



Police Superannuation Board – Report to Members 2015-2016

POLICE SUPERANNUATION BOARD

The Police Superannuation Board is responsible for the administration of the Police Superannuation Scheme. Funds SA is responsible for the management and investment of the Police Schemes.

Board Members

The Board consists of five members and met eleven times during the year ended 30 June 2016. The Board and Deputy members are listed below:

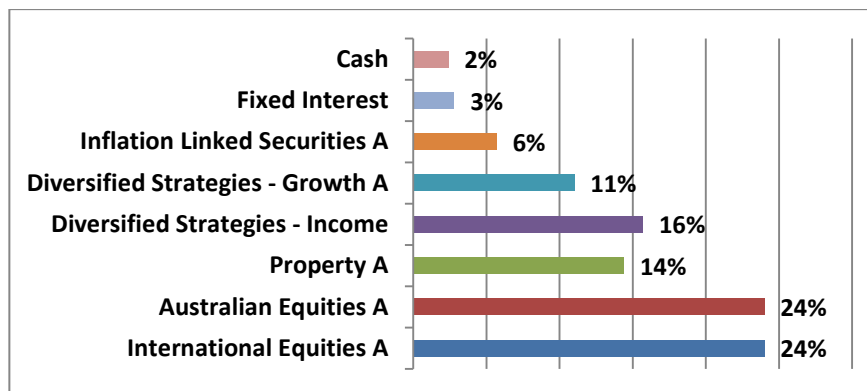
Mr Graeme Barton	appointed as Presiding Member by the Governor on the Minister's nomination. (Deputy Member Mr Garry Powell)
Chief Inspector Keryl Howie	appointed as Member by the Governor on the Minister's nomination. (Deputy Member Chief Inspector Julie Thomas)
Mr Ferdi Pit	appointed as Member by the Governor on the Minister's nomination. (Deputy Member Mr Neil Smith)
Sergeant Bernadette Zimmermann	appointed as Member by the Governor on the nomination of the Police Association of South Australia. (Deputy Member Sergeant Samantha Strange)
Senior Sergeant Thomas Scheffler	appointed as Member by the Governor on the nomination of the Police Association of South Australia. (Deputy Member Senior Sergeant Trevor Milne)

POLICE SUPERANNUATION SCHEME

The Police Superannuation Scheme is made up of the Police Superannuation Fund and the Police Employer Account. The value of the total assets of the Police Superannuation Scheme as at 30 June 2016 was \$1.48 billion compared with \$1.42 billion as at 30 June 2015.

Funds SA Investment Strategy

The allocation of the Scheme's assets by Funds SA as at 30 June 2016 is shown below:



For the 2015-2016 financial year Funds SA's net money weighted investment return (net of investment fees and the Board's administration expenses), was 3.7 per cent for the Pension Scheme division.

The following table shows the investment returns (net of investment fees and the Board's administration expenses) achieved by Funds SA over the past 5 years.

Scheme	Investment Returns					5 years annualised
	2012	2013	2014	2015	2016	
Pension	1.7%	16.5%	14.8%	10.0%	3.7%	9.2%

Police Superannuation Fund

The Police Superannuation Fund consists of the Pension Scheme division which provides pension benefits with a lump sum option. The Pension Scheme division was closed to new members on 31 May 1990.

For the year ended 30 June 2016, \$6.2 million (\$6.4 million in 2014-2015) was deposited into the Fund by members. The net investment income derived by Funds SA from investment of the Fund for the year ended 30 June 2016 amounted to \$17.8 million, compared to \$44.1 million in the previous year. An amount of \$19 million (\$15.5 million in 2014-2015) was paid from the Fund during 2015-2016 in respect of benefits for members of the Pension Scheme. As at 30 June 2016 the balance of the Fund stood at \$483.7 million. This compares with the total of \$479 million as at 30 June 2015.

Fund Crediting Rates

As the Pension Scheme provides defined benefits upon retirement, invalidity and death, these benefits are not affected by fund crediting rates. However, Fund crediting rates affect benefits payable to members who resign prior to age 50 and elect to take a cash withdrawal benefit equal to the balance of their member contribution account.

Member Contribution Accounts

The Board's end of year crediting rate policy is based on the actual returns (money weighted return net of investment fees and the Board's administration expenses), as advised by Funds SA.

The Board declared an end of year crediting rate of 3.7 per cent to be applied to member contribution accounts as at 30 June 2016. The following table shows the crediting rates by scheme declared by the Board over the past 5 years.

Member Contribution Accounts Crediting Rates						
Scheme	2012	2013	2014	2015	2016	5 years annualised
Pension	1.7%	16.5%	14.8%	10.0%	3.7%	9.2%

Police Employer Account

During 2015-2016 a total of \$26 million (\$27.3 million in 2014-2015) was deposited by SAPOL into the Police Employer Account to meet the Government's proportion of benefit payments. For the year ended 30 June 2016 the Government transferred a further \$63.8 million (\$59.9 million in 2014-2015) to the Police Employer Account for funding of future liabilities in respect of the Police Superannuation Scheme. The net investment income derived by Funds SA from investment of the Police Employer Account for the year ended 30 June 2016 amounted to \$35.7 million, compared to \$85.1 million in the previous year. An amount of \$67.6 million (\$65.9 million in 2014-2015) was paid from the Police Employer Account during 2015-2016 in respect of benefits for members of the Pension Scheme. As at 30 June 2016 the balance of the Police Employer Account stood at \$996.2 million. This compares with the total of \$938.7 million as at 30 June 2015.

Actuarial Review

During 2015-2016 the Employer and Fund's prescribed proportions of benefit payments for members of the Pension Scheme were 78 and 22 percent respectively in line with the recommendations made in the Actuarial Report as at 30 June 2014. The Government contribution for future service liabilities during 2015-2016 was 20.5 percent of member salaries in line with the recommendation in the above mentioned report.

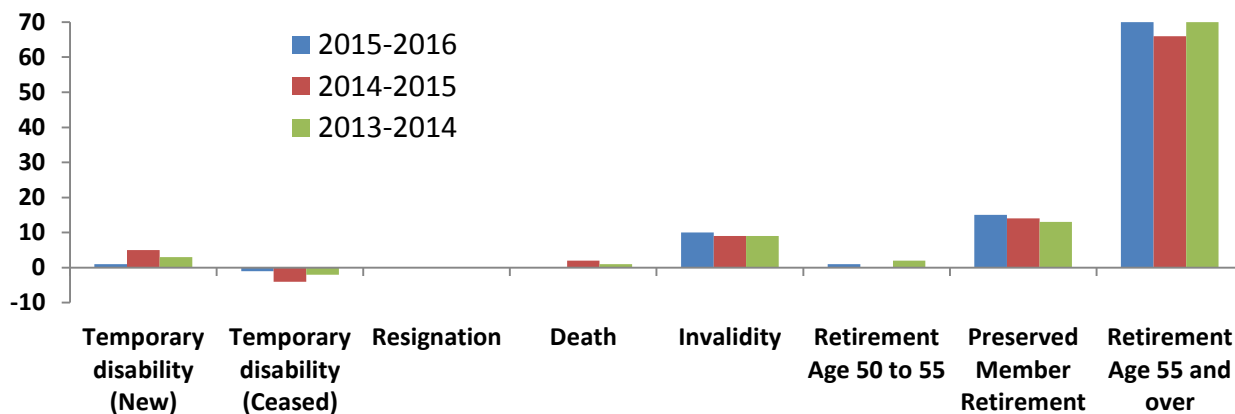
MEMBERSHIP

Police Officers, who commenced employment with SAPOL on or before 31 May, 1990 are members of the Pension Scheme.

The Scheme is closed to new Police Officers and as at 30 June 2016 had a total membership of 1,253, made up of contributors (1,174) and preserved members (79) as outlined in the chart below. The contributors to the Pension Scheme as at 30 June 2016 comprised 973 males and 201 females.

Members as at 30 JUNE			
Member Category	Pension Scheme	Total 2015/2016	Total 2014/2015
Contributors	1,174	1,174	1,260
Preserved	79	79	95
TOTAL	1,253	1,253	1,355

During 2015-2016 there was a total of 102 exits from the Pension Scheme (86 contributors and 16 preserved), an increase of 10 on the previous year.



During 2015-2016 no contributors resigned from SAPOL and elected for a preservation benefit (1 in 2014-2015).

PENSIONS

A total of 1,704 pensions (1,625 at 30 June 2015) were being paid under the Pension Scheme as at 30 June 2016.

INQUIRY AND COMPLAINT PROCEDURES

Members' inquiries or complaints (in writing) regarding police superannuation matters can be directed to the Police Superannuation Office. The Police Superannuation Board will consider all members' complaints. Members dissatisfied with the Board's decision in response to their complaint can obtain a review of the decision by:

- a) applying to the Board for a review of the decision; or
- b) pursuing the matter with the Police Association, Local Member of Parliament or State Ombudsman; or
- c) pursuing the matter with the District Court.

COMPLIANCE STATEMENT

The South Australian and Commonwealth Governments have entered into a Heads of Government Agreement to enable certain public sector schemes to be exempt from the Commonwealth's Superannuation Industry (Supervision) Act 1993. As a result of the Agreement, the schemes established under the Police Superannuation Act 1990 are, in terms of the Commonwealth legislation, exempt public sector schemes. In terms of the Agreement, the South Australian Government has made a commitment to ensure that the exempt public sector schemes conform with the principles of the Commonwealth's retirement incomes policy objectives.

MEMBER INVESTMENT CHOICE

Members of the Pension Scheme have the option to make additional voluntary contributions to Triple S, which provides members with eight investment options to choose from.

MEMBER INFORMATION

The Police Superannuation Board's website provides members with timely and effective communication regarding the Scheme and their benefits. The website includes an interactive facility to enable members to obtain superannuation benefit quotations online. Regular monthly articles on the Scheme appeared in the Police Journal and the Website.

Members seeking information regarding their superannuation should contact the Police Superannuation Office. Member information is available on the web, by telephone, personal interview by appointment or in writing upon receipt of a written request. Group information sessions (metropolitan and country) can also be arranged upon request through official channels.

Police Superannuation Office:

Ground Floor, 151 Pirie Street
 Adelaide SA 5000
 Telephone: 8204 2964, 8204 2965
 Fax: 8204 2303
 E-mail: admin@policessuper.sa.gov.au
 Website: www.policessuper.sa.gov.au

Extract from the Statement of Financial Accounts – Police Superannuation Scheme

STATEMENT OF NET ASSETS AS AT 30 JUNE 2016

	Note	\$'000	\$'000	2016 \$'000	2015 \$'000
INVESTMENTS					
Inflation linked Securities A		85,038			101,630
Property A		212,576			204,338
Australian Equities A		354,906			339,993
International Equities A		356,948			363,595
Fixed Interest		40,842			27,844
Diversified Strategies - Growth A		162,391			138,085
Diversified Strategies - Income		231,973			195,240
Cash		35,045			46,820
Total Investments	9		1,479,719		1,417,545
<i>Plus:</i>					
OTHER ASSETS					
Cash and cash equivalents		984			619
Contributions Receivable		730			580
Sundry Debtors		16			8
Total Other Assets			1,730		1,207
Total Assets				1,481,449	1,418,752
<i>Less:</i>					
CURRENT LIABILITIES					
Benefits Payable		1,477			966
Sundry Creditors		141			146
Total Liabilities				1,618	1,112
NET ASSETS AVAILABLE TO PAY BENEFITS				1,479,831	1,417,640

STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2016

	Note	\$'000	\$'000	2016 \$'000	2015 \$'000
NET ASSETS AVAILABLE TO PAY BENEFITS AT 1 JULY				1,417,640	1,276,751
REVENUE					
Investment Revenue			63,524		138,772
Other Income			24		37
CONTRIBUTIONS REVENUE					
Past Service Liability	10	63,800			59,900
Employer Contributions		26,039			27,335
Member Contributions		6,152			6,418
Government Co-Contributions		2			2
SG Contributions		-			1
Total Contribution Revenue			95,993		93,656
Total Revenue			159,541		232,465
EXPENSES					
Direct Investment Expense	6		(10,075)		(9,615)
Administrative Expense	6		(720)		(616)
BENEFITS PAID					
Pensions	11	(69,757)			(63,932)
Commutations		(8,744)			(9,726)
Lump Sums		(8,052)			(7,684)
Government Co-Contributions		(2)			(2)
SG Contributions		-			(1)
Total Benefits Paid			(86,555)		(81,345)
Total Expenses			(97,350)		(91,576)
NET INCREASE IN FUNDS				62,191	140,889
NET ASSETS AVAILABLE TO PAY BENEFITS AT 30 JUNE				1,479,831	1,417,640

FOOTNOTE:

The net assets available to pay benefits stated above are the net assets of the Police Superannuation Scheme (\$1.48 billion) which includes the net assets of the Police Superannuation Fund (\$483.7 million) and the net assets of the Police Employer Account (\$996.2 million).

AUDIT OPINION

As at the date of printing, the audit of the financial statements of the Police Superannuation Scheme for 2015-2016 had not been finalised.