Viva Energy Superannuation Plan

Report on the Actuarial Investigation as at 30 June 2024

Statement of Advice

12 December 2024

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Towers Watson Australia Pty Ltd
ABN 45 002 415 349 AFSL 229921

Summary

I am pleased to present my report to the Trustee of the Viva Energy Superannuation Plan, NULIS Nominees (Australia) Ltd, on the actuarial investigation into the Viva Energy Superannuation Plan as at 30 June 2024. The Plan is a sub-plan of the Plum Division of the MLC Super Fund.

This Summary sets out the key results and recommendations contained in this report.

Solvency

The financial position of the Plan has worsened slightly over the intervaluation period, as shown by the decreased Vested Benefits Index from 108.9% as at 30 June 2021 to 106.3% as at 30 June 2024.

The solvency measures as at 30 June 2021 and 30 June 2024 are also shown below:

Measure	30 June 2021	30 June 2024
VBI	108.9%	106.3%
PVABI	107.9%	112.1%
MRBI	235.6%	211.0%

Funding

The primary funding objective of the Plan is that the contribution rate be considered sufficient on the basis of the selected actuarial assumptions, to keep the Plan from falling into an unsatisfactory financial position over the next three years.

Taking into account the projected financial position of the Plan over the next three years, I recommend that the Employer continue its contribution holiday (i.e. nil Employer contributions) in respect of Defined Benefit members until the results of the 30 June 2027 actuarial investigation are available.

Contents

Throughout this report the following terms are used:

Plan
Viva Energy Superannuation Plan

Trustee
NULIS Nominees (Australia) Ltd

Employer
Viva Energy Australia Group Pty Ltd

Trust Deed or Rules
The Plan's Trust Deed

The Investigation Date or Valuation Date
30 June 2024

Additional Employer contributions are required to cover the costs of expenses and insurance premiums in respect of Accumulation members as determined by the Plan's administrator each year based on estimates of the following year. Currently these additional contributions are $86,000 per month.

Other Matters involving Actuarial Oversight

I further recommend that:

- The Trustee retain the shortfall limit at 100% based on the current investment structure of the Plan;
- The Trustee monitor the financial position of the Plan quarterly throughout the following investigation period;
- Current external insurance arrangements for death and disablement benefits be retained.

In line with requirements under legislation and the Trust Deed, the next actuarial investigation of the Plan should be conducted with an effective date no later than 30 June 2027. The recommended Employer contribution rates will be reviewed at that time or at an earlier date if considered appropriate as a consequence of the regular review of the VBI or as required by legislation.

I am not aware of any event since 30 June 2024 that warrants review of the recommendations in this report.

Andrew West

Andrew West
Fellow of the Institute of Actuaries of Australia

12 December 2024

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Section 1: Introduction

Scope

This investigation has been prepared effective 30 June 2024 for NULIS Nominees (Australia) Ltd, the Trustee of the Plan, by the actuary to the Plan, Andrew West, FIAA.

Current legislation and the Trust Deed require an actuarial investigation and report to be carried out at least every three years for defined benefit funds. The main aims of the investigation are to examine the current financial position of the Plan and the long-term funding of the Plan's benefits, and to provide advice to the Trustee on the contribution rate at which the Employer should contribute and on any other matters the actuary considers relevant.

I confirm that I have not been subject to any restrictions or limitations in the preparation of this report.

This investigation is primarily interested in the Defined Benefit liabilities of the Plan, and unless otherwise specified, this report relates only to such Defined Benefit liabilities. The Accumulation liabilities of the Plan, including those that relate to Defined Benefit members, are fully funded and do not impact upon the Defined Benefit liabilities. No investigation is required regarding the Accumulation liabilities, although in my recommendations I have continued to recommend that the Employer contribute to cover the costs of expenses and insurance premiums in respect of Accumulation members as determined by the Plan's administrator.

This report has been prepared in accordance with Practice Guideline 1, Professional Standard 400, 402, 404 and 410, issued by the Institute of Actuaries of Australia.

Structure of the Plan

The Viva Energy Superannuation Plan is a Sub-plan of the Plum Division of the MLC Super Fund with its benefits and conditions governed by the MLC Super Fund Participation Schedule dated 9 May 2018.

The Plan is a "regulated" fund under the Superannuation Industry (Supervision) Act and therefore qualifies for concessional tax treatment.

The Plan has two categories in which active Defined Benefit members participate. These categories are closed to new members. Members of Option 1 may select from a range of contribution rates with a corresponding range of benefit accrual rates. Members of Option 2 must contribute at a rate of 4.0% and may take their defined retirement benefit in the form of either a lump sum, a pension or a combination. In addition, Option 2 members have a productivity accumulation account.

Viva Energy Australia Group Pty Ltd (the "Employer") is the Principal Employer of the Plan (as defined in the Participation Schedule). There are also three Associated Employers as at the investigation date.

A detailed description of the benefits valued in this investigation is included in the Benefits Summary section of this report.

Previous Actuarial Investigation

The previous actuarial investigation of the Plan was carried out by Andrew West, FIAA as at 30 June 2021, with the results of that investigation set out in a report dated 23 December 2021.

The report concluded that the Plan was not in an unsatisfactory financial position (as defined by SIS legislation) at that date, and recommended that the Employer contribute to the Plan at 0% of members' superannuation salaries from 1 July 2021 to 31 December 2024 and at 10% of members' superannuation salaries from 1 January 2025.

We understand that the Employer has made no contributions from 1 July 2021 to 30 June 2024, consistent with the recommendation above.

Experience since 30 June 2024

Since 30 June 2024 the net of tax and investment expenses return on the Plan's assets from the valuation date to 31 October 2024 was approximately 2.4% (compared to the 5.1% pa or 1.7% for the period assumed for this investigation).

This actual experience since 30 June 2024 has had a positive impact on the Plan. However, it does not change any of the recommendations set out in this report.

Limitations

This report is provided subject to the terms set out herein and in our Master Consulting Services Agreement dated 20 April 2016. This report is provided solely for the Trustee's use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

Except where we expressly agree in writing, this report should not be disclosed or provided to any third party, other than as provided below. In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents.

We consent to the Trustee making a copy of this report available on the Plan's website where required in accordance with the relevant legislation.

The Trustee may make a copy of this report available to its auditors, the Employer and to any person to whom the Trustee may be required to provide a copy under relevant legislation, but we make no representation as to the suitability of this report for any purpose other than that for which it was originally provided and accept no responsibility or liability to the Trustee's auditors the Employer or any third party in this regard. The Trustee should draw the provisions of this paragraph to the attention of its auditors and the Employer when passing this report to them.

In preparing this valuation, we have relied upon information and data provided to us orally and in writing by the Trustee and other persons or organisations designated by the Trustee. We have relied on all the data and information provided, including Plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency. The data and information we have relied upon is shown in the "Additional Information" section of this report.

In our opinion, all calculations are in accordance with requirements of applicable legislative requirements, and the procedures followed and the results presented conform to applicable actuarial standards of practice.

Section 2: Solvency

When assessing the adequacy of the assets and future contribution rates, both the long-term and short-term solvency positions should be considered. To assess the solvency position, I have considered the following funding solvency measures:

- Vested Benefits Index (VBI), the ratio of assets to the vested benefits, which represent the total amount which the Plan would be required to pay if all members were to voluntarily leave service (or are payable for benefits in the form of lifetime pension or deferred benefits) on the investigation date;[1]
- The Present Value of Accrued Benefits Index (PVABI), the ratio of assets to the present value of accrued benefits, which represents the value in today's dollars, of expected future benefits payable based on membership completed to the valuation date,[2] and
- The Minimum Requisite Benefits Index (MRBI), the ratio of assets to the portion of the Minimum Requisite Benefits as defined in the Plan's Benefit Certificate that relates to Defined Benefits.[3]

The following table shows the above indices as at the valuation date, as well as the prior valuation date.

	As at 30 June 2024			As at 30 June 2021		
Measure	**Value of Liability**	**Value of Assets**	**Index**	**Value of Liability**	**Value of Assets**	**Index**
VBI	$61,299,000	$65,151,000	106.3%	$85,676,000	$93,305,000	108.9%
PVABI	$58,104,000	$65,151,000	112.1%	$86,513,000	$93,305,000	107.9%
MRBI	$30,878,000	$65,151,000	211.0%	$39,611,000	$93,305,000	235.6%

The VBI and MRBI at 30 June 2024 are lower than those at the previous investigation date. This is primarily a result of salary increases and the Employer contribution holiday compared to the cost of accrual. The PVABI at 30 June 2024 is higher than the PVABI at 30 June 2021, due mainly to the increase in the assumed expected return on assets from 2.6% pa (net of tax) and 3.0% pa (gross of tax) to 5.1% pa (net of tax) and 5.9% pa (gross of tax).

The VBI is above 100% as at the valuation date, and as such, the Plan is to be treated as being in a satisfactory financial position as at that date.

[1] Based on the valuation assumptions chosen, the Plan's vested benefits have been calculated as:

- In respect of members not eligible for pensions at the valuation date, the lump sum Defined Benefit entitlement.
- In respect of members who are receiving pensions, the present value of such entitlements.
- In respect of Option 2 active members who are eligible for pensions at the valuation date, we have made an allowance for the assumed take-up of the pension option.

[2] Benefits have been apportioned to past service by calculating the projected benefit payable using only service that is completed to the valuation date in the benefits formula.

[3] The minimum benefits in respect of pensioners are the same as their vested benefits. For employee members, the minimum benefits are as advised by the Plan's administrator.

Retrenchment Benefits, Other Discretionary or Contingent Benefits

The Defined Benefits payable on retrenchment were in total $61,714,000, which are less than the value of the assets of $65,151,000 at 30 June 2024. Therefore, the Defined Benefit retrenchment benefits were fully funded at 30 June 2024.

The Plan has not historically paid any material discretionary benefits so we have not analysed the impact such discretionary benefits. There are no other material contingent benefits offered by the Plan.

Termination Benefits

Under the Trust Deed, the benefits required to be paid on termination are amounts determined by the Trustee with the advice of the actuary. In any case, the amounts to be paid would be limited by the amount of assets available in the Plan.

The Trust Deed also requires the Trustee to secure benefits in respect of Defined Benefit pensioners ahead of any other members. In the event of the termination of the Plan, the Trustee must determine if it is obliged to secure pensions by purchasing annuities from a life insurance company or by some other arrangement.

If the Plan was ever terminated, the Trustee would need to seek both actuarial and legal advice at that time to consider the method of determining and payment form of benefits from the Plan.

Ability to Pay Pensions

The funding objective of maintaining the VBI above 100% under SPS 160 combined with the priority of pensions over active members in a fund termination scenario and the relative size of the pension liabilities relative to the Plan's assets, allows us to conclude that there is a high degree of probability (over 70%) that the Plan will be able to pay the pensions on an ongoing basis.

Section 3: Funding

This section considers the long-term funding of the Plan and assesses the contributions required in order to fund benefits payable in future years. To determine the contribution rates, we have used the “Target Funding” method as described in the “Additional Information” section of this report.

Long-term funding results

Using the long-term contribution rate method which is also described in the Additional Information section of the report, we have determined the ‘theoretical’ long-term Employer contribution rate which is the single rate which is expected to be sufficient to meet the Plan’s current and future liabilities. The calculation of this contribution rate is set out in the table below:

Calculation of Employer Contribution Rate	$'000
Market Value of Assets	65,151
Past Service Liability	58,104
Past Service Surplus / (Deficit)	**7,047**
Future Service Liability	**6,854**
Present Value of Future Salaries	**32,393**
Future Service Benefit Contribution Rate	**21.2%**
less Average Expected Member Contribution Rate	3.0%
plus Contribution Tax	3.2%
Contribution Rate for Benefits Accruing	**21.4%**
plus Allowance for Expenses	2.0%
plus Allowance for Insurance Premiums	0.5%
Contribution Rate for Benefit Accruing and Expenses	**23.9%**
Adjustment for Past Service (Surplus)/Deficit	-25.6%
Long-term Contribution Rate	**0%***

* Figures do not add exactly due to rounding. The long-term Employer contribution rate is capped at 0%, i.e. cannot be negative.

The result above shows that a long-term Employer contribution rate of 0% of Defined Benefit superannuation salaries, allowing for tax, administration expenses and insurance premiums, is expected to finance the future liabilities expected to arise over the remaining lifetime of the current membership, assuming that the actuarial assumptions are borne out in future.

Short to Medium Term Funding Assessment

Aside from the 'theoretical' long-term Employer contribution rate, consideration must also be given to the Plan's financial position over the short and medium term. While the Plan does not have a defined target VBI, we understand that the Trustee considers a VBI of around 105% as reasonable. We also consider a VBI at or around 105% for this Plan as reasonable though we note that it does not ensure the Plan will become unsatisfactory if experience is particularly adverse.

In order to assess whether nil Employer contributions are likely to satisfy the target VBI of around 105%, we have projected the Plan's VBI and PVABI based on nil Employer contributions as follows:

Date	VBI	PVABI
30 June 2024	106.3%	112.1%
30 June 2025	104.4%	111.2%
30 June 2026	104.4%	110.6%
30 June 2027	104.6%	110.1%
30 June 2028	105.0%	109.9%
30 June 2029	105.7%	110.18%

As shown in the table above, the proposed Employer contributions of nil are expected to be sufficient to maintain the VBI around 105% or above over the next five years.

Sensitivity Analysis

Before making a recommendation on the level of contributions that the Employer should make to the Plan, it is useful to consider the sensitivity of the analysis above to reasonable variations in the valuation assumptions.

Real Return

The future financial position of the Plan will depend on the real return i.e. the difference between the return on investments and the salary/pension increases. The following table shows the impact on the long-term contribution rate and projected VBIs of a +/- 1% change in the assumed investment return.

	Investment Return -1%	Base Case	Investment Return +1%
Investment Returns (Actives)	4.1%	5.1%	6.1%
Investment Returns (Pensioners)	4.9%	5.9%	6.9%
Long Term Contribution Rate (after adjustment for any surplus or deficit)	12.2%	0.0%	0.0%
VBI (assuming contributions are paid as recommended in this report)			
30 June 2024	104.2%	106.3%	108.0%
30 June 2025	101.3%	104.4%	107.3%
30 June 2026	100.0%	104.4%	108.6%
30 June 2027	98.7%	104.6%	110.4%
30 June 2028	97.4%	105.0%	112.8%
30 June 2029	95.9%	105.7%	115.9%

These results show that the required Employer contribution rate, as well as the Plan's projected financial position, is very sensitive to long-term actuarial assumptions. While the sensitivities have been selected to be illustrative of reasonable changes in the valuation assumptions, they do not represent the upper or lower bounds of possible outcomes and more extreme outcomes are possible.

The projections show that if real returns are 1% pa lower than expected then the financial position of the Plan would still remain in a satisfactory financial position over the next two years.

The long-term contribution rate results highlight the potential for variation from the expected outcomes, the importance of regular monitoring of the financial position and the potential value of the target funding levels to include a contingency margin. A lower real return has the potential to undermine the funding program over the longer term.

Pensioner Liabilities

The present value of the pension liabilities is used to determine the VBI. The VBI is therefore sensitive to the assumptions used, in particular the expected investment return on the pension reserve, the expected rate of pension increases and life expectancy of the pensioner members. The table below sets out the sensitivity of the value of the current pensioner liabilities and the VBI to these assumptions:

	Impact on Current Pensioner Liabilities	Impact on VBI as at 30 June 2024
Value of Pension Liabilities / VBI	**6,181**	**106.3%**
Expected Investment Return reduced by 1% pa	+ 702	-2.0%
Expected Pension Increases increased by 1% pa	+ 689	-2.0%
Mortality decreases by 10%	+ 216	-0.6%

Contribution Recommendations

On the basis of the above results, we believe that if the Employer continues its contribution holiday until the results of the 30 June 2027 actuarial investigation are available, then the funding requirements of the Plan are expected to be met.

Accordingly, I recommend that the Employer contribute nil until 31 December 2027 in respect of Defined Benefit members.

I continue to recommend that the Employer contribute at the required amounts to meet any Superannuation Guarantee, contractual or any other obligations in respect of Accumulation liabilities in the Plan.

Also, additional Employer contributions are required to cover the costs of expenses and insurance premiums in respect of Accumulation members as determined by the Plan's administrator each year based on estimates of the following year. Currently these additional contributions are $86,000 per month.

We further recommend that the VBI position (and other measures of solvency) continue to be monitored quarterly throughout the following investigation period, to ensure that these contribution recommendations remain appropriate.

Section 4: Other Matters involving actuarial insight

Investments

Value of Assets at 30 June 2024

The following table shows the calculation of the Plan's net market value of assets supporting Defined Benefits as at 30 June 2024:

	30 June 2024 ($'000)
Net Market Value of Assets advised by the administrator	69,747
Less three benefits payable as at 30 June 2024	(4,596)
Equals Total Net Market Value of Assets	65,151

We have used a net asset value of $65,151,000 for the purpose of assessing the financial position of the Defined Benefits and for recommendations regarding appropriate rates of funding.

The account balances of Accumulation members ($234,120,000) and additional accounts of Defined Benefit members ($3,596,000) have been excluded from the asset values shown above.

Investment Strategy

The current target asset allocation of the Defined Benefit reserve and Pension reserve consists of 30% growth assets and 70% defensive assets.

The actual and long-term asset allocation as at 30 June 2024 of such assets is shown in the below table:

Asset Class	Long-Term Asset Allocation	Actual Asset Allocation
Australian Equities	9.0%	8.8%
Global Shares	13.0%	13.2%
Unlisted Property	8.0%	7.5%
Total Growth Assets	**30.0%**	**29.5%**
Credit	5.0%	6.0%
Fixed Interest and Cash	65.0%	64.5%
Total Defensive Assets	**70.0%**	**70.5%**

We consider that the investment strategy adopted by the Trustee continues to be appropriate for a fund of the size and with the benefit design of the Plan. In reaching this conclusion we have noted that in the first instance the Employer assumes responsibility for making up any funding shortfall.

Crediting Rate Policy

The crediting rate policy relates to the crediting of surcharge accounts and non-investment choice accounts. The crediting rate policy outlined in the “Policy for Crediting and Interim Rates for Sub Plans of the Plum Superannuation Fund” dated 22 August 2014 is as follows:

> *“For Viva Energy, a monthly crediting rate definition is used. For the surcharge accounts, the crediting rate is based on the time weighted return of the defined benefit (excluding assets supporting lifetime pensions) Reserve (net of fees and tax). For all other defined benefit accounts, the crediting rate is based on the return of the MIC Moderate investment option (after allowing for the monthly fee rebate), being the equivalent investment option under the Plan to the Balanced Growth investment option which applied under the Shell Australia Superannuation Fund.”*

While the policy requires that the monthly crediting rate for the surcharge account be based on the time-weighted return of the Defined Benefit reserve, for the purposes of this calculation we have continued the practice adopted to date for the Plan whereby, the crediting rate has been based on the change in the unit price of the Defined Benefit reserve. We confirm that the difference between the change in the unit price and the time-weighted return is not material.

We note that the use of the return on the MLC Low Cost Balanced option (replaced the previous MIC Moderate investment option since 24 November 2023) to credit interest to certain Defined Benefit accounts, implies a mismatch between the investment return on the Plan assets and this crediting rate. However, the nature of the overall benefit design is such that any such mismatch is currently financially immaterial.

We consider the crediting rate policy currently adopted by the Trustee is appropriate. We note that the Trustee will review the policy at least every 3 years.

Liquidity

Taking into account the ready sale of the Plan’s assets from time to time, in our opinion the Plan has sufficient liquidity to meet payments from regular cashflows.

Shortfall Limit

The Trustee currently has an approved shortfall limit of 100%.

Based on the Plan’s benefit design and its target asset allocation described above, in our opinion the 100% shortfall limit remains reasonable for the Plan.

Insurance

All Defined Benefit and Accumulation members of the Plan are externally insured by MLC. Such external insurance is appropriate to protect the Plan against adverse death or disability experience and to smooth out the inevitable fluctuations in such experience. We have been provided with a copy of the current Group Life and Group Salary Continuance insurance policies and policy schedules effective from 29 September 2023.

Death and Total and Permanent Disablement (TPD) Benefits

The insured Death and TPD benefits for Defined Benefit members are calculated as follows:

- Death and TPD Benefit less Vested Benefit

Detailed descriptions of the Death and TPD benefits are described under the heading Benefit summary in this report.

The current insured Death and TPD benefit formula is designed so that the amount insured is equal to the excess of the death and disability benefits over the vested benefit.

Currently the Plan is in a satisfactory financial position and this level of insurance coverage is sufficient. If the financial position of the Plan was to deteriorate then a higher level of cover could be required.

The use of external insurance and the formula for calculating the insured benefit is consistent with other funds of this size and continue to be appropriate for the Plan. On this basis, we recommend that the current Death and TPD insurance formula be maintained.

Section 5: Additional Information

Risks

The table below summarises the main risks to the financial position of the Plan.

Risk	Approach taken to risk
Investment risk	A significant risk facing the Plan is that long term investment returns will not be as high as expected. This means that the financial position of the Plan will deteriorate and Employer contributions may need to increase. The Trustee should continue to consider the liabilities and the funding position when determining the investment strategy. A second short term investment risk is that a downturn in markets could lead to the VBI falling below 100%. This is likely to create a situation in which it may be necessary to significantly increase Employer contributions, at least in the short term. The above position means that investment strategies which seek to maximise returns within acceptable volatility risk will help to manage this position and this is reflected in the current investment strategy.
Inflation risk (salary and pension increases)	Benefits payable to active members on exit from the Plan are based on members' Final Average Salary and the Plan's financial position may also be worsened by higher than expected increases in members' Salaries. The assumption in relation to salary increases has been set at 3.2% p.a.. However, there is always a potential for higher increases than expected and salary increases should continue to be monitored at each actuarial investigation, in order to determine if adjustments to the Employer contributions are required. Pension in payment are indexed every two years in line with CPI. However, these increases are discretionary and can be stopped if the Plan is underfunded. Also, the pension liabilities only represent a small proportion of the Plan's benefits and are therefore not that material.
Liquidity Risk	The assets of the Plan are 100% invested in unit trusts. There is a relatively small but not immaterial allocation to illiquid assets such as direct property however in my opinion the liquidity risk is low.
Longevity Risk	The current lifetime pensioners or their spouses may experience a lower rate of mortality than has been assumed for this investigation resulting in them living longer than expected. If this occurs, a strain may be placed on the pension assets, and this may require further contributions from the employer sponsor.
Support of the Employer Sponsor	If the employer sponsor was unwilling or unable to pay contributions to the Plan then that may affect the ongoing viability of the Plan. In the event that the VBI were to fall below 100%, and no other party was able to make the required contributions, it is likely that it would be necessary for the Plan benefits to be adjusted downwards.

Risk	Approach taken to risk
Other Risks	Other material risks include material retrenchment programs, transfers to accumulation arrangements, company restructuring or other large downsizing of the membership while the VBI is less than 100% because each benefit payment would further erode the value of the VBI (although this risk can be minimised by additional top-up contributions in respect of benefit payments). In addition, the Plan faces a variety of operational and other risks which may in some circumstances lead to cost increases. We understand that the Trustee monitors and takes action on such risks as part of its risk management framework. Any changes to the tax structure of superannuation arrangements may have an impact on the financial position of the Plan.

Benefits summary

The Viva Energy Superannuation Plan has two categories in which active Defined Benefit members participate. These categories are closed to new members. Members of Option 1 may select from a range of contribution rates with a corresponding range of benefit accrual rates. Members of Option 2 must contribute at a rate of 4.0% and may take their defined retirement benefit in the form of either a lump sum, a pension or a combination.

The governing rules of the Plan are set out in the MLC Super Fund Participation Schedule dated July 2014. A summary of the main benefit provisions in respect of the Defined Benefit members is set out below. Reference should be made to the formal government documents for definitive statements.

Definitions

Accrual Rate Percentage – in respect of each year of membership in the following categories:

Benefit Class	Member Contribution Rate	Accrual Rate Percentage
Option 1	0%, 2%, 4%	18%, 21%, 24%
Option 2	4%	21.25%

Accumulation Account – accumulation with interest of amounts rolled over from other funds.

Discount Factor – 100%, less 2.0% (1% in the event of retrenchment) for each year and complete month to age 55, capped at a maximum of 50% (25% in the event of retrenchment).

Early Retirement Age – the 55th anniversary of the date of birth of a Member.

Fund Membership – uninterrupted period during which the individual has been a member of the Plan, the Shell Fund or Former fund deemed to be Fund Membership by the Trustee.

Highest Average Salary (HAS) – the highest average superannuation salary during any period of 12 consecutive months of superannuation membership, or where the membership does not include any period for twelve consecutive months, the annual equivalent of their superannuation salary during the most recent uninterrupted period of superannuation membership. It does not include shift pay, flexible hours allowance, superannuable allowance, overtime or penalty rates, and generally also excludes bonuses and allowances.

Multiple – the aggregate of all relevant accrual rate percentages across the Service of the Member to the date of calculation multiplied by Fund Membership.

Normal Retirement Age – the last day of the month of the 60th anniversary of the date of birth of a Member.

Surcharge and Offset Account – accumulation with interest of any surcharge tax assessments and offset account balances.

Defined Benefit Section

Eligibility

Closed to new members.

Member Contributions

Benefit Class	Member Contribution Rate
Option 1	0%, 2%, 4%
Option 2	4%

Option 2 members may elect to receive their benefit as a lump sum, a pension or a combination and also have a “productivity” accumulation account. The remainder of this summary refers to Option 1 only.

Normal Retirement Benefit or Early Retirement Benefit

When the member retires upon reaching his or her Normal Retirement Age or Early Retirement Age, the lump sum benefit payable is calculated as:

- Multiple x Highest Average Salary (HAS); plus
- Accumulation Account (if any); less
- Surcharge and Offset Accounts (if any).

This benefit is subject to the Minimum Requisite Benefit and cannot be less than the Leaving Service Benefit.

Leaving Service Benefit (Withdrawal/Resignation)

When the member ceases to be in the Service of the Employer before his or her Early Retirement Age or Normal Retirement Age the lump sum benefit payable is calculated as:

- Multiple x Highest Average Salary (HAS) x Discount Factor; plus
- Accumulation Account (if any); less
- Surcharge and Offset Accounts (if any).

This benefit is subject to the Minimum Requisite Benefit.

Death/Total and Permanent Disablement Benefit

For Members over the age of 60, the lump sum benefit payable is the same as Normal Retirement Benefit.

For Members under the age of 60, the lump sum benefit payable is as per Normal Retirement Benefit assuming that the Member has remained employed until age 60 and that HAS is unchanged from the date of exit. For the period between ceasing employment and reaching age 60, it is assumed that the Member's chosen Member Contribution Rate is 2%.

The Death or TPD Benefit amount is also subject to a minimum benefit level:

For Members under the age of 50, this minimum benefit level is:

- 3 x the Member's HAS at the date of Death or Total and Permanent Disablement

For Members over the age of 50, this minimum benefit level is reduced by 5% of Member's HAS, for each month after Member's 50^{th} birthday.

Ill-Health Benefits

Ill-Health Benefit amount payable is the Normal Retirement Benefit at the date the Member ceases employment.

Accumulation Section

Eligibility

Membership is available to all new employees

Member Contributions

Members are not required to contribute but may make additional voluntary contributions.

Employer Contributions

Employer contributions are 12% pa of superannuation salary, certain members have an Employer contribution of 14% or 16%.

All contributions are subject to meet the minimum Superannuation Guarantee rate which is currently 11%% of Ordinary Time Earnings (OTE) as at 30 June 2024 but is scheduled to rise in phases to 12%.

Retirement/Resignation Benefit

The benefit payable is the “Account Balance” which is the lump sum equal to the accumulation with investment earnings or member contributions and Employer contributions less tax and administration fees and insurance costs for any additional cover. The Employer has agreed to meet the cost of basic insurance cover and certain part of the expense cost for particular group of members.

Death/Total and Permanent Disablement Benefit

The benefit payable is the Account Balance plus insurance cover. Basic insurance cover is 21% of the Member’s Salary for each year and complete months of future service to age 60.

Ill-Health Benefits

The benefit payable is the Account Balance plus insurance cover of the lesser of $50,000 and the basic cover applying in the event of Total and Permanent Disablement.

Changes to the benefits

Since the valuation as at 30 June 2021 no changes have been made to the Plan’s benefits.

Summary of Data Used in this Investigation

Membership Data

Membership data for this investigation was provided by Plum Financial Services Limited (Plum) in respect of members of the Plan as at 30 June 2024.

We have done reasonableness checks on the membership data to ensure that all dates, salaries and other amounts were reasonable. Overall, we are satisfied that the data provided is sufficiently accurate for the purposes of this investigation. Although we have no reason to doubt the quality of the data, the results of this investigation are dependent on the quality of the data provided.

The following table shows a summary of the Defined Benefit membership as at 30 June 2021 and 30 June 2024:

Active Members	30 June 2021	30 June 2024
Number of Members • Option 1 • Option 2 **Total**	69 3 **72**	42 2 **44**
Average Age (years)	56.6	58.5
Average Past Membership (years)	31.7	33.5
Total Salaries ($)	11,970,000	8,003,000
Average Salary ($)	166,000	182,000
Pensioner Members	**30 June 2021**	**30 June 2024**
Number of Pensioners	3	4
Average Age (years)	66.0	68.0
Total Pensions ($ pa)	277,000	387,000

The Defined Benefit section of the Plan is closed to new entrants.

Accumulation Members

In addition, there were 1,535 Accumulation members in the Plan.

Assets Data

The Plan's administrator has provided data in relation to the value of the Net Assets held by the Plan as at 30 June 2024.

The Net Asset value represents the value of assets including any Transaction Costs that would be incurred on sale. We note that Professional Standard 404 requires the "Fair Value" of assets is used which is defined as the value of assets before the deduction of Transaction Costs. Based on the type of assets held by the Plan we confirm that the Transaction Costs are not expected to be material. We have therefore used the Net Asset value provided by the Plan's administrator for the purposes of this investigation.

We are satisfied that there are no material data discrepancies and that the net asset data provided is suitable for the purpose of this investigation. We have relied on the information provided for the purposes of this investigation. Although we have no reason to doubt the quality of the asset information provided, the results of this investigation are dependent on the quality of the asset information. Any changes to the asset values above will have an impact on the outcome of the investigation and any resulting recommendations.

Funding Method

Funding Objective

APRA Superannuation Prudential Standard (SPS 160) requires that funds aim to have assets in excess of vested benefits (i.e. a Vested Benefit Index (VBI) for Defined Benefits that is in excess of 100%). The VBI is the ratio of the market value of assets to the corresponding total of vested benefits of members.

For the purpose of this investigation, we have adopted a funding objective of maintaining a VBI of around 105%.

Funding Method

The “Target Funding” Method will be used to assess the capability of the recommended Employer contributions to achieve the funding objective on the basis of the selected assumptions by:

- Projecting members’ expected future Vested Benefits;
- Projecting the expected future values of assets; and then
- Assessing the ability of the current Employer Contributions to achieve the funding objective of maintaining a VBI of around 105%, and if necessary
- Determining alternative Employer Contributions (including the long-term contribution rate discussed below) considered appropriate to achieve the funding objective (if applicable).

In the previous actuarial investigation a similar funding method was used to determine the Employer contribution rate.

Long-term Contribution Rate Method

As a preliminary step in preparing the recommended Employer contribution rate an appropriate long-term contribution rate is determined. This is the rate which on the basis of the actuarial assumptions would be just sufficient to meet all the liabilities expected to arise under the Plan in respect of the current membership. The following method has been used to determine this long term contribution rate:

- Calculating the future service liability – this is the present value of all the benefits expected to be paid in the future in respect of the current members, based on future service, and allowing for all the contingencies under which benefits can be paid (retirement, death, disablement, resignation or ill-health) and for future salary increases;
- Calculating the future service benefit contribution rate by dividing the future service liability by the estimated present value of expected future member salaries;

- Adjusting for tax on Employer contributions and adding a suitable allowance for expenses and insurance premiums;
- Adjusting for the past service surplus or deficit which is determined by taking the excess or shortfall of the market value of assets over past service liabilities which is the present value of all the benefits expected to be paid in the future in respect of the current members, based on past service, and allowing for all the contingencies under which benefits can be paid (retirement, death, disablement, resignation or ill-health) and for future salary increases.

The effect of this funding method is to spread the expected future cost of the Plan's benefits over the average future working lifetime of the current members to produce a level of contribution as a percentage of these members' salaries having taken into account the past service surplus currently present in the Plan. Under this method, the surplus in respect of past service can be used to offset the cost of the future service liability. This method is appropriate to funds such as the Plan which are closed to new Defined Benefit members.

Methodology for projecting the Vested Benefits Index

A deterministic modelling approach has been adopted for the purposes of projecting the Vested Benefits Index, the results of which are described in the Funding section of this report. The key steps of this approach are set out below:

- The DB assets are projected to 30 June 2029:
  - A specified investment return is used to project the assumed investment earnings on the Plan's assets.
  - Allowance is also made for contributions, benefits which are expected to be paid over each year, expenses and contributions tax.
  - This process provides a series of cash flows and asset values which are based on the deterministic investment return and inflationary salary increase assumptions.
- The Defined Benefit membership is also projected for each year to 30 June 2029:
  - In projecting the membership, exits in line with the decrement rates set out below were allowed for. Note that there are no new entrants to the Defined Benefit section of the Plan.
  - The salary profile of the membership is projected using the deterministic salary inflation assumptions specified.
  - The vested benefits of the Defined Benefit membership are estimated each year.
- The Vested Benefits Index is calculated at each 30 June until 30 June 2029.

Assumptions and Experience

Assumptions

In order to determine the value of expected future benefits and Plan assets, it is necessary to make assumptions regarding the timing and amount of future benefit payments, expenses and contributions. In doing so it is important to examine the experience of the Plan since the last valuation to see whether the previous assumptions have been borne out in practice.

While each of the assumptions used is normally the actuary's best estimate of future experience, in practice, the actual experience in any (short) period can always be expected to differ from the assumptions to some extent. However, it is intended that over longer periods, they will provide a reasonable estimate of the likely future experience and financial position of the Plan.

In the short-term, as the actual experience emerges differently to the experience implied by the assumptions, the financial position of the Plan will also vary from that expected. However, adjustments to Employer contribution rates, if any, can be made to reflect these differences in the following actuarial investigation.

Financial Assumptions

Valuation assumptions can be broadly divided into demographic assumptions, which relate to characteristics of current and future members of the Plan, and financial assumptions, which are assumptions other than demographic assumptions. The following sections first consider the financial assumptions that are to be adopted for this valuation.

Investment Returns

The rate of return on the Plan's Assets (net of tax and investment expenses that are deducted from the investment return) from 30 June 2021 to 30 June 2024 are set out in the table below:

Year Ending	Net Investment Return
30 June 2022	-2.90%
30 June 2023	5.31%
30 June 2024	6.59%
Overall	2.91% p.a.

Over the three-year period to 30 June 2024 the assets held in the Plan returned 2.91% p.a. which is higher than the rate assumed in the previous investigation of 2.6% p.a. (net of tax). In isolation, this has had a positive impact on the financial position of the Plan.

While short-term differences between actual investment return experience and the actuarial assumption can affect the long-term financial position of the Plan as measured by the actuarial investigation, the assumption used in the investigation must be based on long-term expectations since the investigation involves valuing payments in the future.

Based on models of future investment returns developed by WTW, the current long-term expectations of investment returns net of investment management expenses and based on the current strategic asset allocation of the Plan is 5.1% p.a. (net of tax) and 5.9% p.a. (gross of tax). On this basis and for this investigation, I have assumed a long-term investment earning rate of 5.1% p.a. (net of tax) and 5.9% p.a. (gross of tax), which are higher than the assumed long-term earning rates used for the previous investigation.

Salary Increases

The average salary increases during the investigation period for the members remaining in the Plan as at 30 June 2024 was 3.5% p.a. This is higher than the salary increases assumption adopted for the previous actuarial investigation of 2.5% p.a. This has had a negative impact on the financial position of the Plan.

For the purpose of this actuarial investigation we have increased the salary increase rate assumption to 3.2% p.a.. This is consistent with a margin of 0.5% p.a. above the current long-term expectations of price increases of 2.7% p.a. based on modelling by WTW.

Pension Increases

The average pension increases during the investigation period for the pensioners that was in the Plan was 5.4% p.a. This is higher than the pension increases assumption adopted for the previous actuarial investigation 2.0% p.a. This has had a negative impact on the financial position of the Plan.

Under the Trust Deed, pension increases are based on CPI. In addition, the Trust Deed allows the Trustee to apply discretionary pension increases, although historically this discretion has not been exercised. Based on our long-term expected price increases in Australia and historical levels of discretionary increases, I have assumed pension increases of 2.7% p.a. would apply in this investigation (other than otherwise specified).

Administration Expenses and Insurance Costs

Allowance has been made for the following expenses when determining the Employer Contribution Rate payable in respect of Defined Benefit members:

- Expenses: 2.0% of Defined Benefit superannuation salaries; and
- Insurance Premiums: 0.5% of Defined Benefit superannuation salaries.

These allowances have been set by having regard to the current expenses and insurance premiums in respect of Defined Benefit members in the Plan.

In addition, we have included an allowance in the pension liabilities for the present value of administrative and operational expenses of $17,000 per annum, indexed in line with annual pension increases and projected in line with the above pensioner mortality assumption.

The Employer will also pay additional contributions to the Plan to cover the cost of the expenses and insurance premiums in respect of the Accumulation members. These contributions are to be paid to the Plan in fixed monthly payments determined by the adminstrator each year based on expected costs.

Taxation

I have assumed that the current taxation environment in respect of contributions and investment income will remain unchanged and that the Plan will remain a complying fund and therefore be entitled to concessional tax treatment.

Accordingly, future Employer contributions have been assumed to be taxed at 15%.

Demographic Assumptions

The Plan does not have a large Defined Benefit membership which means it is difficult to produce statistically reliable demographic assumptions from the experience of the Plan. For this reason the assumptions about future demographic experience are based in part on our experience of other, similar Defined Benefit funds along with the experience of this Plan.

Following a review of the Plan's actual experience since 1 July 2021, we have reduced the retirement decrement rates, i.e. starting at 5% at age 55 with 2% increase in every following age till age 65 (i.e. reaching 25% by age 65 and being unchanged to age 70). All members are assumed to fully retire after age 70. We have retained the other decrement rates the same as the 2021 actuarial investigation.

We have reviewed the demographic assumptions for the active Defined Benefit membership used for the previous investigation and we consider that the rest of the assumptions remain appropriate for the Plan.

The following table provides in five year age intervals, illustrative rates at which members are assumed to leave the Plan as a result of different causes of exit.

Percentage of Members assumed to leave the fund in the next year						
Age	**Death (Male)**	**Death (Female)**	**Disablement**	**Withdrawal**	**Retrenchment**	**Retirement**
35	0.05%	0.02%	0.06%	3.60%	2.00%	-
40	0.06%	0.03%	0.11%	2.40%	4.00%	-
45	0.08%	0.05%	0.22%	1.03%	4.50%	-
50	0.12%	0.08%	0.45%	0.48%	5.00%	-
55	0.18%	0.11%	0.86%	-	-	5%
60	0.29%	0.17%	-	-	-	15%
65	0.48%	0.27%	-	-	-	25%
70	-	-	-	-	-	100%

Demographic Experience

The table below sets out the actual number of members who exited the Plan in the three-year period to 30 June 2024 compared to the expected number of exits based on the demographic assumptions adopted for the previous actuarial investigation as at 30 June 2021:

Number of Exits	Actual	Expected	Ratio of Actual to Expected
1 July 2021 to 30 June 2024	23	42	54%

The table above shows that the actual number of exits from the Plan over the period from 1 July 2021 to 30 June 2024 was lower than expected and has led to us reducing the rates of retirement for this investigation.

Proportion of Benefits Taken as a Lifetime Pension

We have assumed that Option 2 members will elect to receive 80% of their benefits in the form of a lifetime pension.

Pensioner Mortality and Spouse Assumptions

For this investigation we have assumed pensioners experience mortality in line with the Australian Life Tables 2015-17, the most recent available Australian life tables. We have applied an adjustment factor of 80% to these tables to allow for the approximate socio-economic group of the Plan's membership.

In addition, we have assumed an allowance for future improvements in mortality of 1% pa, applied from 1 July 2016 (the central date of the census data underlying the ALT 2015-17 tables).

Impact of Change in Assumptions

To illustrate the impact of the change in assumptions we have calculated the past service surplus and long-term Employer contribution rate based on the assumptions used for the previous actuarial investigation as at 30 June 2024. The results are set out in the table below alongside the results on the assumptions used for this investigation:

	Previous Investigation Assumptions	**Current Investigation Assumptions**
Assumptions		
Investment Returns Active Members Pensioner Members	 2.6% pa 3.0% pa	 5.1% pa 5.9% pa
Salary Increases	2.5% pa	3.2% pa
Pension Increases	2.0% pa	2.7% pa
Pensioner mortality	Based on Australian Life Tables 2015-2017	Based on Australian Life Tables 2015-2017
Net Market Value of Assets ($'000)	65,151	65,151
Accrued Liabilities ($'000)	65,258	58,104
Past Service Surplus/(Deficit) ($'000)	**(106)**	**7,047**
Contribution Rate for Benefit Accruing and Expenses	**26.2%**	**23.9%**
Adjustment for Past Service (Surplus)/Deficit	0.7%	(25.6%)
Long-term Employer Contribution Rate	**27.0%***	**0%***

* Figures do not add exactly add up due to rounding. The long-term employer contribution rate is capped at 0%, i.e. cannot be negative.

The table above shows that the change in assumptions since the previous actuarial investigation has decreased the value of Accrued Liabilities and the long-term Employer contribution rate.

Statutory Statements Under SPS 160

Viva Energy Superannuation Plan

Actuarial Investigation as at 30 June 2024

The statements required under paragraphs 23(a) to (i) of SPS 160 for interim and regular investigations are set out below:

Plan Assets

At 30 June 2024 the net market value of assets of the Plan, excluding any amount held to meet the Operational Risk Financial Requirement (ORFR), was $65,151,000.

Projection of Defined Benefit Vested Benefit Index

Based on the actuarial assumptions and recommended Employer contributions, the expected projected financial position of the Defined Benefit section of the Plan over the three years following the investigation date will be as follows:

Date	Defined Benefit Vested Benefits Index
30 June 2024	106.3%
30 June 2025	104.4%
30 June 2026	104.4%
30 June 2027	104.6%

Accrued Benefits

The value of the accrued liabilities of all members as at 30 June 2024 was $58,104,000.

In my opinion, the value of the assets of the Plan at 30 June 2024 was adequate to meet the liabilities in respect of accrued benefits in the Plan (measured as the present value of members' accrued entitlements using the actuarial assumptions).

This assessment has been made using assumptions and a valuation method which I regard as reasonable.

Vested Benefits

The value of the vested benefits of all members as at 30 June 2024 was $61,299,000.

In my opinion, the financial position of the Plan is not unsatisfactory and the shortfall limit does not need to be reviewed at this time.

Minimum benefits

The value of the liabilities in respect of the minimum benefits of members as at 30 June 2024 was $30,878,000 which is less than the value of assets held at that date.

Funding and Solvency Certificates

Funding and Solvency Certificates for the Plan covering the period from 30 June 2021 to 30 June 2024 required by the Superannuation Industry (Supervision) Act have been provided. In my opinion, I am likely to be able to provide Funding and Solvency Certificates for the Plan covering the period from 30 June 2024 to 30 June 2027.

Employer Contributions

Taking into account the projected financial position of the Plan over the next three years, we recommend that the Employer contribute nil to the Plan in respect of Defined Benefit members.

We continue to recommend that the Employer contribute at the required amounts to meet any Superannuation Guarantee, contractual or any other obligations in respect of Accumulation liabilities in the Plan.

Also, additional Employer Contributions are required to cover the costs of expenses and insurance premiums in respect of Accumulation members as determined by the Plan's administrator each year based on estimates of the following year. Currently these additional contributions are $86,000 per month.

Payment of Pensions

In my opinion, at the valuation date, there is a high degree of probability that the Plan will be able to pay the pensions as required under the Plan's Participation Schedule and Rules applying to the Plan.

Pre-July 1988 Funding Credit

No pre-July 1988 funding credits have been granted to the Plan.

Andrew West

Andrew West
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12 December 2024

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https://wtwonlineau.sharepoint.com/sites/tctclient_987117_Viva_FY24/Documents/04.01_Actl_Valn/5_Deliverables/WTW Viva Actuarial Review Report_30 June 2024.docx

About WTW

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