,865**	**9,709**

Year ended 30 June 2023	%	Total ($m)	Level 1 ($m)	Level 2 ($m)	Level 3 ($m)
Asset category					
Short term securities	14%	5,331	2,897	2,434	-
Australian fixed interest	1%	100	-	100	-
International fixed interest	4%	1,301	-	1,289	12
Australian equities	26%	9,678	4,352	797	4,529
International equities	37%	14,138	13,943	155	40
Property	2%	770	-	-	770
Alternatives	16%	6,059	-	1,206	4,853
Total	100%	37,377	21,192	5,981	10,204

Note

- Level 1 refers to assets and liabilities for which there are quoted prices in active markets for identical assets and liabilities. The assets in this level are short term securities; listed shares; listed unit trusts.

Notes to the Financial Statements
for the year ended 30 June 2024

13. SUPERANNUATION (Continued)

Note (Continued)

- Level 2 refers to assets and liabilities that have significant valuation inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets and liabilities in this level are notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are not available in active markets for identical assets or liabilities.
- Level 3 refers to assets and liabilities that are not based on observable market data. The assets and liabilities in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such, managers make limited use of derivatives.

The Fund does not hold any financial instruments issued by STC.

Significant actuarial assumptions as at 30 June AASB 119 Employee Benefits

	2024*	2023*
Discount rate	**4.36%**	4.07%
Salary increase rate (excluding promotional increases)	**4.56% 24/25; 3.80% 25/26; 3.78% 26/27; 3.80% 27/28; 3.70% pa thereafter**	4.45% pa 23/24, 2.95% pa 24/25, 2.74% pa 25/26, 3.20% pa thereafter
Rate of CPI increase	**4.25% 23/24; 3.00% 24/25; 2.75% 25/26; 2.50% pa thereafter**	6.65% for 22/23, 3.5% for 23/24, 3.00% for 24/25, 2.5% pa thereafter
Pensioner mortality	**as per the 2024 Actuarial investigation of the Pooled Fund**	as per the 2021 Actuarial investigation of the Pooled Fund

* All assumptions are long-term in nature, for the duration of the Fund life, and may differ from short-term variations.

Notes to the Financial Statements
for the year ended 30 June 2024

13. SUPERANNUATION (Continued)

Sensitivity analysis AASB 119 Employee Benefits

In accordance with *AASB 119*, the total defined benefit obligation as at 30 June 2024 under several scenarios is presented below. Scenarios A to F relate to the sensitivity of the total defined benefit obligation to economic assumptions. Scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A Change in Discount rate	Scenario B Change in Discount rate
Discount rate		-0.5%	+0.5%
Defined benefit obligation ($'000)	6,010	6,322	5,720

	Base Case	Scenario C Change in Rate of CPI increase	Scenario D Change in Rate of CPI increase
Rate of CPI increase		+0.5%	-0.5%
Defined benefit obligation ($'000)	6,010	6,335	5,706

	Base Case	Scenario E Change in Salary increase rate	Scenario F Change in Salary increase rate
Salary increase rate		+0.05%	-0.05%
Defined benefit obligation ($'000)	6,010	6,010	6,010

	Base Case	Scenario G Lower Pensioner mortality rates	Scenario H Higher Pensioner mortality rates
Defined benefit obligation ($'000)	6,010	6,287	5,693

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Notes to the Financial Statements
for the year ended 30 June 2024

13. SUPERANNUATION (Continued)

Funding arrangements for the Economic Entity under AASB 1056 Superannuation Entities

The funding arrangements for the purposes of determining contribution levels for past employees of the defined benefits scheme are reviewed based on *AASB 1056 Superannuation Entities* requirements. The amount of accrued benefits for *AASB 1056* purposes is based on the present value of expected future payments which arise from membership of the Fund up to the measurement date. This is determined by the application of a market-based, risk-adjusted discount rate and other relevant actuarial assumptions.

For the year ended 30 June 2024, in accordance with *AASB 1056* the economic entity as a participating employer has met in full its funding contribution rates for its past employees as determined by the Fund Trustee.

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. The triennial review as at 30 June 2024 is in progress and will be completed by end of 2024. Contribution rates are set after discussions between STC in its capacity as trustee of the Scheme and NSW Treasury. STC in its capacity of trustee of the scheme reviews funding positions annually and contributions may be adjusted in response to the review.

Surplus/deficit AASB 1056 Superannuation Entities

The following is a summary of the 30 June financial position of the scheme calculated in accordance with *AASB 1056.*

SSS	**Economic Entity 2024 $'000**	Economic Entity 2023 $'000
Accrued benefits*	**4,726**	4,691
Net market fair value of Fund assets	**(5,576)**	(5,552)
Net (surplus)/deficit	**(850)**	(861)

* All are vested benefits.

Funding arrangements for employer contributions – Recommended contribution rates

SSS	**Economic Entity 2024 Multiple of member contributions**	Economic Entity 2023 Multiple of member contributions
	-	-

Notes to the Financial Statements
for the year ended 30 June 2024

13. SUPERANNUATION (Continued)

Additional notes

In light of the current environment, there is increased volatility in terms of expected outcomes especially in the short to medium term. The sensitivity analysis information on page 21 provides a guide to how this could affect the defined benefit obligation.

The assumptions for CPI, Salary and demographics are broadly the same under both reporting standards. While the underlying liability amounts for *AASB 1056* are lower than for *AASB 119*, the sensitivity of results under *AASB 119* gives an indication to the directional and proportional impact of the changes in these assumptions.

In accordance with *AASB 1056*, scenarios A and B relate to sensitivity of the total accrued benefits as presented below.

30 June 2024

	Base Case*	**Scenario A -0.5% change in Discount rate**	**Scenario B +0.5% change in Discount rate**
Expected rate of return on Fund assets backing current pension liabilities (discount rate)	**7.0%**	**6.5%**	**7.5%**
Expected rate of return on Fund assets backing other liabilities (discount rate)	**6.2%**	**5.7%**	**6.7%**
Rate of CPI increase	**3.70%**	as base case	as base case
Salary inflation rate	**4.56%**	as base case	as base case
Accrued benefits ($,000)	**4,726**	**4,911**	**4,553**

30 June 2023

	Base Case*	Scenario A -0.5% change in Discount rate	Scenario B +0.5% change in Discount rate
Expected rate of return on Fund assets backing current pension liabilities (discount rate)	7.0%	6.5%	7.5%
Expected rate of return on Fund assets backing other liabilities (discount rate)	6.2%	5.7%	6.7%
Rate of CPI increase	6.65%	as base case	as base case
Salary inflation rate	4.45%	as base case	as base case
Accrued benefits ($'000)	4,691	4,875	4,518

* All assumptions are long-term in nature, for the duration of the Fund life, and may differ from short-term variations.

Notes to the Financial Statements
for the year ended 30 June 2024

13. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Economic Assumptions AASB 1056 Superannuation Entities

Weighted average assumptions*	2024 and following	2023 and following
Expected rate of return on Fund assets backing current pension liabilities	**7.0%**	7.0%
Expected rate of return on Fund assets backing other liabilities	**6.2%**	6.2%
Expected salary increase rate	**4.56% 24/25; 3.80% 25/26; 3.78% 26/27; 3.80% 27/28; 3.70% pa thereafter**	4.45% for 23/24, 2.95% for 24/25, 2.74% for 25/26, and 3.20% pa thereafter
Expected rate of CPI increase	**3.70% for 23/24; 2.50% pa thereafter**	6.65% for 22/23, 3.5% for 23/24, 3.00% for 24/25, 2.50% pa thereafter

* All assumptions are long-term in nature, for the duration of the Fund life, and may differ from short-term variations

Funding arrangements for employer contributions AASB 1056 – Nature of asset/liability:

If a surplus exists in the Economic Entity's interest in the Fund, the Economic Entity may be able to take advantage of it in the form of a reduction in required contribution rate. STC in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction. If a deficiency exists, the Economic Entity recoups any difference between its share of scheme assets and the defined benefit obligation from the Pooled Fund.

The weighted average duration of the defined benefit obligation is 8.6 years (2023: 8.9) years.

Expected contributions

SSS	Economic Entity 2024	Economic Entity 2023
Expected Employer Contributions	**-**	-

Notes to the Financial Statements
for the year ended 30 June 2024

14. CASH FLOW INFORMATION

Reconciliation of the Net Result to Net Cash Used in Operating Activities

	Economic Entity 2024 $'000 Inflows/ (Outflows)	Economic Entity 2023 $'000 Inflows/ (Outflows)	**Parent Entity 2024 $'000 Inflows/ (Outflows)**	Parent Entity 2023 $'000 Inflows/ (Outflows)
Net Result	-	-	-	-
Changes in Assets and Liabilities:				
(Increase)/Decrease in Assets				
Other Current Assets	**(779)**	394	**(779)**	394
Receivables				
- Pooled Fund	**468**	642	**468**	642
- Right-of-Use Asset/Lease Liability	**1,824**	1,494	**1,824**	1,494
- Other	**(336)**	68	**(336)**	68
Increase/(Decrease) in Liabilities				
Payables				
- Mercer Administration	**(3,572)**	3,305	**(3,572)**	3,305
- Other	**(40)**	(1,110)	**399**	(1,324)
Provisions	**577**	1,105	**138**	1,319
Net Cash From/(Used) in Operating Activities	**(1,858)**	5,898	**(1,858)**	5,898

15. CONTINGENT LIABILITIES

Broadly, two classes of contingent liabilities potentially exist in relation to either STC in its capacity as Trustee of the Pooled Fund, or the Fund itself:

(i) Legal costs and related future benefit payments, if any, in relation to member benefit entitlement disputes, notified, but not resolved.

(ii) Legal costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases, there are no material exposures relating to these potential contingent liabilities at 30 June 2024 to the best of the economic entity's knowledge.

The Trustee is indemnified out of the assets of the Fund, and in the case of Police Superannuation Scheme (PSS), by the legislation of the scheme which allows the Trustee to make a call on NSW Government Consolidated Revenues.

Effective 1 January 2022, changes to Federal superannuation legislation narrowed the circumstances in which the Trustee can seek indemnity out of the assets of the Fund to exclude any liabilities imposed by a Federal regulator or under a Federal law. As this Federal legislative policy change was not intended to apply to these NSW closed defined benefit schemes, NSW Treasury have indicated in writing that such penalties up to a maximum of $10,000 that would otherwise have been indemnified out of the assets of the Fund will be indemnified out of Consolidated Revenue and any other amount that exceeds the value of $10,000 will be determined on a case-by-case basis.

Notes to the Financial Statements
for the year ended 30 June 2024

16. EVENTS AFTER THE REPORTING DATE

There have been no events between 30 June 2024 and the date of approval of these financial statements that would significantly impact the financial statements.

End of Audited Financial Statements

7. Financial statements of the SAS Trustee Corporation Pooled Fund

This page is intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation Pooled Fund

To the Treasurer and Members of the Trustee Board

Opinion

I have audited the accompanying financial statements of the SAS Trustee Corporation Pooled Fund (the Fund), which comprise the Statement by Members of the Trustee Board, the Statement of Financial Position as at 30 June 2024, the Income Statement, the Statement of Changes in Member Benefits, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended 30 June 2024, and notes to the financial statements, including Material Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards
- present fairly the Fund's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Fund in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2024. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How my audit addressed the matter</th></tr>
<tr><td colspan="2">Valuation of unlisted investment assets</td></tr>
<tr><td>At 30 June 2024, the Fund reported $15.4 billion ($16.1 billion at 30 June 2023) of unlisted investments valued without reference to market quoted prices. Of this total, $9.8 billion ($10.4 billion at 30 June 2023) were categorised within Level 3 of the fair value hierarchy under Australian Accounting Standards.

I considered this to be a key audit matter because of the:

• high level of judgement and estimation involved in the valuation approach, including determination of future cash flows, discount rates and other assumptions, with limited comparable market information available
• complexities in applying the requirements of AASB 13 ‘Fair Value Measurement’
• financial significance of the assets valued, which are a key driver of the Fund’s net asset value and total return.

A description of the valuation techniques, inputs and assumptions is disclosed in Note 19.</td><td>Key audit procedures included the following:

• obtained an understanding of the Fund’s processes, policies and methodologies, including the use of industry specific measures for valuing unlisted investments
• obtained independent valuation reports and compared assumptions applied to ranges for comparable infrastructure and property investments
• tested the mathematical accuracy of the valuation models and consistency with the Fund’s documented methodology and assumptions
• engaged valuation specialists, for those investments with higher risk characteristics, to:
  – assess the reasonableness of management’s judgements and valuation inputs against industry information/indices of comparable market transactions
  – determine whether the methodologies used to value the investments were consistent with methods commonly used by market participants for those types of investments
  – assess the competence, qualifications and objectivity of the external valuation experts used by the Trustee
• obtained valuation statements provided by external investment managers in respect of unit trusts and assessed the reliability of the information received
• obtained independent assurance reports prepared for the existence and valuation of certain unitised investments
• assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</td></tr>
</table>

Key Audit Matter	How my audit addressed the matter
Valuation of defined benefit member liabilities	
At 30 June 2024, the Fund reported total defined benefit member liabilities of $60.2 billion ($60.6 billion at 30 June 2023). I considered this to be a key audit matter because of the: • high level of judgement and estimation involved in the valuation approach, including determination of discount rates, Consumer Price Index, salary inflation, mortality and other assumptions • financial significance of the member liabilities, which impact the estimate of required future contributions and investment returns to fund future outflows • sensitivity of the defined benefit liabilities balance to small changes in the valuation inputs. A description of the measurement, key assumptions and sensitivity analysis of these liabilities are disclosed in Note 8.	With the assistance of audit actuarial specialists, key audit procedures included the following: • assessed the effectiveness of key controls and processes over the: – accuracy and completeness of member data used in the valuation model – mathematical accuracy of the valuation model • assessed the reasonableness of the methodology, assumptions and judgements used by the Fund's independent actuary in valuing the defined benefit liabilities, including comparison against accepted industry benchmarks and practices, and accounting standards • evaluated the competence of the Fund's actuary by confirming they are appropriately qualified, experienced and registered with the Institute of Actuaries • assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.

The Trustee Board's Responsibilities for the Financial Statements

The Trustee Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and for such internal control as the Trustee Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee Board is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Fund carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Weini Liao
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

12 September 2024
SYDNEY

SAS TRUSTEE CORPORATION POOLED FUND

ABN 29 239 066 746

Statement by Members of the Trustee Board

For the year ended 30 June 2024

In accordance with a resolution of the Board of the SAS Trustee Corporation, we state that in our opinion the financial statements:

1. present fairly the SAS Trustee Corporation Pooled Fund's financial position as at 30 June 2024 and income statement, statement of changes in member benefits, statement of changes in equity and statement of cash flows for the year ended 30 June 2024, and

2. have been prepared in accordance with the Australian Accounting Standards and Interpretations.

Signed at Sydney this 10th day of September 2024.

Nicholas Johnson	**Catherine Bolger**
Chair of the Board	*Board Member and Chair of the Risk, Audit and Compliance Committee*
SAS Trustee Corporation	*SAS Trustee Corporation*

Statement of Financial Position as at 30 June 2024	**Note**	**2024 $m**	2023 $m
Assets			
Cash and cash equivalents		**60**	102
Receivables	3	**259**	134
Short term securities		**2,692**	2,802
Australian fixed interest		**676**	670
Australian equities		**4,579**	4,432
International equities		**14,870**	14,692
Property investments		**2,617**	3,518
Infrastructure and other alternatives		**12,082**	12,289
Derivatives	6	**55**	48
Employer sponsor receivable	4	**3,751**	3,728
Deferred tax asset	12(b)	**-**	3
Total assets		**41,641**	42,418
Liabilities			
Payables	5	**158**	93
Derivatives	6	**46**	319
Income tax payable		**241**	155
Deferred tax liability	12(b)	**3**	-
Total liabilities excluding member benefits		**448**	567
Net assets available for member benefits		**41,193**	41,851
Member liabilities			
Defined benefit member liabilities	7	**(60,162)**	(60,593)
Total member liabilities		**(60,162)**	(60,593)
Total net liabilities		**(18,969)**	(18,742)
Equity			
Defined benefit deficit	7	**(18,969)**	(18,742)
Total equity		**(18,969)**	(18,742)

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

Income Statement **for the year ended 30 June 2024**	**Note**	**2024** **$m**	2023 $m
Investment income			
Interest revenue		**201**	185
Dividend revenue		**574**	598
Distribution revenue from unit trusts		**658**	643
Other revenue		**24**	29
Change in fair value of investments	10	**1,701**	2,254
Total revenue		**3,158**	3,709
Expenses			
Direct investment expenses		**(106)**	(129)
Administration expenses	11	**(40)**	(39)
Net expenses from investment property		**-**	(8)
Total expenses		**(146)**	(176)
Operating result		**3,012**	3,533
Net change in defined benefit member benefits		**(3,311)**	(5,058)
Operating result before income tax expense		**(299)**	(1,525)
Income tax benefit	12(a)	**72**	74
Operating result after income tax		**(227)**	(1,451)

The above Income Statement should be read in conjunction with the accompanying Notes.

Statement of Changes in Member Benefits for the year ended 30 June 2024	**Note**	**2024 $m**	2023 $m
Opening balance at 1 July		**60,593**	59,000
Employer contributions	9	**2,151**	1,596
Member contributions	9	**120**	133
Income tax on contributions		**(318)**	(235)
Net after tax contributions		**1,953**	1,494
Benefits paid to members		**(5,718)**	(5,340)
Net change in employer sponsor receivable	4	**23**	381
Net change in defined benefit member benefits		**3,311**	5,058
Closing balance at 30 June	7	**60,162**	60,593

The above Statement of Changes in Member Benefits should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity for the year ended 30 June 2024	**2024 $m Surplus/(deficiency)**	2023 $m Surplus/(deficiency)
Opening balance at 1 July	**(18,742)**	(17,291)
Operating result after income tax	**(227)**	(1,451)
Closing balance at 30 June	**(18,969)**	(18,742)

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Statement of Cash Flows for the year ended 30 June 2024	**Note**	**2024 $m**	2023 $m
Cash flows from operating activities			
Interest received		**204**	191
Dividends received		**579**	595
Distributions received from unit trusts		**662**	648
Other receipts		**25**	27
Net expenses paid from investment property		**-**	(8)
Direct investment expenses paid		**(108)**	(131)
Trustee administration expenses paid		**(35)**	(36)
Income tax refund		**77**	205
Net cash inflows/(outflows) from operating activities	20	**1,404**	1,491
Cash flows from investing activities			
Purchase of investments		**(21,203)**	(24,730)
Proceeds from sale of investments		**23,413**	26,969
Net cash inflows/(outflows) from investing activities		**2,210**	2,239
Cash flows from financing activities			
Employer contributions received		**2,074**	1,572
Member contributions received		**196**	146
Benefits paid to members		**(5,694)**	(5,328)
Income tax paid on contributions		**(232)**	(72)
Net cash inflows/(outflows) from financing activities		**(3,656)**	(3,682)
Net increase/(decrease) in cash and equivalents		**(42)**	48
Cash and cash equivalents at the beginning of the year		**102**	54
Cash and cash equivalents at the end of the year		**60**	102

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

1. THE POOLED FUND

The SAS Trustee Corporation Pooled Fund (the Fund) was established under the *Superannuation Administration Act 1996* (the Act) and is governed by various Acts of the New South Wales Parliament. The schemes of the Fund comprise the State Authorities Non-contributory Superannuation Scheme (SANCS), the State Superannuation Scheme (SSS) and the Police Superannuation Scheme (PSS), which are defined benefit plans, and the State Authorities Superannuation Scheme (SASS), which has defined benefit members with some defined contribution components. All schemes in the Fund were closed by 1992.

These financial statements are general purpose financial statements of the Fund as a reporting entity. SAS Trustee Corporation (STC) is the trustee and holds in trust all assets of the Fund.

STC is responsible for the administration of the schemes. Mercer Administration Services (Australia) Pty Ltd provides the administration services.

NSW Treasury Corporation (TCorp) is the mandated investment manager and provides funds management services in relation to the Trustee Selection Option investment strategy. The Trustee has engaged investment managers to manage the Fund's remaining investments in accordance with the provisions set out in Investment Management Agreements.

JPMorgan Chase Bank NA is the Fund's custodian for investments and related cash.

The Fund is domiciled and incorporated in NSW Australia with a registered address at Level 21, 83 Clarence Street, Sydney, NSW, 2000. The Trustee Board has determined that the Fund is a not-for-profit entity for financial reporting purposes.

The financial statements were authorised for issue by the Trustee Board on 10th September 2024.

2. MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are general purpose financial statements and are prepared in accordance with:

- the requirements of Australian Accounting Standard AASB 1056 *Superannuation Entities* (AASB 1056)
- the requirements of other Australian Accounting Standards and Interpretations

All assets and liabilities are measured and recorded at fair value or an amount that approximates fair value except for the following:

- employer sponsor receivable which is measured at its intrinsic value as per AASB 1056. The intrinsic value is the difference between the defined benefit member liabilities and the amount of assets held to meet these liabilities
- defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at a reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at the date when they are expected to fall due, and
- income taxes which are in accordance with AASB 112.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Fund has multiple investments it controls, as shown in Note 21. The Fund has determined that it is an investment entity under the definition in AASB 10 *Consolidated Financial Statements* as it meets the following criteria:

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

Therefore, these investments are not required to be consolidated and are valued at fair value with changes in the fair value recognised in the income statement.

The accounting policies adopted in preparing the financial statements are consistently applied in both the current and comparative year. For transactional accounting, financial instruments are recorded at the trade date. Assets and liabilities are recognised when STC becomes party to the instrument's contractual provisions.

Assets are derecognised when the contractual rights to cash flows from the asset expire or the risks and rewards are transferred to another party. Liabilities are derecognised when the contractual obligation relating to the liability is discharged, cancelled, or expires.

b) Employer Sponsor Receivable

An employer sponsor receivable (ESR) is recognised for the difference between the defined benefit member liabilities and the fair value of the assets available to meet the liabilities, provided the receivable meets the definition and recognition criteria of an asset.

This would require specific contractual or statutory obligations between the superannuation fund and the relevant employer sponsor in relation to the funding of the defined benefit member liabilities. The asset is measured at its intrinsic value, being the difference between the defined benefit member liabilities and the amount of the recognised assets held to meet those liabilities.

c) Foreign Currency Transactions

Foreign currency transactions during the year are converted to Australian dollars at the rate of exchange applicable at the date of the transaction. Monetary assets and liabilities in foreign currencies at balance date are converted at the rates of exchange ruling at that date. Resulting exchange differences are recognised in the Income Statement in the period in which they arise. The functional and presentation currency of the Fund is Australian Dollars.

d) Use of Judgements and Estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

However, uncertainty implicit in these estimates and assumptions could result in outcomes that could require an adjustment to the carrying value of the affected asset or liability in the future.

In valuing assets for which there is no observable market, STC is guided on appropriate valuation techniques by its Valuation Policy and *AASB 13 – Fair Value Measurement*. The valuation techniques within the policies involve and rely on the expert judgement of independent valuers (refer Note 18).

In valuing deferred tax balances, STC applies the principles in AASB 112 – *Income Taxes* (refer Note 2e).

The amount of accrued and vested benefits/liabilities has been actuarially determined (refer Note 7 and 8).

Notes to and forming part of the financial statements
For the year ended 30 June 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Income Tax

The Fund is an exempt Public Sector superannuation fund and as such is treated as a complying superannuation fund for the purposes of the *Income Tax Assessment Act 1997 (Cth)*. Accordingly, the concessional tax rate of 15% has been applied. Income tax on the net profit for the year comprises current and deferred tax.

Current tax is the expected tax payable or recoverable on the taxable income for the year using the concessional tax rate of 15% and the adjustment to tax payable in respect of exempt pension income. Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax provided uses the tax rate expected to apply when the benefit or liability is realised.

AASB 1056 *Superannuation Entities* requires that member related transactions are reflected separately from the Income Statement and are included in the Statement of Changes in Member Benefits. Income tax on contributions is therefore included in the Statement of Changes in Member Benefits with income tax on investment income included in the Income Statement.

f) Management Expenses

Management expenses charged to the Fund comprise:

Direct Investment Expenses:	Investment manager and custody fee expenses are recognised on an accrual basis.
Scheme Administration Expenses:	Expenses are allocated in accordance with Trustee policy and is based on the member numbers for each scheme and the level of scheme complexity.

g) Rounding

All values reported in the financial statements have been rounded to the nearest million dollars, except where otherwise stated.

h) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been restated to improve the presentation.

i) Revenue Recognition and Measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognised.

Interest Revenue
Interest is recognised on an accrual basis when a right to receive exists.

Dividend Revenue
Dividends are recognised on the date the shares are quoted ex-dividend, and if not received at reporting date are recognised as a receivable in the Statement of Financial Position at fair value.

Distributions from unit trusts
Distributions from unit trusts are recognised on the date the unit values are quoted ex-distribution, and if not received at reporting date are recognised as a receivable in the Statement of Financial Position at fair value.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rental Revenue
Rental revenue from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as part of total rental income.

j) Benefit Payments

Benefit payments are recognised when the payment becomes due under scheme legislation and a benefit application has been received.

k) Superannuation Contributions

Superannuation contributions are recognised when the Fund obtains the right to receive the contribution or when the Fund receives cash and are recorded in the period to which they relate.

l) Defined benefit member liabilities

Member liabilities are measured at the amount of accrued benefits. Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at a reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due.

m) New Accounting Standards and interpretations

Australian Accounting Standards and Interpretations that became effective for the first time for the Fund for the annual reporting period ended 30 June 2024 and their impact on the financial statements is outlined below.

AASB 2021-2 Amendments to Australian Accounting Standards: Disclosure of Accounting Polices and Definition of Accounting Estimates
The standard is effective for the year ended 30 June 2024. The amendments provide a definition of and clarifications on accounting estimates and clarifies the concept of materiality in the context of disclosure of accounting policies. There were no material changes to these financial statements.

n) Standards issued applicable but not yet effective

AASB 18 Presentation and Disclosure in Financial Statements

The standard is effective for the year ending 30 June 2028. The standard will impact the presentation and disclosure of the financial statements. The key presentation and disclosure requirements established by *AASB 18* that will impact the financial reporting requirements are to classify income and expenses into operating, investing and financing categories in the income statement as well as enhanced requirements for grouping information. No material changes to these financial statements are expected.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

3. RECEIVABLES

Receivables	2024 $m	2023 $m
Accrued income	**59**	70
Contributions receivable	**22**	12
Margin call deposits	**19**	30
Due from brokers – receivable for securities sold	**159**	22
Total	**259**	134

Due from brokers – receivable for securities sold are recognised on trade date and normally settled within three business days.

4. EMPLOYER SPONSOR RECEIVABLE

Employer Sponsor Receivable	2024 $m	2023 $m
Employer Sponsor Receivable - PSS	**3,751**	3,728

The Employer Sponsor Receivable (ESR) recognised in the financial statements relates to the deficiency in the Police Superannuation Scheme (see note 7). This employer has a statutory obligation to meet the shortfall when the defined benefit member liabilities exceed the fair value of the scheme's assets.

5. PAYABLES

Payables	2024 $m	2023 $m
Superannuation benefits to members	**41**	25
Due to brokers – payable for securities purchased	**71**	32
Other creditors	**32**	19
Contribution surcharge	**11**	13
Payable to SAS Trustee Corporation	**3**	4
Total	**158**	93

All payables are non-interest bearing and generally short-term in nature.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

6. DERIVATIVES – ASSETS AND LIABILITIES

Derivatives	2024			2023		
	Derivative Assets $m	**Derivative Liabilities $m**	**Net Derivatives $m**	Derivative Assets $m	Derivative Liabilities $m	Net Derivatives $m
Foreign Exchange Forward Contracts	**30**	**(30)**	**-**	15	(296)	(281)
Futures	**3**	**-**	**3**	3	(3)	-
Options	**21**	**(4)**	**17**	26	(3)	23
Swaps	**1**	**(12)**	**(11)**	4	(17)	(13)
Total	**55**	**(46)**	**9**	48	(319)	(271)

7. DEFINED BENEFIT MEMBER LIABILITIES

Liability for Accrued Benefits
The Fund engages actuaries on an annual basis to measure the defined benefit members liabilities in each of the defined benefit schemes. In addition, a triennial actuarial valuation is being performed as at 30 June 2024. Assumptions have been updated to reflect the experience adjustments from this valuation.

The amount of accrued benefits has been determined based on the present value of expected future payments which 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. The valuation of accrued benefits was undertaken by the independent scheme actuary. The financial assumptions applied for the calculations were:

Valuation Assumptions*	**2024 %**	2023 %
Investment Return Rate		
- Pensioner	**7.0**	7.0
- Non pensioner	**6.2**	6.2
CPI Increase Rate – (FY2023 applied to pensions in Oct 2023)	**-**	6.7
CPI Increase Rate – (FY2024 applied to pensions in Oct 2024)	**3.7**	3.5
CPI Increase Rate – (FY2025)	**-**	3.0
CPI Increase Rate – (applied thereafter)	**2.5**	2.5
Salary Increase Rates		
FY2024	**4.5**	4.5
FY2025	**4.6**	3.0
FY2026	**3.8**	2.7
FY2027	**3.8**	3.2
FY2028	**3.8**	3.2
FY2029 and thereafter	**3.7**	3.2

7. DEFINED BENEFIT MEMBER LIABILITIES (Continued)

The actuarial valuation estimate at the reporting date shows accrued liabilities of $60,162 million and an unfunded liability of $22,720 million (before inclusion of ESR). The key assumptions and sensitivity analysis to 30 June 2024 estimates are provided below.

Sensitivity Analysis for 30 June 2024

Key Assumption*	Assumed at 30 June 2024	Sensitivity Change	(Increase)/Decrease in Liability for Accrued Benefits $m
Investment return/ discount rate	7.0% for all pensioners, 6.2% other members	+1.0pa	4,100
		-1.0pa	(4,761)
CPI increases	3.7% pa to 30 June 2024 and 2.5% p.a. thereafter	+1.0pa	(4,797)
		-1.0pa	4,167
Inflationary salary increases	4.6% for FY2025, 3.8% for FY2026, 3.8% for FY2027, 3.8% for FY2028 and 3.7% p.a. thereafter	+1.0pa	(243)
		-1.0pa	229
Pensioner mortality	Consistent with a life expectancy of 90.2 for a 65-year-old	+1.9 years	(2,737)
		-1.5 years	2,132

* All assumptions are long-term in nature, for the duration of the fund life, and may differ from short-term variations.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

7. DEFINED BENEFIT MEMBER LIABILITIES (Continued)

Sensitivity Analysis for 30 June 2023

Key Assumption*	Assumed at 30 June 2023	Sensitivity Change	(Increase)/Decrease in Liability for Accrued Benefits $m
Investment return/ discount rate	7.0% for all pensioners, 6.2% other members	+1.0pa	4,111
		-1.0pa	(4,774)
CPI increases	6.7% pa to 30 June 2023, 3.5% for FY2024, 3.0% for FY2025 and 2.5% p.a. thereafter	+1.0pa	(4,758)
		-1.0pa	4,135
Inflationary salary increases	4.5% for FY2024, 3.0% for FY2025, 2.7% for FY2026, 3.2% p.a. thereafter	+1.0pa	(273)
		-1.0pa	257
Pensioner mortality	Consistent with a life expectancy of 88.9 for a 65-year-old	+0.5 years	(384)
		-0.2 years	379

* All assumptions are long-term in nature, for the duration of the fund life, and may differ from short-term variations.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

7. DEFINED BENEFIT MEMBER LIABILITIES (Continued)

	2024			2023		
	Accrued Benefits $m	**Net Assets Available to Pay Benefits $m**	**Over/ (under) funded $m**	Accrued Benefits $m	Net Assets Available to Pay Benefits $m	Over/ (under) funded $m
State Authorities Superannuation Scheme (SASS)	**12,829**	**10,266**	**(2,563)**	13,284	10,586	(2,698)
State Authorities Non-contributory Superannuation Scheme (SANCS)	**1,808**	**1,402**	**(406)**	1,832	1,641	(191)
State Superannuation Scheme (SSS)	**36,910**	**20,910**	**(16,000)**	36,979	21,126	(15,853)
Police Superannuation Scheme (PSS)	**8,615**	**4,864**	**(3,751)**	8,498	4,770	(3,728)
Actuarial estimates of under-funded benefits at 30 June	**60,162**	**37,442**	**(22,720)**	60,593	38,123	(22,470)
Employer Sponsor Receivable for PSS, in accordance with AASB 1056	**-**	**3,751**	**3,751**	-	3,728	3,728
Under-funded benefits AASB 1056	**60,162**	**41,193**	**(18,969)**	60,593	41,851	(18,742)

STC continues to work with the NSW Treasury to facilitate the Government’s objective to fully fund the superannuation liabilities of the General Government Sector (excluding Universities).

As noted in the 2024-2025 NSW Budget Statement the Government has re-anchored its target for superannuation liabilities to be fully funded from 2030 to 2040, with the intention to progress amendments to the *Fiscal Responsibility Act 2012* to reflect the 2040 full funding target.

Liquidity risk management
STC’s overall strategy to liquidity risk management is outlined in its Liquidity Policy. The Fund’s liquidity risk exposures are managed in concert with the Fund’s investment strategies. STC has set a number of minimum liquidity requirements which are tested at least annually.

These include maintaining a sufficient liquid asset buffer to meet two years’ worth of projected benefit payments and an exposure of no less than 40% of assets invested in liquid asset classes at all times. STC continuously monitors forecast and actual cash flows, including amounts required to fund its scheme and investment transactions and amounts expected from the NSW Government.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

8. VESTED DEFINED BENEFIT MEMBER LIABILITIES

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

	2024			2023		
	Vested Benefits $m	**Net Assets Available to Pay Benefits $m**	**Over/ (under) funded $m**	Vested Benefits $m	Net Assets Available to Pay Benefits $m	Over/ (under) funded $m
State Authorities Superannuation Scheme (SASS)	**13,096**	**10,266**	**(2,830)**	13,634	10,586	(3,048)
State Authorities Non-contributory Superannuation Scheme (SANCS)	**1,884**	**1,402**	**(482)**	1,965	1,641	(324)
State Superannuation Scheme (SSS)	**36,929**	**20,910**	**(16,019)**	36,989	21,126	(15,863)
Police Superannuation Scheme (PSS)	**8,550**	**4,864**	**(3,686)**	8,427	4,770	(3,657)
Actuarial estimates of under-funded benefits at 30 June	**60,459**	**37,442**	**(23,017)**	61,015	38,123	(22,892)
Employer Sponsor Receivable for PSS, in accordance with AASB 1056	-	**3,751**	**3,751**	-	3,728	3,728
Under-funded benefits AASB 1056	**60,459**	**41,193**	**(19,266)**	61,015	41,851	(19,164)

Notes to and forming part of the financial statements
For the year ended 30 June 2024

9. EMPLOYER AND MEMBER CONTRIBUTIONS

	2024				
	SASS $m	**SANCS $m**	**SSS $m**	**PSS $m**	**Total $m**
Employer Contributions	**266**	**124**	**1,442**	**319**	**2,151**
Member Contributions	**107**	**-**	**10**	**3**	**120**
Total Contributions	**373**	**124**	**1,452**	**322**	**2,271**

	2023				
	SASS $m	SANCS $m	SSS $m	PSS $m	Total $m
Employer Contributions	232	68	1,065	231	1,596
Member Contributions	116	-	13	4	133
Total Contributions	348	68	1,078	235	1,729

10. CHANGE IN FAIR VALUE OF INVESTMENTS

Asset class	**2024 $m**	2023 $m
Short term securities	**5**	10
Australian fixed interest	**9**	(13)
Australian equities	**398**	557
International equities	**2,311**	2,311
Property - indirect	**(282)**	(66)
Investment properties - direct	**(7)**	20
Infrastructure and other alternatives	**(733)**	(565)
Total	**1,701**	2,254

Changes in fair value of investments are recognised in the Income Statement and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the year). From the above, $2,291 million gains (2023: $2,227 million gains) relates to investments still held at 30 June 2024.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

11. SCHEME ADMINISTRATION EXPENSES

The *Superannuation Administration Act 1996* requires that STC recover its administration expenses from the Fund. Payments to STC totalled $35 million (2023: $35 million).

Included in administration expenses are the following items:

	2024 $m	2023 $m
Actuarial Fees	**0.5**	0.5
Audit Fees – The Audit Office of New South Wales	**0.8**	0.9
Scheme Administration Fees	**18.3**	20.1

12. INCOME TAX

Income tax expenses and assets and liabilities arising from the levying of income tax (including capital gains tax) on the Fund have been determined in accordance with the provisions of Australian Accounting Standard AASB 112 *Income Taxes*.

a) Income Tax recognised in the Income Statement	**2024 $m**	2023 $m
Current tax benefit		
Current income tax benefit	**(72)**	(77)
Under/(Over) provision of tax in prior years	**(1)**	-
	(73)	(77)
Deferred tax liability		
Decrease in deferred tax liabilities	**1**	3
Total income tax (benefit) in Income Statement	**(72)**	(74)
Reconciliation between operating results before income tax and tax (benefit)		
Operating results before income tax	**(299)**	(1,525)
Income tax expense (benefit) using the superannuation fund tax rate of 15%	**(45)**	**(229)**
Change in tax expense/(benefit) due to:		
- Non assessable investment income	**(252)**	(229)
- Exempt pension related investment income	**(197)**	(297)
- Tax credits	**(73)**	(77)
- Net change in defined benefit member liabilities	**496**	758
- (Over) provision of tax benefit in prior years	**(1)**	-
Income tax (benefit) in Income Statement	**(72)**	**(74)**

b) Deferred Tax Asset/(Liability)	**2024 $m**	2023 $m
(Contributions tax payable)/unrealised franking credits	**(3)**	3
Deferred Tax Asset/(Liability)	**(3)**	3

Notes to and forming part of the financial statements
For the year ended 30 June 2024

13. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION

The Trustee of the Fund is STC. The names of the STC Board members and STC executive officers in office during the year ended 30 June 2024 and the comparative year are as follows:

Non-executive Trustees

Ms C Austin
Ms C Bolger
Mr A Claassens
Mr T Costa (term commenced 13 February 2023)
Mr N Johnson
Ms C Keating (term completed 31 October 2022)
Mr S Little (term completed/resigned 1 December 2022)
Mr R Mason (term commenced 1 November 2022)
Mr T O'Grady
Ms L Rasmussen (term completed 11 March 2024, and re-appointed 3 May 2024)
Ms C Yuncken

Executive Officers

Mr J Hazell
Mr J Livanas
Mr J Narayan
Mr A Parapuram
Mr N Patel
Ms K Pratt
Ms N Siratkov
Mr C Wu

The key management personnel compensation in relation to services to STC is as follows	**2024 $'000**	2023 $'000
Board member compensation	**557**	**524**
Short-term employee benefits	**3,157**	**2,998**
Other long-term employee benefits	**6**	**4**
Total	**3,720**	**3,526**

14. RELATED PARTY INFORMATION

a) The following Board Member was a member of a Fund scheme during the reporting period or up to the date of the financial statements (including the comparative year): A Claassens. The membership terms and conditions were the same as those applied to other members of the Fund's schemes.

b) The Fund reimbursed STC $35 million (2023: $35 million) for operating expenses including key management personnel compensation costs. The amount payable to STC at 30 June 2024 is disclosed in note 5.

c) The Fund has an investment in a commercial office building at 83 Clarence Street, Sydney. Part of this building is leased on normal commercial terms to STC.

d) Mr R Mason was appointed to the Board on 1 November 2022, whilst a partner of Deloitte Australia. Deloitte Australia were the supplier of internal audit services from August 2018 until their tenure completed with effect from 25 July 2023. During their tenure controls and governance were in place to manage any conflicts of interest. Mr R Mason resigned from the Deloitte partnership on 31 December 2023. Following a tender process, BDO Australia were appointed as supplier of internal audit services with effect from 1 September 2023.

15. CONTINGENT LIABILITIES

Contingent liabilities potentially exist in relation to either STC in its capacity as Trustee of the Fund, or the Fund itself. Classes of contingent liabilities may include:

a) Legal costs and related future benefit payments, if any, in relation to member benefit entitlement disputes, notified, but not resolved.

b) Legal costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases, there are no material exposures relating to these potential contingent liabilities at 30 June 2024 to the best of STC's knowledge. STC is indemnified out of the assets of the Fund, and in the case of contingent liabilities arising from PSS, by the legislation of the scheme which allows the Trustee to make a call on NSW Government Consolidated Revenues.

Effective 1 January 2022, changes to Federal superannuation legislation narrowed the circumstances in which the Trustee can seek indemnity out of the assets of the Fund to exclude any liabilities imposed by a Federal regulator or under a Federal law. As this Federal legislative policy change was not intended to apply to these NSW closed defined benefit schemes, NSW Treasury have indicated in writing that such penalties up to a maximum of $10,000 that would otherwise have been indemnified out of the assets of the Fund will be indemnified out of Consolidated Revenue and any other amount that exceeds the value of $10,000 will be determined on a case-by-case basis.

16. SECURITIES LENDING PROGRAM

The Fund participates in an indemnified Securities Lending Program managed by the custodian. The Fund received $3.2 million (2023: $3.8 million) fee income from this program, which adds to the Fund's overall yearly return.

At 30 June, the total value of the loaned securities was $1.25 billion (2023: $1.0 billion) while the total value of the collateral was $1.4 billion (2023: $1.1 billion). The lent securities represented 3.3% of the lendable assets (2023: 2.73%) and is within the Fund's allowable limit of 20% of the lendable assets.

The collateral comprised of non-cash sovereign securities of $1.3 billion (2023: $1.10 billion) and cash of $55 million (2023: $42 million). The collateral is invested in a fund managed by the custodian.

The custodian's indemnification of the program covers any shortfalls in securities collateral.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risk factors as a result of its investment activities. These risks include:

(a) market risk (including currency risk; interest rate risk; and price risk)

(b) credit risk

(c) liquidity risk

The Fund's risk management and investment policies are designed to minimise the potential adverse effects of these risks on the Fund's financial performance. STC maintains a Risk Management Framework (RMF) and an anti-money laundering and counter terrorism financing program (AML/CTF program). These systems address material risks, both financial and non-financial that could potentially be faced by the Fund.

The Fund's assets are invested in accordance with the Fund's investment strategy. STC regularly reviews the investment strategy to ensure the strategy's continued relevance to the Fund's objectives given prevailing investment markets. An objective of the investment strategy is to avoid undue concentrations of risk.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)

STC ensures that the portfolio is diversified across and within asset classes, across investment managers, countries, individual asset types and risk factors. As required by its governing legislation, the investments of the Fund are managed by specialist fund managers. The activities of the fund managers are governed by investment instructions and investment constraints as set out in documented agreements with the fund managers or, in the case of a unit trust, a trust deed.

STC and TCorp (as the mandated investment manager for the Trustee Selection assets), constantly monitor the investment managers to ensure compliance with investment instructions and investment constraints. For the purpose of these financial statements, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include both primary instruments (such as receivables but excluding ESR) and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements and interest rate and currency swaps). Such derivative instruments are only used for hedging purposes and to efficiently implement asset allocation changes.

Accounting Policies
Assets and liabilities of the Fund are predominantly valued at reporting date at fair values in accordance with AASB13 *Fair Value Measurement*. Fair value comprises of market value but excludes estimated costs of disposal. Changes in fair values, representing gains or losses, are recognised in the Income Statement in the period in which they occur.

Accounting policies and valuation methods for each financial instrument are as follows:

Financial instruments	Accounting policies/valuation methods
1. Receivables	Receivables include income receivable and unsettled sales of securities.
2. Futures	Futures are stated at market value using the daily closing price.
3. Managed Trusts/Managed Property Trusts	The fair value of Managed Trusts is determined on the basis of the withdrawal or net asset value unit prices as advised by the relevant fund manager.
4. Unlisted Equity Interests	Unlisted Equity Interests are carried at fair value as determined by independent expert valuers. Valuations are done on a semi-annual basis and as required.
5. Listed Shares and Trusts	Listed shares and trusts are carried at fair value. The basis for valuation of listed securities is the last bid price quoted at close of business on the last day of the period on the relevant securities exchange. Dividend income and trust distributions are recognised on the ex-date.
6. Bills of exchange and other discount securities	Carried at fair value using market rates as at 30 June.
7. Promissory Notes	Carried at fair value as at 30 June.
8. Mortgages	Mortgages are stated at fair value. Interest income is recognised in the Income Statement when earned.
9. Bank Deposits	Stated at fair value. Interest income is recognised in the Income Statement when earned.
10. Government Bonds	Carried at fair value based on trade prices.
11. Semi Government Bonds	Carried at fair value based on trade prices.
12. Domestic Bonds	Carried at fair value based on trade prices.
13. International Bonds	Carried at fair value based on trade prices.
14. Options	Options are stated at market value using the daily closing price.
15. Investment Purchases	Liabilities are recognised for amounts to be paid for under investment commitments.
16. Foreign Exchange Forward Contracts	Foreign exchange forward contracts are undertaken to hedge against adverse foreign exchange movements. Gains or losses on these contracts are recognised through the translation of underlying transactions and/or instruments into Australian Dollars at the hedge rates.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)

Accounting Policies (Continued)
The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Changes in the fair value of the financial assets and liabilities are recognised from that date.

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

a) Market Risk

Market risk is the risk that changes in factors such as foreign currency exchange rates (currency risk), interest rates (interest rate risk) and equity prices (price risk) will affect the Fund's income or the value of its financial instruments. Through its management of market risk, STC seeks to manage and control its market risk exposures to within acceptable parameters while optimising risk adjusted returns.

In managing market risk, STC's fund managers trade in derivatives and securities. The fund managers also incur liabilities in the ordinary course of business. All such transactions are within the investment management mandates granted by STC to its managers.

For the purposes of these financial statements, the sensitivity factors applied to illustrate the extent of risk from possible changes in currency, interest rates and price risk were developed by the Fund's Asset Consultant. The Asset Consultant's recommended volatility factors have been determined after considering historical data series and are calculated by considering what is 'reasonably possible'. The analysis is calculated on the same basis for 2024 and 2023.

a.i) Currency Risk

Foreign Currency risk is the risk that the net market value of offshore assets and future cash flows derived from existing offshore financial instruments will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to foreign currency risk on financial instruments, receivables and liabilities that are denominated in currencies other than Australian Dollars. The main currencies to which the Fund is exposed are:

- US Dollar (USD)
- Japanese Yen (JPY)
- Euro (EUR)
- British Pound (GBP)

The Fund's foreign currency risk is managed in accordance with strict parameters as set out in its investment policy. Under the policy, investments are hedged as follows:

- international equities – developed market equities are hedged from 0% to 100% in Australian dollars
- international equities – emerging market equities are unhedged
- international property, infrastructure and alternative assets are hedged from 0% to 100% in Australian dollars

STC's currency overlay manager uses a range of counterparties. If a counterparty failed to satisfy its contractual obligation to deliver on a currency hedging contract, the Fund would remain exposed to the foreign currency risk.

The hedging strategy is continually reviewed and refined for the management of risk factors faced by the Fund through foreign currency risk.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)

a.i) Currency Risk (continued)

The Fund's total net exposure to fluctuations in foreign currency exchange rates as at the financial year end is as follows:

	YEAR ENDED 30 JUNE 2024 FAIR VALUE						
	USD AUD$m	**JPY AUD$m**	**EUR AUD$m**	**GBP AUD$m**	**AUD AUD$m**	**Other AUD$m**	**TOTAL AUD$m**
Financial assets and liabilities at fair value through the income statement	**11.522**	**745**	**1,216**	**931**	**19,800**	**3,311**	**37,525**
Cash	**-**	**-**	**-**	**-**	**60**	**-**	**60**
Payables	**(39)**	**(1)**	**(4)**	**(2)**	**(93)**	**(19)**	**(158)**

	YEAR ENDED 30 JUNE 2023 FAIR VALUE						
	USD AUD$m	JPY AUD$m	EUR AUD$m	GBP AUD$m	AUD AUD$m	Other AUD$m	TOTAL AUD$m
Financial assets and liabilities at fair value through the income statement	11,156	715	1,520	985	20,325	3,431	38,132
Cash	-	-	-	-	102	-	102
Payables	(67)	(4)	(6)	(3)	(3)	(10)	(93)

Notes to and forming part of the financial statements
For the year ended 30 June 2024

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)

a.i) Currency Risk (continued)

The currency risk disclosure reflects the Fund's assets that are subject to active currency management. These assets comprise both directly held investments and most of the assets held indirectly through unit trusts.

Assuming no hedging of international exposures, a reasonably possible 16% (2023: 16%) strengthening of the Australian Dollar against the following currencies at financial year end would have decreased the monetary assets (i.e. assets that are units of currency or assets that are to be received in a fixed or determinable number of units of currency) within the Fund's Income Statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In practice, STC partially hedges against the adverse effects of currency movements. The analysis is calculated on the same basis for 2024 and 2023.

All amounts are in Australian Dollars	**Change in Net Assets 2024 $m**	Change in Net Assets 2023 $m
USD	**(109)**	(151)
JPY	**(1)**	(1)
EUR	**(11)**	(20)
GBP	**(12)**	(16)
Other	**(62)**	(69)
Total	**(195)**	(257)

Assuming no hedging of international exposures, a reasonably possible 16% (2023: 16%) weakening of the Australian Dollar against the above currencies at financial year end would have the equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

a.ii) Interest Rate Risk

The Fund's investments in debt and short-term money market instruments are subject to interest rate risk and the return on these investments will fluctuate in accordance with movements in the interest rates.

The Fund's exposure to interest rate risk, including contractual repricing or maturity dates (whichever dates are earlier) associated with these financial instruments as at 30 June, are shown in the tables below. All other financial assets and liabilities are non-interest bearing.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.ii) Interest Rate Risk (continued)

YEAR ENDED 30 JUNE 2024 – INTEREST RATE RISK DISCLOSURE

	Floating Interest $m	Fixed Interest $m	Non-Interest-Bearing $m	Total (per Statement of Financial Position) $m
Assets				
Short Term Securities	**106**	**2,646**	**-**	**2,752**
Australian Fixed Interest	**-**	**676**	**-**	**676**
Australian Equities	**-**	**-**	**4,579**	**4,579**
International Equities	**-**	**-**	**14,870**	**14,870**
Property - indirect	**-**	**-**	**2,560**	**2,560**
Investment Properties - direct	**-**	**-**	**57**	**57**
Infrastructure and other alternatives	**-**	**-**	**12,082**	**12,082**
Derivatives assets	**-**	**-**	**55**	**55**
Total Assets	**106**	**3,322**	**34,203**	**37,631**
Liabilities				
Payables	**-**	**-**	**158**	**158**
Derivatives liabilities	**-**	**-**	**46**	**46**
Total Liabilities	**-**	**-**	**204**	**204**
Net Assets	**106**	**3,322**	**33,999**	**37,427**

YEAR ENDED 30 JUNE 2023 – INTEREST RATE RISK DISCLOSURE

	Floating Interest $m	Fixed Interest $m	Non-Interest-Bearing $m	Total (per Statement of Financial Position) $m
Assets				
Short Term Securities	168	2,736	-	2,904
Australian Fixed Interest	-	670	-	670
Australian Equities	-	-	4,432	4,432
International Equities	-	-	14,692	14,692
Property - indirect	-	-	3,311	3,311
Investment Properties - direct	-	-	207	207
Infrastructure and other alternatives	-	-	12,289	12,289
Derivatives assets	-	-	48	48
Total Assets	168	3,406	34,979	38,553
Liabilities				
Payables	-	-	93	93
Derivatives liabilities	-	-	319	319
Total Liabilities	-	-	412	412
Net Assets	168	3,406	34,567	38,141

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.ii) Interest Rate Risk (continued)

The following tables illustrate the effect from possible changes in interest rates and price risk that were reasonably possible based on the risk to which the Fund was exposed.

The effect of a reasonably possible 150 basis point increase in variable rates and 150 basis point increase in fixed rates (2023: 350-basis point for variable rates and 100-basis point for fixed rates) securities is as follows. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is calculated on the same basis for 2024 and 2023 and takes into consideration portfolio duration.

All amounts are in Australian Dollars	**Change in Net Assets 2024 $m**	Change in Net Assets 2023 $m
Fixed Interest	**(55)**	(89)
Floating Interest	**2**	6
Total	**(53)**	(83)

A reasonably possible 150 basis point (2023: 350-basis points) decrease in variable rates and a 150-basis point decrease in interest rates (2023: 100-basis points) at financial year end would have the equal but opposite effect on the amounts shown above, assuming that all other variables remain constant.

a.iii) Price Risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment and/or its issuer or all factors affecting all instruments traded in the market. As the majority of the Fund's financial instruments are carried at fair value in the Statement of Financial Position and all changes in fair value are recognised in the Income Statement, all changes in market conditions will directly affect net assets available for member benefits and operating results.

Price risk is mitigated by the Fund having a formal investment strategy which diversifies the Fund's investments across various sectors, managers, risk factors, asset classes and countries.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.iii) Price Risk (continued)

The following tables illustrate the effect from possible changes in market prices that were reasonably possible (based on a 1.7 standard deviation range) on the risk to which the Fund was exposed

All amounts are in Australian Dollars	Change in Price Risk Variable	Change in Operating Results 2024 $m	Change in Operating Results 2023 $m
Australian Equities	+34%	**1,534**	1,689
International Equities	+29%	**4,337**	5,826
Total		**5,871**	7,515

All amounts are in Australian Dollars	Change in Price Risk Variable	Change in Operating Results 2024 $m	Change in Operating Results 2023 $m
Australian Equities	-17%	**(797)**	(979)
International Equities	-14%	**(2,082)**	(3,368)
Total		**(2,879)**	(4,347)

b) Credit Risk

Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause the Fund to incur a financial loss. Counterparty risk is governed by the Exposure and Counterparty Limit Policy. The Fund primarily invests in debt securities which are rated by a known rating agency. The Fund manages its exposure to credit risk by setting minimum grade ratings by investment type and a minimum overall weighted average credit rating in its investment mandates.

The Fund is exposed to credit risk in the following areas:
- the holding of currency hedging contracts, derivatives, short term securities, Australian fixed interest securities and international fixed interest securities
- contributions receivable
- accrued income
- margin call deposits
- unsettled investment sales
- securities lending (refer to Note 16)

The Fund's maximum exposure to credit risk at balance date in relation to each of the above listed items is the carrying amount of those assets as stated in the Statement of Financial Position.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

For short term securities, Australian fixed interest securities, international fixed interest securities and cash, STC controls credit risk by explicitly setting out in its investment instructions the assets that fund managers may invest in. The restrictions are based around rating agency assessments and/or the securities that make up the relevant industry benchmark for the sector being invested in. For forward foreign exchange contracts, investment managers must deal only with counterparties that have greater than nominated rating agency assessment and are also limited to relative dollar limits with any particular counterparty to ensure that credit risk is well diversified.

Credit risk associated with contributions receivable, margin call deposits and investment sales are minimal as all have a short settlement period and:

- contributions receivable comprises mainly Government Agency employer sponsors, hence risk is mitigated.
- for margin call deposits, STC transacts only with counterparties rated as credit worthy by credit rating agencies, and
- for investment sales, in line with market practice the Fund’s custodian does not release the sold assets until full payment has been received from the purchaser.

The Fund does not have significant concentrations of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The net exposure of the Fund to a group of related entities has not been greater than ten percent of the Fund’s net assets during the years ended 30 June 2024 or 30 June 2023. Also, STC ensures that in its hedging activities it diversifies its exposure to individual counterparties.

c) Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The relevant statutes require that all benefits be paid in full when they fall due.

In managing liquidity risk STC continuously monitors forecast and actual cash flows, including amounts required to fund its scheme and investment transactions and amounts expected from the Crown. Forecast Fund cash flows are based around the triennial actuarial assessment of the Fund, adjusted for actual cash flows. STC is able to estimate benefit outflows because most members cannot roll out of the Fund at will, but rather must satisfy a condition of release. The Fund maintains funding facilities adequate to allow the payment of its obligations as they fall due (also refer Note 7).

The Fund’s strategic asset allocations at 30 June 2024 targeted the following allocations to cash and short-term securities:

- DC Growth Option 3%
- DC Balanced Option 15%
- DC Conservative Option 24%
- Trustee Selection 4%

Notes to and forming part of the financial statements
For the year ended 30 June 2024

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The following tables summarise the maturity profile of the Fund's financial liabilities.

2024 Financial liabilities	Less than 1 month $m	1 – 12 months $m	1+ years $m	Fair Value $m
Trade and other payables	**147**	**11**	**-**	**158**
Current tax liabilities	**-**	**241**	**-**	**241**
Total financial liabilities (excluding derivatives)	**147**	**252**	**-**	**399**
Net settled derivatives				
Forward foreign exchange contracts	**(43)**	**43**	**-**	**-**
Futures	**-**	**3**	**-**	**3**
Swaps	**(1)**	**16**	**2**	**17**
Options	**-**	**(4)**	**(7)**	**(11)**
Total derivatives inflow/(outflow)	**(44)**	**58**	**(5)**	**9**

2023 Financial liabilities	Less than 1 month $m	1 – 12 months $m	1+ years $m	Fair Value $m
Trade and other payables	80	13	-	93
Current tax liabilities	-	155	-	155
Total financial liabilities (excluding derivatives)	80	168	-	248
Net settled derivatives				
Forward foreign exchange contracts	(1)	(281)	-	(282)
Futures	-	-	-	-
Swaps	-	5	(17)	(12)
Options	-	22	1	23
Total derivatives inflow/(outflow)	(1)	(254)	(16)	(271)

18. FAIR VALUE DISCLOSURES

The Statement of Financial Position is prepared in accordance with AASB 1056 *Superannuation Entities*. All investment assets are valued at fair values at 30 June.

Assets and Liabilities by Measurement Hierarchy

For financial reporting, fair value measurements are categorised into Level 1, 2 or 3 based on whether inputs in determining fair value are observable and the significance to the measurement. The levels are described as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level are short term securities; listed shares; listed unit trusts.
- Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are loan notes, government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.
- Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; and unlisted infrastructure.

Notes to and forming part of the financial statements
For the year ended 30 June 2024

18. FAIR VALUE DISCLOSURES (Continued)

STC has a valuation policy that sets out how all the Fund's assets are to be valued to ensure that valuations are materially accurate, fair and equitable. The Policy reflects the requirements of APRA Prudential Practice Guide SPG 531 – *Valuation* and *AASB 13 Fair Value Measurement*.

The fair value of direct infrastructure and property assets are based on valuations performed by independent valuers. Each independent valuer is appointed in line with the valuation policy. The valuation models used are designed in accordance with the International Valuation Standards Committee's recommendations.

Valuation techniques and significant unobservable inputs

The unobservable inputs into the valuation of the Fund's level 3 assets are determined on the best information available. Examples of unobservable inputs include discount rates, cash flow forecasts and rental forecasts.

Investments held at fair value through profit and loss for which there is no active market are valued making as much use of available and supportable market data as possible whilst keeping judgemental inputs to a minimum.

The following summarises the quantitative information regarding the significant unobservable inputs used in the Fund's level 3 fair value valuation methodologies, and include where applicable:

- Discounted cash-flow methods – which estimate fair value by discounting future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. These cash flows are based on management's best estimates. The discount rate used to equate the future cash flows to their net present value reflects the risk adjusted rate of return demanded by a hypothetical investor for the assets being valued. Selecting an appropriate discount rate is a matter of judgement having regard to relevant available market data and the risks and circumstances specific to the asset being valued
- Asset based methods – to reflect fair value recorded at the redemption value per unit reported by the investment managers of such funds

The analysis below indicates the effect on the income statement and statement of financial position arising from reasonably possible changes of the noted unobservable inputs to level 3 assets.

Asset Description	**Unobservable inputs used in analysis**	**Sensitivity used**	**Effect on fair value 2024 $m**	Effect on fair value 2023 $m	**Relationship to fair value**
Infrastructure	Discount rate	+/- 50bp	**(309)/297**	(379)/437	an increase in the discount rate will reduce fair value, a decrease in the discount rate will increase fair value
Investment Property	Discount rate	+/- 25bp	**(31)/31**	(44)/45	an increase in the discount rate will reduce fair value, a decrease in the discount rate will increase fair value
Investment Property	Capitalisation rate	+/- 25bp	**(64)/70**	(95)/106	an increase in the capitalisation rate will reduce fair value, a decrease in the capitalisation rate will increase fair value
Unlisted Unit Trusts	Unit price	+/- 5%	**151/(151)**	143/(143)	an increase in the unit price will increase fair value, a decrease in the unit price will decrease fair value

Notes to and forming part of the financial statements
For the year ended 30 June 2024

18. FAIR VALUE DISCLOSURES (Continued)

The following tables categorise the Fund's assets using the above valuation hierarchy. All disclosures are at fair value and excludes cash balances of approximately $553 million (2023: $676 million) which are embedded within the asset class portfolios, as cash is not subject to fair value considerations. The asset classes in the valuation hierarchy contain directly and indirectly held assets.

Year ended 30 June 2024	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Short Term Securities	**2,325**	**168**	**-**	**2,493**
Australian Fixed Interest	**-**	**92**	**-**	**92**
International Fixed Interest	**-**	**1,013**	**9**	**1,022**
Australian Equities	**4,491**	**1,515**	**28**	**6,034**
International Equities	**14,702**	**-**	**148**	**14,850**
Property	**-**	**-**	**2,035**	**2,035**
Infrastructure and other alternatives	**3**	**2,833**	**7,589**	**10,425**
Total	**21,521**	**5,621**	**9,809**	**36,951**

Year ended 30 June 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Short Term Securities	2,857	2,397	-	5,254
Australian Fixed Interest	-	100	-	100
International Fixed Interest	-	1,257	-	1,257
Australian Equities	4,381	799	-	5,180
International Equities	14,004	32	-	14,036
Property	-	-	2,823	2,823
Infrastructure and other alternatives	-	1,143	7,584	8,727
Total	21,242	5,728	10,407	37,377

Reconciliation of level 3 fair value measurements of financial assets

Level 3 Fair Value Reconciliation	2024 $m	2023 $m
Balance at 1 July	**10,407**	9,977
Total (losses) and gains recognised in the income statement	**(364)**	250
Purchases	**993**	702
Redemptions/Disposals	**(1,260)**	(620)
Net transfer from Level 2 into Level 3	**33**	98
Balance at 30 June	**9,809**	10,407

Unrealised (losses)/gains recognised in the 2024 income statement is $377 million, (2023: $198 million gains).

Notes to and forming part of the financial statements
For the year ended 30 June 2024

18. FAIR VALUE DISCLOSURES (Continued)

Climate Change Risk

State Super acknowledges climate change presents significant long-term investment risks.

State Super is committed to effectively integrating climate change risks and opportunities into its investment processes across the Pooled Fund and expects its investment managers and advisors to integrate these throughout their investment process.

Real assets and Fair value assessment incorporating climate risk:
In arriving at the fair value of our real assets (primarily Infrastructure and Property assets), climate related risks are incorporated in the valuation process. The management teams for each individual asset will consider climate-related risk matters when preparing business plans and long-term forecasts, including impact of climate change on revenues, operating expenses, capex and financing.

In addition, the independent valuer will also consider climate-related risks when undertaking the valuation of each individual asset. In this regard, we specifically request (and require) each independent valuer to consider and comment upon climate-related risks when undertaking their independent valuations.

The consideration of climate-related risks by the valuer is typically made when the valuer is determining the discount rate of the asset using the discounted cash flow methodology.

19. COMMITMENTS

As at 30 June 2024, the Fund had commitments for uncalled additions to existing investments of $166 million (2023: $368 million). The amounts can be called at the discretion of the fund managers involved and will be funded from the cash holdings of the Fund’s diversified investment options.

20. NOTES TO CASH FLOW STATEMENT

Reconciliation of net cash flows from operating activities to the operating result after income

	2024 $m	2023 $m
Operating result after income tax for the year	**(227)**	(1,451)
Net change in fair value of investments	**(1,701)**	(2,254)
Net change in receivables and other assets	**142**	(184)
Net change in payables and other liabilities	**(207)**	30
Net change in defined benefit member benefits	**3,311**	5,058
Net change in provision for income tax	**86**	292
Net cash inflow/(outflow) from operating activities	**1,404**	1,491

Notes to and forming part of the financial statements
For the year ended 30 June 2024

21. CONTROLLED ENTITIES

The entities that comprise the SAS Trustee Corporation Pooled Fund economic entity are detailed below. The entities are special purpose trusts established to hold some of the Fund's unlisted infrastructure and property investments.

Name	Country of Incorporation	Equity Holding		Commitments for Investment	
		2024 %	2023 %	**2024 $'m**	2023 $'m
Alfred Unit Trust	Australia	100	100	-	-
Southern Way Unit Trust	Australia	100	100	-	-
Duquesne Utilities Trust	Australia	100	100	-	-
Pisco STC Funds Unit Trust No.2	Australia	100	100	-	-
Valley Commerce Pty Limited	Australia	100	100	-	-
Buroba Pty Limited	Australia	100	100	-	-
State Infrastructure Trust	Australia	100	100	-	-
State Infrastructure Holdings 1 Pty Ltd	Australia	100	100	-	-
Project Cricket State Super Unit Trust	Australia	100	100	-	-
A-Train Trust	Australia	100	100	-	-
TCorpIM Fund Q (Direct Property)	Australia	100	100	-	-

22. EVENTS AFTER THE REPORTING DATE

There have been no events between 30 June 2024 and the date of approval of these financial statements that would significantly impact the financial statements.

End of Audited Financial Statements

Appendix 1

Statistical information about GIPA access applications processed by or on behalf of State Super in 2023-24

Table A: Number of applications by type of applicant and outcome*	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public - application by legal representative	9	56	0	0	0	0	0	1
Members of the public (others)	15	81	0	1	0	0	0	2

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B

Table B: Number of applications by type of application and outcome	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	24	137	0	1	0	0	0	3
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information and partly other	0	0	0	0	0	0	0	0

* A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications Reason for invalidity	Number of Applications
Application does not comply with formal requirements (section 41 of the Act)	2
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	2
Invalid applications that subsequently became valid applications	2

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act	Number of times consideration used *
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	28
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0
Information about authorised transactions under *Electricity Network Assets (Authorised Transactions) Act 2015*	0
Information about authorised transaction under *Land and Property NSW (Authorised Transaction) Act 2016*	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial process and natural justice	142
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness	Number of Applications
Decided within the statutory timeframe (20 days plus any extensions)	161
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	4
Total	165

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendations under section 93 of Act	0	0	0
Review by NCAT	0	0	0
Total	0	0	0

* The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)	Number of Applications for review
Applications by access applicants	0
Application by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)	Number of Applications transferred
Agency - initiated transfers	0
Applicant - initiated transfers	0

Compliance index for disclosure requirements

This index has been prepared in accordance with Division 7.3 of the *Government Sector Finance Act 2018*, the associated regulations and the Treasurer's directions to facilitate identification of compliance with disclosure requirements.

GLOSSARY

- **Board** means the Board of State Super, appointed under s. 69 of the *Superannuation Administration Act 1996*.
- **ECPI** means Exempt Current Pension Income.
- **Executive** means the executive staff of State Super.
- **HOGA** means the Heads of Government Agreement between the Federal and State Governments relating to state public sector superannuation schemes.
- **Mercer** means Mercer Administration Services (Australia) Pty Limited.
- **PSS** means Police Superannuation Scheme.
- **SANCS** means State Authorities Non-contributory Superannuation Scheme.
- **SASS** means State Authorities Superannuation Scheme.
- **SAS Trustee Corporation Pooled Fund** (also referred to as the STC Pooled Fund, Pooled Fund or Fund) means the amalgamated fund of the STC funds referred to in s. 81 of the *Superannuation Administration Act1996*.
- **SSS** means State Superannuation Scheme.
- **State Super** means SAS Trustee Corporation.
- **STC** means SAS Trustee Corporation.
- **TCorp** means New South Wales Treasury Corporation.

www.statesuper.nsw.gov.au
Pooled Fund ABN: 29 239 066 746

Level 21, 83 Clarence Street
Sydney, NSW 2000

PO Box N259
Grosvenor Place NSW 1220

02 9238 5906

Customer service

Between 8:30am and 5:30pm, Monday to Friday for the cost of a local call (unless calling from a mobile or pay phone).

State Authorities Superannuation Scheme (SASS)	1300 130 095
State Superannuation Scheme (SSS)	1300 130 096
Police Superannuation Scheme (PSS)	1300 130 097
Deferred benefit members	1300 130 094
Pension members	1300 652 113

Fax	02 4298 6688
Email	enquiries@stc.nsw.gov.au
Postal address	GPO Box 2181 Melbourne VIC 3001

Member Service appointments

Member Service appointments are available by appointment only 9.00am to 5.00pm Monday to Friday. Appointments are via telephone/Zoom video call. We also have a limited number of in-person appointments available at our Sydney CBD or Wollongong offices.

To arrange an appointment, call one of the Customer Service numbers above.