



State Superannuation Act 2000 Section 33(2)

Treasurer's Guidelines for Government Employees Superannuation Fund

- (1) Reserves
- (2) Allocation of Costs

January
2017

Contents

- (a) *ensure compliance with any relevant guidelines; and*
- (b) *otherwise act in accordance with section 6(2)."*

Definitions

- 1.4 **'Accumulation Schemes'** means the West State Super Scheme, the GESB Super Scheme, the GESB Super (Retirement Access) Scheme, the Retirement Income Scheme and the Term Allocated Pension Scheme.
- 1.5 **'Act'** means the State Superannuation Act 2000, as amended from time to time.
- 1.6 **'Board'** means the Government Employees Superannuation Board.
- 1.7 **'Defined Benefit Scheme'**

2 Guidelines relating to Reserves

General Principles for the Establishment and Maintenance of Reserves

- 2.1 The Board may establish and maintain reserves for the Accumulation Schemes, provided that the purpose and operation of each reserve complies with the principles set out below in Clauses 2.4 to 2.14 inclusive.
- 2.2 The Board may establish and maintain a reserve for the Defined Benefit Schemes, subject to agreement with the Treasurer, provided the purpose and operation of the reserve complies with the principles outlined below.
- 2.3 If the Board seeks to establish a Defined Benefit Scheme reserve then the Board will provide a submission to the Treasurer that includes:
 - (a) The purpose, operation, investment strategy and source of funding of the proposed reserve
 - (b) A draft of the proposed amended Reserving Strategy; and
 - (c) Any relevant advice obtained by the Board

- 2.9 Unless otherwise agreed between the Board and the Treasurer, no transfer of assets is to occur between:
- (a) The WGGPR and any other Accumulation Scheme reserve or any Accumulation Scheme;
- 2.10 Unless the transfer is to meet member benefits which have transferred between the respective schemes, or it is otherwise agreed between the Board and the Treasurer, no transfer of assets is to occur between any Defined Benefit Scheme and any Accumulation Scheme (including any reserves).
- 2.11 Unless otherwise agreed between the Board and the Treasurer, any subsidisation of fees for Accumulation Scheme members is permitted only to the extent the subsidisation of fees can be met from:
- (a) The Accumulation Scheme reserves (other than the WGGPR); and
 - (b) The surplus assets of other Accumulation Schemes.

Reporting

- 2.12 The Board will provide to the Treasurer on a regular basis, but at least annually, a report showing a reconciliation of all movements in each reserve over the financial year including:
- (a) Opening amount;
 - (b) Transactions;
 - (c) Earnings;
 - (d) Closing amount; and
 - (e) Substantiation of specific items, as requested.
- 2.13 The report will be provided to the Treasurer at the same time as the Fund Financial Statements.

Investment strategy

- 2.14 The strategic asset allocation of each reserve must be consistent with the Treasurer's Prudential Guidelines for GES Fund Investments.

Guidelines relating to the Establishment and Maintenance of Specific Reserves

- 2.15 The following sections relate to three specific reserves only, being the WGGPR, the Accumulation Schemes Operational Risk Reserves and the Accumulation General Reserve. Under Clause 2.1, the Board may establish and maintain other reserves for the Accumulation Schemes, provided that the purpose and operation of each reserve complies with the principles set out in Clauses 2.4 to 2.14 inclusive.

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Defined Benefit Schemes (members) and the costs will be met by the State in a manner approved by the Treasurer.

3.2 The Treasurer has approved the following terms.

- (a) Costs relating to administering the defined benefit schemes will be agreed with the Treasury (through the annual Statement of Corporate Intent approval process) and funded by direct appropriation from the Consolidated Account. Therefore:
 - (i) the allocated costs to the Defined Benefit Schemes are not to be included in the accounts of the Actuary; and
 - (ii) the employer contribution rate determined by the Treasurer (for self-funded agencies) will explicitly disclose the dollar amount or percentage which reflects the allocated costs.
- (b) The appropriation from the Consolidated Account funds all the allocated costs for the Defined Benefit Schemes. Therefore a proportion of the employer contribution rate to meet allocated costs will be allocated towards the Defined Benefit Scheme's accrued liabilities and employer contribution.
- (c) The Treasurer will determine how and when costs relating to an operational risk event that impacts Defined Benefit Schemes will be met. Such costs may be met by appropriation from the Consolidated Account or from the Defined Benefit Scheme assets as determined by the Treasurer.

Accumulation schemes

3.3 The GESB Board will determine the appropriate allocation of costs to the Accumulation Schemes (including any costs in relation to the operational risk event that impacts the Accumulation Scheme members) and these will be met from the Accumulation Scheme assets unless otherwise approved by the Treasurer.

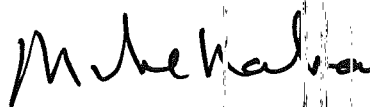
4 Revision of these Guidelines

4.1 The Treasurer may revise these Guidelines any time but will undertake a review at least once every three years.

4.2 The Board may propose amendments to the Guidelines.

5 Effective Date

5.1 These Guidelines shall be effective from the date of the Treasurer's Approval.



DR MIKE NAHAN MLA
TREASURER
31 JAN 2017

DATE 31/1/2017