Northern Territory Police
Supplementary Benefit Scheme

Annual Report

2020-21

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NORTHERN TERRITORY POLICE SUPPLEMENTARY BENEFIT SCHEME

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The Honourable Michael Gunner MLA
Treasurer
GPO Box 3146
DARWIN NT 0801

Dear Treasurer

In accordance with the provisions of clause 13 of the Northern Territory Police Supplementary Benefit Scheme Trust Deed, we are pleased to provide you:

- the report on the operations of the Northern Territory Police Supplementary Benefit Scheme for the financial year ended 30 June 2021
- the audited financial statements of the Northern Territory Police Supplementary Benefit Scheme for the financial year ended 30 June 2021.

Yours sincerely

Mark McAdie
Trustee

Daniel Bacon
Trustee

Alex Pollon
Trustee

21 January 2022

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Report on operations

Introduction

The objective of this annual report is to provide information to the Treasurer, members and other interested parties on the operations of the Northern Territory Police Supplementary Benefit Scheme (PSBS), including the management, financial position and investment performance of the PSBS fund as well as current superannuation issues.

PSBS was established under the Northern Territory Police Supplementary Benefit Scheme Trust Deed (Trust Deed) dated 15 June 1984, which was last amended on 19 June 2019.

PSBS provides a supplement to the benefits payable from the Commonwealth Superannuation Scheme (CSS) for eligible members of the Northern Territory Police Force. The PSBS supplement is up to 25% of the CSS pension.

The Northern Territory Government and Public Authorities' Superannuation Scheme replaced the CSS and PSBS for police recruited from 1 January 1988. PSBS has been closed to new members since that date.

Highlights

New pensions commenced

During the year, eight former police officers commenced a supplementary police pension. At 30 June 2021 there were 187 former police officers and 24 spouses of deceased former police officers (known as 'reversionary' pensioners) receiving a pension from PSBS.

Crediting rate

The 2020-21 crediting rate for PSBS was 20.98% and applied to the accounts of the 15 contributing members and three members who are entitled to, but are yet to commence, a pension.

The PSBS fund at 30 June 2021 was $1.41 million, a decline from $1.68 million at 30 June 2020. The primary reason for this decline was the transfer of member benefits of $0.54 million for eight members from the PSBS fund to the Territory (through the Central Holding Authority (CHA)) at the time members commenced their PSBS pensions.

The scheme

PSBS is a defined benefit scheme, which pays two types of superannuation benefits:

- a lifetime pension for members who qualify for a supplementary benefit with the option to commute (convert) the pension to a lump sum
- or a refund of member contributions and investment earnings for members who do not qualify for a supplementary benefit from PSBS (such as if they die before starting a pension or when they receive an invalidity pension).

Members contribute 1% of their after-tax salary to the PSBS fund. When a PSBS benefit is claimed, the member's contributions and earnings on those contributions are either transferred to the Territory (for members entitled to the PSBS supplementary benefit) or repaid to the member. PSBS pensions are unfunded, which means the Territory finances the supplementary benefit directly from CHA. Pensions are guaranteed by the Territory under clause 22 of the Trust Deed.

The Appendix provides information on how the PSBS works.

Governance

Trustees

The PSBS has had three individual trustees. Under the Trust Deed, one trustee is nominated by the Commissioner of Police, one by the Northern Territory Police Association (NTPA) and one by the Under Treasurer. From 19 June 2019, the PSBS trustees are:

- Mark McAdie (Commissioner of Police nominee)
- Daniel Bacon (NTPA nominee)
- Alex Pollon (Under Treasurer nominee).

Each of the trustees was formerly an STB member.

Trustee meetings

The trustees did not meet in person during the year as there were no matters relating to the PSBS fund or members that required them to meet in person. Nonetheless, the trustees did consider and approve a number of matters out of session.

Trustee remuneration and other expenses

Payments to trustees are made in accordance with a determination under the *Assembly Members and Statutory Officers (Remuneration and Other Entitlements) Act 2006*, which sets the rates payable to board members and trustees for attendance at meetings, travel and other trustee-related activities. Remuneration is not payable where a trustee is also an employee of the Northern Territory Public Sector, the Commonwealth or a state public service. All trustee expenses are met by the PSBS fund.

During 2020-21, one trustee was entitled to receive sitting fees. However, no remuneration payments were made as the trustees did not meet during the year.

Conflicts of interest

At the commencement of each meeting, trustees are required to sign a conflict of interest register and any disclosures are recorded in the minutes of the meeting.

Trustees must disclose if they have a direct or indirect pecuniary interest in any matter being considered, unless:

- the interest stems from being a member of the PSBS
- or they are a shareholder of a large company (but not a director).

Where a disclosure is made in relation to a matter being considered, the trustee cannot take part in deliberations or decisions made on that matter and the member is disregarded for constituting a quorum on that matter.

There were no conflicts of interest relating to the PSBS recorded during the year.

Review of decisions

The Trust Deed provides that the trustees (or delegates) are required to make a decision upon receiving an application to claim a benefit within 30 days for death benefits or 90 days for other benefits. Once a decision is made, the applicant can seek a review of that decision within 30 or 90 days (depending on the benefit type), and the trustees (or delegates) have the same number of days to review the decision. If the applicant is aggrieved by the trustees' decision on review, the Trust Deed gives them a right to apply to the Northern Territory Civil and Administrative Tribunal for a further review of the decision.

There were no requests for a review of any decisions made during the year.

Trustee education

The trustees are responsible for the operation of PSBS. The trustees keep themselves informed on superannuation issues and industry practices through updates from the Northern Territory Superannuation Office, the PSBS investment consultants, industry memberships and through their own resources.

Investments

The 2020-21 crediting rate for PSBS was 20.98% and applied to the accounts of the 15 contributing members and three members who are entitled to, but are yet to commence, a pension. The PSBS fund invests in units in the JANA Moderate Trust.

The PSBS fund at 30 June 2021 was $1.41 million, a decline from $1.68 million at 30 June 2020. The primary reason for this decline was the transfer of member benefits of $0.54 million from the PSBS fund to the Territory (through CHA) at the time members commenced their PSBS pensions.

Crediting rate policy

The crediting rate policy of the trustees is to fully distribute the earnings of the PSBS fund each year among members of the scheme.

Investment objective

The investment objective of the trustees is to achieve a rate of return at least 3% above the consumer price index (CPI) (which was 3.8% for 2020-21, giving a target return of at least 6.8% for that year) on fund assets measured over a five-year period. PSBS is an exempt public sector superannuation scheme and therefore not regulated by the Australian Securities and Investments Commission (ASIC). Nonetheless, for information purposes, long-term returns, calculated as the compound average effective rate of net earnings, have been calculated consistently with the financial services regulations overseen by ASIC. Fund returns over the last five years, and the fund's five-year and 10-year average returns, are presented in Table 1.

Table 1: Fund returns over the last five years, together with 5-year and 10-year average returns

	Fund return (crediting rate)	CPI	Real rate of return[1]
	%	%	%
2016-17	10.85	1.90	8.78
2017-18	8.03	2.10	5.81
2018-19	8.02	1.60	6.32
2019-20	- 2.27	- 0.30	- 1.98
2020-21	20.98	3.8	16.55
5-year average	8.87[2]	1.81	6.93
10-year average	7.84[2]	1.81	5.92

1 Real rate of return = $\frac{\text{Fund return} - \text{CPI}}{1 + \text{CPI}}$

2 Compound average effective rate of net earnings.

The five-year average annual real rate of return on the fund was 6.93% per annum, in line with the investment objective set by the trustees. The 10-year average annual real rate of return was 5.92% per annum.

Investment returns can be either positive or negative. The current investment structure of the fund has moderate to low volatility, which means the possibility of a negative annual crediting rate is not expected to exceed, on average, five in every 20 years.

Composition of the fund's assets as at 30 June 2021 is presented in Table 2.

Table 2: Fund portfolio composition

	% of portfolio
Australian equities	26.9
International equities	34.7
Property	4.7
Diversified alternatives	7.6
Diversified debt	25.2
Enhanced cash	0.9
	100.0

Fund investments

PSBS has been closed to new members since January 1988. It has reached a stage where the accumulation accounts transferred to CHA for members exiting the scheme exceed the value of compulsory contributions received into the fund from active members. This means the size of the fund is declining despite any positive investment earnings.

Fund investments are managed by JANA Investment Advisors Pty Ltd (JANA).

Investment returns over the year resulted in a net increase of $272,973 in the fund's assets, which was offset by redemptions of $515,000, leading to a net reduction to investments of $242,027. At 30 June 2021, the fund had $1.41 million in assets, of which $1.38 million was invested with JANA and $31,484 held in cash.

Fees

JANA charged a fee of approximately 0.5% (after rebates) for managing the funds invested. The investment returns are net of these fees.

No administration or account-keeping fees are deducted from member accumulation accounts, as the day-to-day running costs of PSBS are met by the Territory.

Scheme membership

Contributions and benefit payments

Members contribute 1% of their salary to the PSBS fund. During 2020-21, member contributions to the fund totalled $27,964 (down from $34,991 in 2019-20).

Members who do not qualify for a benefit receive a refund of their contributions plus investment earnings from the fund. If a member qualifies for a benefit then their member accumulation account, comprising their contributions and investment earnings, is transferred from the fund to CHA, with the Territory then paying their benefit from CHA. Total PSBS benefits paid in 2020-21 and 2019-20 are outlined in Table 3.

Table 3: Benefits paid

	2020-21	2019-20
By the fund:	$	$
Refunds of accumulated contributions		
Transfers to the Territory for members who qualify for benefits	543 910	297 537
	543 910	**297 537**
By the Territory:		
Pensions	2 972 538	2 757 877
Surcharge	865	1 462
Total benefits paid	**2 973 403**	**2 759 339**

Membership

Changes in active membership for the year ended 30 June are provided in Table 4.

Table 4: Active contributing members

	2020-21	2019-20
Members at beginning of period	26	30
Less exits:		
Pension	8	4
Refunds of accumulation accounts		
	18	**26**
Less creditors[1]	3	7
Active members as at 30 June	**15**	**19**

1 Members who have ceased employment but not claimed their benefit.

The total number and types of pensioners and number of creditors at 30 June are provided in Table 5.

Table 5: Pension recipients and creditors

	2020-21	2019-20
Pensioners	187	180
Reversionary (spouse) pensioners	24	24
Creditors[1]	3	7
Total pension recipients and creditors as at 30 June	**214**	**211**

1 Members who have ceased employment but not claimed their benefit.

Administration

Compliance and taxation status of the scheme

PSBS is an exempt public sector superannuation scheme and therefore not regulated under the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

A Heads of Government Agreement (HOGA) between the Territory and Commonwealth provides that, despite not being regulated under the SIS Act, PSBS will be administered in accordance with the Commonwealth's retirement income policies and principles, including those relating to preservation, vesting and portability of benefits. PSBS remains subject to other legislation affecting superannuation, such as the superannuation surcharge and splitting of benefits under the *Family Law Act 1975*.

The PSBS is also a complying fund for the purposes of the *Income Tax Assessment Act 1997* as amended. Consequently, income tax is assessable at 15% on net investment earnings and net taxable contributions, and 10% on realised capital gains.

Audit

A financial statement audit of PSBS was conducted by the Northern Territory Auditor-General's Office as at 30 June 2021. The findings are presented at pages 12 and 13 of this report.

Prior to 2015-16, an annual audit regarding the compliance of PSBS with the SIS Act and principles of HOGA was undertaken. In 2015-16, the Northern Territory Superannuation Office moved to a one-in-three-year compliance audit, self-certifying to the Commonwealth on its endeavours to comply with Commonwealth retirement policy as outlined in HOGA. The SIS Act/HOGA compliance audit is not mandated by legislation.

The triennial assurance review of PSBS was conducted internally by DTF as at 30 June 2018. The review provided assurance that PSBS is administered in accordance with the Commonwealth retirement income policy and there were no improvement recommendations to consider for PSBS. The next triennial review will consider compliance with the Commonwealth's retirement policy as at 30 June 2021 and will occur during the 2021-22 financial year.

Actuarial services

Actuarial services to the scheme were provided by John Rawsthorne FIAA of Cumpston Sarjeant Pty Ltd, under the panel contract arrangements for actuarial services to the Territory. Advice was received during the year in relation to PSBS. The actuary conducts detailed triennial reviews and then an annual update between these reviews.

A triennial actuarial investigation of PSBS was carried out as at 30 June 2021. A summary of the updated report is provided on page 10. The next triennial review is due in 2024.

Further information

Members requiring additional information should contact the Superannuation Office on 1800 631 630 or at ntsuperannuation@nt.gov.au.

Summary of the report of the actuarial investigation of the Northern Territory Police Supplementary Benefit Scheme

as at 30 June 2021

In accordance with clause 19 of the Trust Deed, the triennial actuarial review of PSBS was carried out as at 30 June 2021 by John Rawsthorne FIAA, of Cumpston Sarjeant Pty Ltd, and the results were presented in a report dated 2 September 2021. The next triennial review is scheduled for 2024.

The Territory's liability for accrued benefits has been determined by reference to expected future salary levels, a risk-free discount rate and other relevant actuarial assumptions.

PSBS was closed to new members from 1 January 1988. Members contribute 1% of after tax salaries to the fund, which is accumulated with the earnings of the fund. On exit, the member's accumulation account is transferred to the Territory, except in the now-unusual circumstance where a member leaves the scheme without a Territory-financed benefit, in which case the member's accumulation account is refunded to the member. Apart from refunds on accumulations, all benefit payments from the scheme are made directly by the Territory, rather than through the fund.

The investigation has focused on Territory liabilities, examining recent experience, establishing demographic assumptions to apply in future, calculating the present value of future benefit payments, and projecting both emerging costs and liabilities for accrued benefits into the future. The 2021 triennial review considered the prevailing demographic assumptions with updated economic assumptions.

The actuarial valuation of the Territory-financed liability as at 30 June 2021 reports an increase in the value of that liability of $5.6 million from $83.8 million in the 2020 advice ($19.3 million increase from $70.1 million in 2018 triennial review) to $89.4 million in 2021. The most significant changes in assumptions between 2018 and 2021 were the discount rate and CPI growth assumptions, while the most significant deviations in actual experience between 2018 and 2021 were variations in investment returns on member balances and CPI indexation on member pensions.

The contributory membership at 30 June 2021 was 15 members, down from 19 contributors 12 months prior. This will continue to decline as members reach retirement age and claim benefits. The number of pensioners continues to increase, and now stands at 211. At 30 June 2021 there were also three deferred pensioners.

The Territory's emerging costs are expected to be around $2.7 million in 2021-22 and will continue to rise slowly in nominal terms until around 2033 to about $3.5 million per annum. Liabilities are close to their peak in real terms, and are expected to gradually decline as membership declines.

Financial statements

Auditor-General

Independent Auditor's Report to the Northern Territory Police Supplementary Benefit Scheme Trustees

Northern Territory Police Supplementary Benefit Scheme

Opinion

I have audited the accompanying financial report of the Northern Territory Police Supplementary Benefit Scheme, which comprises the statement of financial position as at 30 June 2021, the income statement, statement of changes in equity, and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Trustees' statement.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Northern Territory Police Supplementary Benefit Scheme as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

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

I am independent of the Northern Territory Police Supplementary Benefit Scheme in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

The Responsibility of the Northern Territory Police Supplementary Benefit Scheme Trustees for the Financial Report

The Trustees of the Northern Territory Police Supplementary Benefit Scheme are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Trustees determine is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustees are responsible for assessing the ability of the Northern Territory Police Supplementary Benefit Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Northern Territory Police Supplementary Benefit Scheme or cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for overseeing the financial reporting process of the Northern Territory Police Supplementary Benefit Scheme.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control within the Northern Territory Police Supplementary Benefit Scheme.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Northern Territory Police Supplementary Benefit Scheme to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Northern Territory Police Supplementary Benefit Scheme to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

21 January 2022

Statement by the trustees

In the opinion of the trustees:

- the accompanying financial statements were prepared in accordance with the Australian Accounting Standards Board (AASB) 101 and other accounting standards and mandatory reporting requirements, and consist of a statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements. They are drawn up to present fairly the financial position of the Northern Territory Police Supplementary Benefit Scheme as at 30 June 2021 and the results of its operations for the year ended
- the financial statements have been prepared in accordance with the requirements of the Northern Territory Police Supplementary Benefit Scheme Trust Deed
- the scheme has been operated in accordance with the provisions of the Northern Territory Police Supplementary Benefit Scheme Trust Deed and Rules, and in compliance with the Commonwealth's retirement income policies and principles during the year ended 30 June 2021.

Trustee ______________________ Date: 21 January 2022

Mark McAdie

Trustee ______________________ Date: 21 January 2022

Daniel Bacon

Trustee ______________________ Date: 21 January 2022

Alex Pollon

Statement of financial position

as at 30 June 2021

	Note	2021	2020
		$	$
Current assets			
Cash and cash equivalents	8(b)	31 484	38 658
Investments	4, 5	1 382 548	1 624 575
Total current assets		**1 414 032**	**1 663 233**
Non-current assets			
Deferred tax assets	7(d)	715	21 006
Total non-current assets		**715**	**21 006**
Total assets		**1 414 747**	**1 684 239**
Current liabilities			
Sundry liabilities		4 763	4 620
Accumulated contribution balances	6	1 415 016	1 657 234
Current tax liabilities	7(c)	4 752	939
Provision for surcharge tax contributions		7 185	8 333
Total current liabilities		**1 431 716**	**1 671 126**
Non-current liabilities			
Deferred tax liabilities	7(e)	206	
Total non-current liabilities		**206**	
Total liabilities		**1 431 922**	**1 671 126**
Net assets/(liabilities)		**- 17 175**	**13 113**
Equity			
Unallocated surplus/(deficit)		- 17 175	13 113
Total equity		**- 17 175**	**13 113**

The statement of financial position should be read in conjunction with the notes to the financial statements.

Statement of comprehensive income

for the year ended 30 June 2021

	Note	2021	2020
		$	$
Investment and operating revenue			
Interest revenue		169	291
Distribution from investments	5	98 228	83 603
Net change in fair value of investments	5	174 745	- 114 395
Sundry income			3
Total investment and operating revenue		**273 142**	**- 30 498**
Contributions revenue			
Member contributions		27 964	34 991
Member surcharge payment received		1 252	1 462
Total contributions revenue		**29 216**	**36 453**
Total revenue		**302 358**	**5 955**
Investment and operating expenses			
Bank fees		4	5
Tax agent expenses		5 588	4 629
Total investment and operating expenses		**5 592**	**4 634**
Benefits expense			
Decrease in member liabilities		- 242 218	- 299 677
Payment of accumulated contributions to the Territory		543 910	297 537
Total benefits expense	6	**301 692**	**- 2 140**
Total expenses		**307 284**	**2 494**
Operating result before income tax expense		**- 4 926**	**3 461**
Income tax expense	7(a,b)	25 362	- 7 908
Net operating result		**- 30 288**	**11 369**

The income statement should be read in conjunction with the notes to the financial statements.

Statement of changes in equity

for the year ended 30 June 2021

	Note	Unallocated surplus/(deficit)	Total equity
		$	$
Opening balance at 1 July 2020		**13 113**	**13 113**
Unallocated surplus/(deficit)		- 30 288	- 30 288
Closing balance at 30 June 2021		**- 17 175**	**- 17 175**
Opening balance at 1 July 2019		**1 744**	**1 744**
Unallocated surplus/(deficit)		11 369	11 369
Closing balance at 30 June 2020		**13 113**	**13 113**

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Statement of cash flows

for the year ended 30 June 2021

	Note	2021	2020
		$	$
Cash flow from operating activities			
Interest received		169	291
Payments for goods and services		- 5 449	- 4 514
Member contributions		29 216	36 454
Payments to the Territory		- 543 806	- 297 465
Contribution and surcharge taxes		- 1 252	- 1 462
Tax expense		- 1 052	1 242
Net cash flow from operating activities	8(a)	**- 522 174**	**- 265 454**
Cash flow from investing activities			
Proceeds from redemption of investments		515 000	285 000
Distribution income		98 228	83 603
Purchase of investments		- 98 228	- 83 603
Net cash flow from investing activities		**515 000**	**285 000**
Net increase (decrease) in cash		**- 7 174**	**19 546**
Cash at the beginning of the financial year		38 658	19 112
Cash at the end of the reporting period	8(b)	**31 484**	**38 658**

The statement of cash flows should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

For the year ended 30 June 2021

1. Reporting entity

PSBS (ABN 64 563 356 970) is established under the Northern Territory Police Supplementary Benefit Scheme Trust Deed and Rules and operates for the purpose of providing benefits for or in relation to eligible employees under the *Police Administration Act 1978*. Administration of the scheme is conducted by the Commissioner of Superannuation and the Northern Territory Superannuation Office on behalf of the PSBS trustees. More detail on the trustees is set out in Note 14.

PSBS provides a supplement to the pension payable from the Commonwealth Superannuation Scheme for eligible members of the Northern Territory Police Force. Member contributions are held in custodianship within the PSBS until members are entitled to be paid one of two types of benefits:

- a lifetime pension for members who qualify for a supplementary benefit with the option to commute (convert) the pension to a lump sum payable by the Territory
- a refund of members' contributions and investment earnings for members who do not qualify for a supplementary benefit from PSBS, including where they do not meet vesting requirements.

2. Basis of preparation

a) Statement of compliance

The financial report is a general purpose financial report prepared in accordance with Australian accounting standards and mandatory reporting requirements, the requirements of the Trust Deed, and *Superannuation Industry (Supervision) Act 1993* and Regulations, as well as in compliance with the Commonwealth's retirement income policies and principles.

Unless covered in other notes to the financial statements, the accounting policies applied in preparing these financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise stated.

The financial statements were approved by the trustees on 21 January 2022.

b) Basis of measurement

These financial statements cover PSBS as an individual entity and have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional currency of PSBS.

d) Comparatives

Where necessary, comparative information for the 2020-21 financial year has been reclassified to provide consistency with current year disclosures.

e) Rounding of amounts

Amounts have been rounded to the nearest dollar except where otherwise noted. Figures in the financial statements and notes may not equate due to rounding.

Notes to the financial statements

For the year ended 30 June 2021

2. Basis of preparation (continued)

f) Use of estimates and judgments

The preparation of financial statements requires the trustees to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

There are no critical accounting estimates and judgments contained in these financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently in these financial statements.

a) Financial assets

Assets are included in the statement of financial position at fair value as at reporting date and movements in fair value of assets are recognised in the income statement in the periods in which they occur.

The funds of PSBS held with JANA are managed investment schemes and operate as units in unit trusts.

PSBS recognises financial assets on the date it becomes party to the contractual provisions of the asset. Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value are recorded in the income statement. Interest earned is recorded as interest revenue.

Estimated costs of disposal are deducted in the determination for fair value and are generally immaterial.

b) Cash and cash equivalents

Cash comprises cash on hand and deposits held at call with financial institutions.

Cash equivalents are short term, highly liquid investments readily converted to known amounts of cash and subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are reported in the statement of cash flows and classified as cash from investing activities as movements in the fair value of these securities represent the PSBS's main income-generating activity.

c) Financial liabilities

PSBS recognises a financial liability on the date it becomes a party to the contractual provisions of the instrument. Payables include liabilities and accrued expenses owing by PSBS that are unpaid at the end of the reporting period and, other than accumulated contribution balances, are usually unsecured and payable on demand or within short timeframes of less than 60 days.

PSBS recognises financial liabilities (except tax liabilities and accumulated contribution balances) at fair value as at the reporting date with any change in fair values of financial liabilities since the beginning of the reporting period included in the income statement for the reporting period. Fair value approximates to the amortised costs of the liability using the effective interest rate method less estimated transaction costs.

Estimated costs of disposal are deducted in the determination of fair value and are generally immaterial.

3. Significant accounting policies (continued)

d) Revenue recognition

Interest revenue

Interest revenue is recognised when PSBS has established its right to receive the interest.

Distributions

Distribution and dividend revenue is recognised when PSBS has established its right to receive the income.

Movement in net market value of investments

Changes in fair market value of investments are recognised as income and determined as the difference between fair market value at year end or consideration received (if sold during the year) and the fair market value as at the prior year or cost if the investment was acquired during the period.

Contribution revenue and transfers

Member contributions are recognised when the control of the asset has been attained and are recorded in the period to which they relate. Under Rule 2 of the Trust Deed, members contribute to PSBS at the rate of 1% of their salaries.

e) Income tax

The contributory superannuation scheme established under the Trust Deed is an exempt public sector superannuation scheme under the *Superannuation Industry (Supervision) Act 1993* and is deemed to be a complying superannuation fund for the purposes of the *Income Tax Assessment Act 1997*. Accordingly, the concessional tax rate of 15% has been applied on net investment earnings and 10% on realised capital gains.

Income tax on operating results for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to items recognised directly in members' funds.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted in the income statement and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation of the asset using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable a related tax benefit will be realised.

The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the trustees and are properly payable by PSBS.

Notes to the financial statements

For the year ended 30 June 2021

3. Significant accounting policies (continued)

f) Superannuation contributions (surcharge) tax

The trustees recognise amounts paid or payable in respect of the surcharge tax as an expense of PSBS. The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the trustees and are properly payable by PSBS.

No estimate has been made for the balance of any tax payable in respect of surchargeable contributions received by PSBS during the current year as the trustees are unable to determine this amount until receipt of applicable assessments in the following period.

The superannuation contribution surcharge was levied on notional surchargeable contributions in relation to periods from 21 August 1996 to 30 June 2005. The Australian Taxation Office (ATO) assesses the amount of surcharge based on each member's adjusted taxable income and level of surchargeable contributions, and periodically sends grouped assessments to PSBS. The liability to pay the surcharge rests with the holder of the surchargeable contribution at the time the surcharge assessment is received from the ATO.

The superannuation surcharge was abolished with effect from 1 July 2005 by the *Superannuation Laws Amendment (Abolition of Surcharge) Act 2005*. The last reporting of contributions for surcharge purposes was in respect of contributions made up to and including 30 June 2005.

g) Goods and services tax

PSBS is not registered for goods and services tax (GST). Where GST has been applied, revenues, expenses and assets are recognised inclusive of GST. Receivables and payables in the statement of financial position are also shown inclusive of GST.

h) Impact of COVID-19

Other than market movements in investment valuations at 30 June 2021, there have been no impacts to the fund due to COVID-19.

The fund is part of a defined benefit pension and as such is excluded from the superannuation early release provisions introduced by the Commonwealth to provide financial assistance to people whose income has been affected by COVID-19.

i) Standards and interpretations affecting amounts, presentation and disclosure reported in the current period

No accounting standard has been adopted earlier than the applicable dates stated in the standard.

All new/revised/amending standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the PSBS's financial statements.

All other new/revised/amending standards and interpretations that were issued prior to the sign-off date are applicable to the future reporting periods and not expected to have a future material impact on the entity's financial statements.

4. Financial risk management

Investments of PSBS (other than cash held for liquidity purposes) comprise units in unit trusts. The trustees have determined this type of investment is appropriate for PSBS and in accordance with the investment strategy.

The trustees have overall responsibility to establish and oversee PSBS's risk management framework. The trustees have established risk management policies to identify and analyse the risks faced by PSBS and set appropriate risk limits and controls, monitoring risks and adhere to risk limits. Monitoring risks includes those managed by the investment manager, JANA.

The trustees regularly review the risk management policies to ensure changes in market conditions and PSBS's activities are reflected.

PSBS's investments are exposed to a variety of investment risks, such as market risk and liquidity risk. This note presents information about PSBS's exposure to these risks and PSBS's objectives, policies and processes for measuring and managing risk.

JANA reports regularly to the trustees and provides a formal risk management statement. Other reports from JANA include:

- details of the controls it has in place to monitor compliance with PSBS's investment strategy
- current asset allocations
- investment performance against benchmarks
- fund manager compliance reporting.

a) Market risk

Market risk is the risk fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investment.

(i) Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

PSBS is exposed to currency risk on financial instruments denominated in a currency other than the functional currency (Australian dollars) of PSBS. Consequently, PSBS is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the portion of PSBS's investments denominated in currencies other than the Australian dollar.

Notes to the financial statements

For the year ended 30 June 2021

4. Financial risk management (continued)

(ii) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of PSBS's financial assets are non-interest-bearing with only cash being directly subject to interest rate risk. As a result, PSBS has limited exposure to interest rate risk due to fluctuations in market interest rates. All PSBS's cash assets are held with the National Australia Bank.

An increase (or decrease) of 1% in interest rates at the reporting date would have increased or decreased the operating results and net assets available to pay benefits by the following amounts:

		1% movement in interest rates	
	Balance	Operating results	Net assets available to pay benefits
Cash and cash equivalents	$	$	$
30 June 2021	31 484	± 315	± 315
30 June 2020	38 658	± 387	± 387

(iii) Other market price risk

Other market price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

PSBS's financial instruments are carried at net market value and recognised in the statement of financial position. All changes in market conditions affecting market value are therefore recognised in the income statement. PSBS's exposure to other market price risk is limited to the market price movement of the underlying investments. The trustees have determined these investments are appropriate for PSBS and in accordance with PSBS's published investment strategy in respect of asset class allocation.

The following sensitivity analysis demonstrates the movement in the total value of investments as a result of a 5% variation in value.

		5% movement in investments	
	Balance	Change for the year in net assets available to pay benefits	Net assets available to pay benefits
Investments	$	$	$
30 June 2021	1 382 548	± 69 127	± 69 127
30 June 2020	1 624 575	± 81 229	± 81 229

4. Financial risk management (continued)

b) Credit risk

Credit risk is the risk the counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation.

No collateral is held as security or other credit enhancements exist for all financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets. PSBS does not have any significant exposure to any individual counterparty or industry.

PSBS does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by PSBS.

	2021	2020
	$	$
Cash and cash equivalents	31 484	38 658
Units in unit trusts	1 382 548	1 624 575
Total	**1 414 032**	**1 663 233**

c) Liquidity risk

Liquidity risk is the risk PSBS will not be able to meet its financial obligations as they fall due. PSBS's approach to managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. PSBS's liquidity risk is managed on a daily basis in accordance with policies and procedures in place and PSBS's investment strategy. PSBS's overall liquidity risks are monitored by the trustees.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Balance	Contractual cash flows potentially payable as at 30 June
30 June 2021	$	$
Accumulated contribution balances	1 382 548	1 382 548
	1 382 548	**1 382 548**
30 June 2020		
Accumulated contribution balances	1 657 234	1 657 234
	1 657 234	**1 657 234**

Notes to the financial statements

For the year ended 30 June 2021

5. Fair value measurement

a) Estimation of fair values

PSBS's financial assets and liabilities included in the statement of financial position are carried at market value, which the trustees believe approximates fair value. The major methods and assumptions used in determining fair value of financial instruments are disclosed in notes 3(a) and 3(c) of the significant accounting policies section.

b) Recognised fair value measurements

The table below analyses financial instruments carried at market value, which approximates fair value, by valuation method. The different levels are defined as:

- level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly. The trustees value units in unit trusts using the unit price provided by the investment manager.
- level 3 – fair value measurements are those instruments with value based on inputs for the asset or liability, not based on observable market data.

The trustees have determined the fair value of PSBS's investments are level 2.

	2021	2020
Level 2 investments – financial assets	$	$
Units in unit trusts	1 382 548	1 624 575

Estimated costs of disposal are deducted in the determination of fair value. As disposal costs are generally immaterial, unless otherwise stated market value approximates fair value.

The investment is valued at the redemption price at reporting date, as advised by JANA, and is based on the market value of the underlying investment.

Any unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

	2021	2020
	$	$
Opening balance	1 624 575	1 940 367
Redemptions	- 515 000	- 285 000
Distribution income	98 228	83 603
Change in fair value	174 745	- 114 395
Closing balance	**1 382 548**	**1 624 575**

6. Accumulated contribution balances

Accumulated contribution balances comprise benefits in respect of members who ceased to be members prior to year end but had not been paid by that date and accumulated contribution balances in respect of current members.

	2021	2020
Benefits paid	$	$
Decrease in accumulated contribution balance	- 242 218	- 299 677
Payment of accumulated contributions to the Territory	543 910	297 537
Total benefits	**301 692**	**- 2 140**
Accumulated contribution balances		
Accumulated contributions payable – former members	238 699	450 119
Accumulated contributions payable – current members	1 176 317	1 207 115
Total accumulated contribution balances	**1 415 016**	**1 657 234**

7. Income tax expense

	2021	2020
a) Major components of tax expense	$	$
Current tax expense		
Current year	4 865	1 567
Deferred tax expense		
Relating to the origination and reversal of temporary differences	20 497	- 9 475
Income tax expense	**25 362**	**- 7 908**
b) Income tax expense		
Operating result before tax expense	- 4 927	3 461
Tax applicable at the rate of 15% (2020: 15%)	- 739	519
Tax effect of expenses that are not deductible in determining taxable income		
Increase/(decrease) of accumulated contributions	- 36 333	- 55 162
Payments of contributions to the Territory	81 587	54 841
Tax effect of income that is not assessable in determining taxable income		
Investment income	- 10 718	4 434
Member contributions	- 4 195	- 5 249
Surcharge payments received	- 188	- 219
Tax effect of other adjustments		
Imputation and foreign tax credits	- 4 052	- 7 072
Income tax expense/(benefit)	**25 362**	**- 7 908**

Notes to the financial statements

For the year ended 30 June 2021

7. Income tax expense (continued)

c) Current tax (assets)/liabilities

	2021	2020
	$	$
Balance at beginning of year	939	- 1 870
Income tax paid – current period	- 113	- 628
Income tax paid – prior period	- 939	1 870
Current year's income tax provision	4 865	1 567
Current tax (assets)/liabilities	**4 752**	**939**

d) Deferred tax assets

The amount of deferred tax assets recognised in the statement of financial position at reporting date is made up as follows:

	2021	2020
Accrued expenses	715	693
Unrealised capital losses (discounted)		20 313
Deferred tax assets	**715**	**21 006**

e) Deferred tax (liabilities)

The amount of deferred tax liabilities recognised in the statement of financial position at reporting date is made up as follows:

	2021	2020
Unrealised capital gains (discounted)	- 206	
Deferred tax liabilities	**- 206**	

8. Reconciliation to the statement of cash flows

a) Reconciliation of operating results to net cash provided by operating activities

	2021	2020
	$	$
Operating results	**- 30 288**	**11 369**
Increase(-)/decrease(+) in net revenue		
Net change in fair value of investments	- 174 744	114 395
Distribution income	- 98 228	- 83 603
Increase(-)/decrease(+) in assets		
Increase(+)/decrease(-) in liabilities		
Accumulated contribution balances	- 242 218	- 299 676
Sundry liabilities	143	118
Surcharge tax	- 1 148	- 1 391
Tax assets and liabilities	24 310	- 6 666
Net cash flow used in operating activities	**- 522 174**	**- 265 454**

b) Reconciliation of cash

	2021	2020
Cash at bank	**31 484**	**38 658**

9. Unallocated surplus/(deficit)

	2021	2020
	$	$
Opening balance	13 113	1 744
Net profit/(loss)	- 30 288	11 369
Closing balance	**- 17 175**	**13 113**

The loss for the period is a result of the over distribution of earnings to the members, which is mainly determined by the reversal of temporary differences on unrealised capital losses originated during prior years. The impact is notional and does not affect the solvency of the scheme, particularly considering that pensions and member benefit payments are guaranteed by the Territory under clause 22 of the Trust Deed.

10. Contingent liabilities

PSBS has no contingent liabilities at 30 June 2021 (2020: nil).

11. Segment reporting

PSBS operates as one business, being the provision of superannuation benefits for eligible members.

12. Events subsequent to reporting date

There are no significant subsequent events.

13. Auditors' remuneration

Audit services are provided by the Northern Territory Auditor-General's Office at no cost to PSBS.

14. Related parties

a) Employer

The employer is the Northern Territory Government. The employer provides staff and administrative services, accommodation and the use of office equipment free of charge to PSBS.

b) Trustees

Following the abolition of the Superannuation Trustee Board in June 2019 subsequent to the amendment of the Trust Deed, responsibility for the PSBS transferred to three individual trustees. Under the Trust Deed, one trustee is nominated by the Commissioner of Police, one by the NTPA and one by the Under Treasurer. As at 30 June 2021 the PSBS's trustees are:

- Mark McAdie – Commissioner of Police nominee
- Daniel Bacon – NTPA nominee
- Alex Pollon – Under Treasurer nominee.

There were no outstanding reimbursements or payments due to any trustee as at 30 June 2021.

Where a trustee is also a member of PSBS, member contributions or benefit payments are made in accordance with PSBS rules and governing legislation. No sitting fees were paid during 2020-21 (2020: nil).

Appendix

The scheme and how it works

Contributions

Members contribute 1% of their after-tax salary to the fund, which is managed by the Northern Territory Police Supplementary Benefit Scheme (PSBS) Trustees. Each member has an accumulation account in the fund representing his or her contributions and investment earnings.

Qualifying for a supplementary benefit

For a member of the PSBS to qualify for a supplementary benefit, he or she must:

- be at least 50 years of age or have at least 25 years' Commonwealth Superannuation Scheme (CSS) contributory service when ceasing to be a member of PSBS
- and be entitled to a CSS age retirement pension, early retirement pension, deferred pension or a postponed pension on or after ceasing to be a member of PSBS.

Where a member qualifies for a supplementary benefit, the member's accumulation account balance will be transferred to the Central Holding Authority (CHA) and the Territory will then pay the supplementary benefit directly from the CHA established under the *Financial Management Act 1995*.

The supplementary benefit is based on the amount of the member's CSS employer-financed pension and age when he or she ceases to be a member of the Northern Territory Police Force or ceases to be a CSS contributor, whichever occurs later (for CSS and supplementary scheme purposes, a member attains a particular age on the day before his or her birthday).

The supplementary benefit is expressed as a percentage of the CSS pension and calculated using the percentage according to the age of the member as outlined in Table A1.

Table A1: Supplementary benefit percentage

	Supplementary benefit
Member's age (years)	%
55	25.00
56	21.69
57	18.69
58	15.94
59	13.43
60 or more	11.11

The supplementary benefit is paid as a lifetime indexed pension and commences when the CSS pension begins to be paid. If a member defers or postpones his or her CSS pension, the PSBS pension commences when the deferred or postponed CSS pension commences. Members may elect to commute the PSBS pension to a lump sum equal to 10 times the annual amount of pension payable at the time the pension commences.

If the member is able to commute their CSS pension to a lump sum and elects to do so (for example, an involuntary retirement lump sum or a deferred benefit converted to a transfer value), the supplementary benefit will be a lump sum equal to the employer-financed lump sum paid from the CSS, multiplied by the percentage in Table A1 applicable to the member's age when they ceased to be a member of the Northern Territory Police or ceased to be a CSS contributor, whichever occurs later.

The Commonwealth Superannuation Corporation (CSC), the agency that manages Commonwealth superannuation, separately issues members with information statements about their CSS entitlements at the end of each financial year.

If members require more information on their CSS benefit, they can contact the CSC on 1300 000 277 or visit the website at www.csc.gov.au.

No entitlement to a supplementary benefit

A supplementary benefit will not be payable to a member if:

- the member is under 50 years of age and has less than 25 years' CSS contributory service when he or she ceases to be a member of PSBS
- the member elects for an immediate CSS cash resignation benefit in lieu of the CSS employer-financed pension benefit
- the member is entitled to a CSS invalidity retirement benefit on ceasing to be a CSS contributor
- or the member's estate or dependants are entitled to a CSS benefit as a consequence of the member's death while still a CSS contributor.

Where any of the above circumstances apply to a member, the accumulation account will be paid to the member, a nominated superannuation fund or their legal personal representative.

Taxation of supplementary pension benefits

Table A2 illustrates the taxation arrangements for members who qualify for a supplementary benefit from PSBS, which is paid as a lifetime indexed pension.

Table A2: Taxation of pensions

Age	Component	Tax treatment from 1 July 2021
Preservation to age 59 years	Taxed	Marginal tax rates with a 15% pension tax offset
	Tax-free	Exempt from tax
	Untaxed	Marginal tax rates
60+ years	Taxed	Exempt from tax
	Tax-free	Exempt from tax
	Untaxed	Marginal tax rates with a 10% pension tax offset for the first $106,250 p.a. of untaxed benefits

Taxation of commuted lump sums and refunds of member accounts

Table A3 illustrates the taxation arrangements for members who receive a lump sum superannuation benefit from PSBS.

Table A3: Taxation of lump sums

Age	Component	Tax treatment[1] as at 1 July 2021
Under preservation age	Tax-free component	
	Non-concessional contributions (member contributions)	• Exempt
	Pre July 1983	• Exempt
	Taxable component	
	Post June 1983 taxed (investment return)	• 20%
	Post June 1983 untaxed (Territory-financed benefit)	• 30% up to $1.615 million • Excess over $1.615 million taxed at top marginal tax rate[2]
Preservation age to 59 years	Tax-free component	
	Non-concessional contributions (member contributions)	• Exempt
	Pre July 1983	• Exempt
	Taxable component	
	Post June 1983 taxed (investment return)	• 0% to low rate cap[3] • 15% on excess over low rate cap[3]
	Post June 1983 untaxed (Territory-financed benefit)	• 15% to low rate cap[3] • 30% up to $1.615 million • Excess over $1.615 million taxed at top marginal tax rate[2]
60+ years	Tax-free component	
	Non-concessional contributions (member contributions)	• Exempt
	Pre July 1983	• Exempt
	Taxable component	
	Post June 1983 taxed (investment return)	• Taxed at 0%
	Post June 1983 untaxed (Territory-financed benefit)	• 15% up to $1.615 million • Excess over $1.615 million taxed at top marginal tax rate[2]

1 Does not include Medicare levy (2%), which may apply if a benefit is paid directly to a member rather than rolled over to a superannuation fund.

2 Top marginal tax rate: 45%.

3 2021-22 low rate cap: $225,000.

Death benefit

In the event of a member's death while still a CSS contributor, the member's accumulation account balance will be paid to the member's estate. If the member has deferred or postponed CSS and PSBS pensions, a PSBS pension will be paid to dependants. Where a former member receiving a PSBS pension dies, a reversionary (spouse) supplementary pension is payable to their surviving spouse. The reversionary pension is a proportion of the member's pensions and varies between 67% and 100% depending on the number of eligible children in the relationship and their age.

Preserved benefit

The Commonwealth's preservation rules came into effect on 1 July 1999 and apply to lump sum superannuation benefits. A benefit in the form of a lifetime pension, such as the pension payable from PSBS, is not subject to the preservation rules and may commence at any age.

If a member receives a lump sum from PSBS before preservation age, any preserved benefits must remain in a superannuation fund until the member has reached his or her relevant preservation age and has permanently retired from the workforce as outlined Table A4.

Table A4: Preservation age

Date of birth	Preservation age (years)
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

Members have a non-preserved benefit calculated at 30 June 1999. Members can cash their non-preserved benefit from the fund if they leave PSBS before reaching their preservation age.

The non-preserved amount remains constant and any superannuation contributions (includes both employer and employee contributions) and interest earned after 1 July 1999 are subject to the preservation rules.

Northern Territory Supplementary Superannuation Scheme

In addition to a member's benefit from CSS and PSBS, members are entitled to a 3% productivity benefit from the Northern Territory Supplementary Superannuation Scheme (NTSSS). The NTSSS benefit is paid as a lump sum at the rate of 3% of final salary for each year of employment since 1 October 1988. The final salary for NTSSS purposes is:

- 80% of the member's total remuneration package if he or she is at the rank of Commander, Assistant Commissioner or Deputy Commissioner
- for other members, 130% of the member's current salary plus Northern Territory allowance.

No other allowances are included in this calculation.

Where a member does not qualify for a CSS pension (for example, by taking a CSS cash resignation benefit), the NTSSS benefit will be increased to satisfy superannuation guarantee requirements.

The NTSSS benefits are paid through the Northern Territory Superannuation Office (NTSO) and are subject to preservation rules. Member information statements are issued annually by the NTSO. Statements for both schemes (PSBS and NTSSS) have been combined since 2011-12.