

30 November 2015

Mr Rob Laba
OnePath Custodians Pty Limited
As Trustee For Calista Superannuation Plan
Level 17
100 Queen Street
Melbourne VIC 3000

Dear Rob,

**Subject: Calista Superannuation Plan (Defined Benefit Section)
Funding and Solvency Certificate effective from 1 July 2015**

As requested, we are pleased to provide the attached Funding and Solvency Certificate applying to the defined benefit section of the Calista Superannuation Plan. This new certificate applies with effect from 1 July 2015 and will expire on 30 June 2020, unless circumstances require its replacement sooner.

The new certificate has been prepared following on from the completion of the triennial actuarial review as at 30 June 2015, which found that the Plan was in an unsatisfactory financial position as at that date.

If you would like to discuss any aspect of this Funding and Solvency Certificate, please don't hesitate to contact us.

Yours sincerely,



Geoff Morley
Fellow of the Institute of Actuaries of Australia

**Calista Superannuation Plan (Defined Benefit Section)
Funding and Solvency Certificate**

1. This Funding and Solvency Certificate has been prepared the trustee of the Calista Superannuation Plan, to assist in the management of the Plan and to assist the sponsoring employers (R C Sadleir Pty Limited and related companies).
 2. This Funding and Solvency Certificate is required under Division 9.3 of the Superannuation Industry (Supervision) Regulations (“the SIS Regulations”) which relates to the funding and solvency of defined benefit funds used for Superannuation Guarantee purposes. The legislation requires an actuary:
 - a. to certify “solvency” (as described by the SIS Regulations) at the effective date of the Certificate;
 - b. to specify the minimum contributions expected to maintain solvency until the expiry date of the Certificate; and
 - c. to define circumstances (including “notifiable events”) under which the certification will lapse and the trustee must arrange a replacement of the Certificate by an actuary prior to the normal expiry date.
 3. The effective date of this Certificate is 1 July 2015. This Funding and Solvency Certificate replaces the previous Funding and Solvency Certificate, which was also prepared by Geoff Morley, Fellow of the Institute of Actuaries of Australia, and was dated 22 October 2012.
 4. The expiry date of this Certificate is 30 June 2020. This Certificate will lapse prior to the expiry date in any of the following circumstances:
 - a. a replacement Funding and Solvency Certificate takes effect;
 - b. amounts are repatriated from the Plan to the Employer or any other employer-sponsor;
 - c. a “notifiable event” occurs as outlined in section 10 of this Certificate;
 - d. an employer-sponsor fails to pay the required minimum contributions as specified in section 9 of this Certificate;
 - e. none of the above apply, but an actuary, in the course of performing an actuarial function for the Plan, forms the opinion that the Certificate is no longer appropriate and advises the trustee in writing that the Certificate must be withdrawn.
- If any of items (b) to (e) above occur, this certificate lapses and the trustee must arrange for a replacement Funding and Solvency Certificate within 3 months. In any case, the Funding and Solvency Certificate must be replaced no later than 1 July 2019 (1 year prior to its expiry date).
5. The SIS Regulations require the trustee:
 - a. to give a copy of this Certificate to the employer(s) who have been or are contributing to the Plan as soon as practicable; and

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- b. to obtain a new Funding and Solvency Certificate if any of the circumstances listed in sections 4 or 10 of this Certificate occur while the Certificate is in force.
 6. The minimum requisite benefits used to determine the solvency of the Plan for the purposes of this Funding and Solvency Certificate are set out in the Benefit Certificate for the Plan, signed by Geoff Morley, Fellow of the Institute of Actuaries of Australia on 15 July 2015. The minimum requisite benefits in the Benefit Certificate cover the period from 1 July 2015 to 30 June 2020. A change in the calculation of the minimum benefits specified in the Benefit Certificate may constitute a notifiable event under section 10 of this Funding and Solvency Certificate.
 7. I certify that the Plan was “solvent” as described in the SIS regulations 9.06 and 9.15 at the effective date of this Certificate. That is, the minimum requisite benefits were covered by the net realisable value of the Plan’s assets. I certify that I am not aware of any occurrence between the effective date and the date of signing that would affect the contents of this Certificate.
 8. This Certificate assesses the “solvency” of the Plan in a limited sense by considering only whether the minimum requisite benefits are covered by the Plan’s assets. On reasonable assumptions about the future, the Plan is likely (but not guaranteed) to remain “solvent” over the duration of this Certificate if contributions are made as described in section 9 of this Certificate.
 9. This certificate has been prepared on the basis of Employer contributions as follows:
 - a. Employer contributions of 11.6% of salaries for all members of the Plan with effect from 1 December 2015. Employer contributions should continue to be paid at this rate at least until the next triennial actuarial review (due as at 30 June 2018) has been completed.
 - b. Employer contributions of \$12,000 per month with effect from 1 December 2015. These additional contributions should be continued at least until the vested benefits index reaches at least 105%, which is expected to occur between 30 June 2018 and 30 June 2019. After the vested benefits index has reached 105%, it may be appropriate to reduce or cease these additional contributions.
 - c. For each member who leaves the Plan up until the next actuarial review has been completed, the trustee should seek the advice of the actuary to consider whether an additional Employer contribution is required. Whether or not an additional contribution is required (and its amount) is likely to depend on the Plan’s funding level at the time. For example, it is likely that an additional contribution would be required at least when a member leaves while the vested benefits index remains below 100%. The amount of such a contribution could be based on:
 - i. The amount (if any) by which the member’s benefit is increased in accordance with the Employer’s policy in relation to early retirements, as documented in March 2015 (grossed up for contributions tax, by dividing by 0.85); or
 - ii. The amount (if any) by which the member’s vested benefit exceeds their minimum requisite benefit (grossed up for contributions tax, by dividing by 0.85); or
 - iii. Some other basis that is appropriate in the circumstances.

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- d. The Employer should continue to remit the normal member contributions to the Plan.

I certify these contributions are in excess of the “best estimate minimum contributions” reasonably expected to be required to secure the solvency of the Plan up to the expiry date of this Certificate.

10. Notifiable events are occurrences identified by an actuary as requiring the solvency of the Plan to be re-examined. If a notifiable event occurs, the trustee must obtain a new Funding and Solvency Certificate from an actuary to replace this Funding and Solvency Certificate within 3 months of the occurrence of the notifiable event. In accordance with Regulation 9.10 to the SIS Act, the following events are identified as notifiable events (unless, in the case of items (b) to (k), an actuary has confirmed that the occurrence does not constitute a notifiable event):
- a. an amendment of the governing rules of the Plan in a way that affects the level, or method of calculation, of the benefits of the Plan;
 - b. at the 30 June 2016 annual review date, if the vested benefit index of the Plan is less than 95%;
 - c. at the 30 June 2017 and subsequent annual review dates, if the vested benefit index of the Plan is less than 100%;
 - d. at an annual review date, if the average annual salary increase of the members since the last annual review date is greater than 10%;
 - e. at an annual review date, if the earning rate of the Plan since the previous annual review date, is less than 0%;
 - f. a new member enters the Plan;
 - g. the augmentation of a member’s benefit (other than an augmentation in accordance the Employer’s policy in relation to early retirements documented in March 2015 and for which any additional contribution recommended by an actuary has been paid);
 - h. the replacement of the Benefit Certificate dated 15 July 2015 with a benefit certificate that specifies higher minimum requisite benefits;
 - i. a transfer of a member to a higher category in the Plan;
 - j. a change in the group insurance arrangements of the Plan;
 - k. any event which an Actuary subsequently advises the Trustee to be a notifiable event.
11. This Funding and Solvency Certificate has been prepared in accordance with Professional Standard 407 of the Institute of Actuaries of Australia.



Geoff Morley, BSc, BCom
Fellow of the Institute of Actuaries of Australia
30 November 2015

Attachment to the Funding and Solvency Certificate

Membership and Asset Data

The membership data and asset data used for this Funding and Solvency Certificate was provided by the Plan's administrator. That data was also used for the triennial actuarial review of the Calista Superannuation Plan as at 30 June 2015.

Benefits

The benefits provided by the Plan are as described in the Plan's trust deed and summarised in Appendix A of the report on the actuarial review of the Plan as at 30 June 2015.

Assumptions

The assumptions used to carry out projections of the benefits and assets of the Plan are documented in Appendix B of report on the actuarial review of the Plan as at 30 June 2015.