



**STATE SUPER**  
SAS Trustee Corporation

POOLED FUND 2001 – 02  
Annual Report



Teachers

Nurses

Public Service

Police

Emergency Services

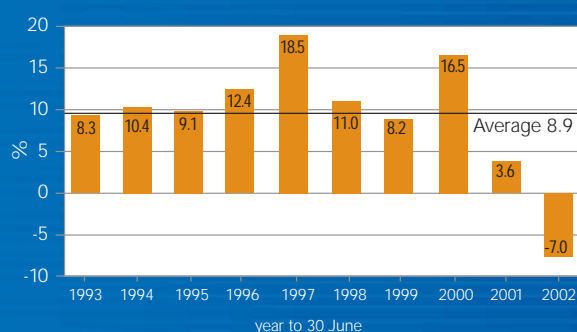
Transport

[www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)

## Highlights of the year

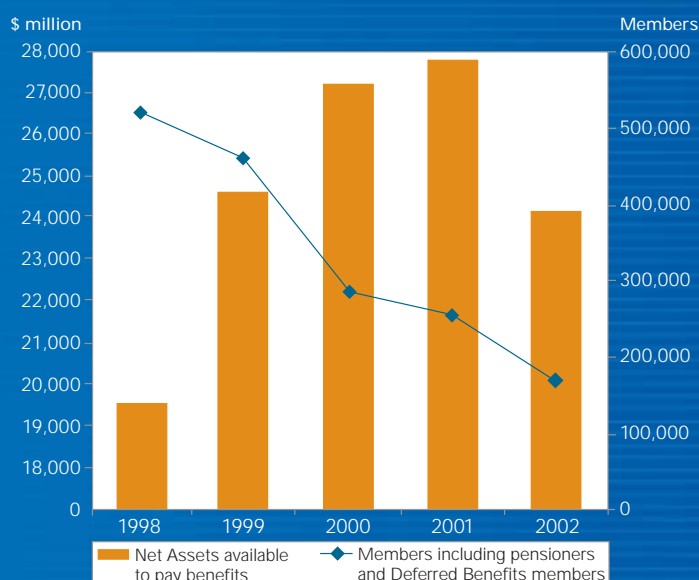
The returns over the decade have been strong despite a negative crediting rate in 2001-02

Pooled Fund Annual Crediting Rate

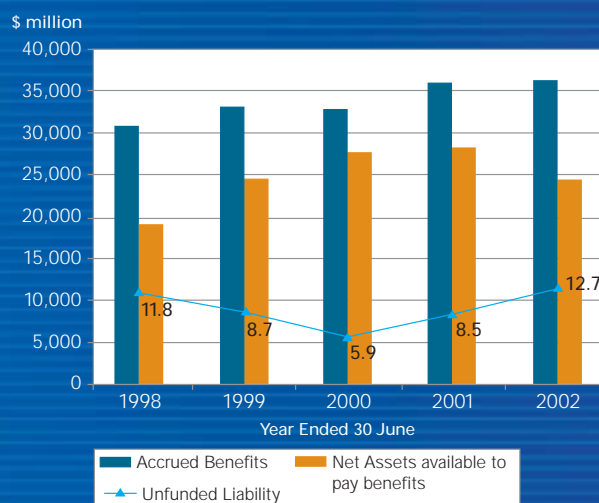


The net assets available to pay benefits in the Pooled Fund declined by approximately \$3.7 billion in 2001-02 as a result of a negative investment return, reduced employer contributions, higher benefit payments, and the transfer of approximately \$490 million to First State Super. These factors are analysed in the body of this report.

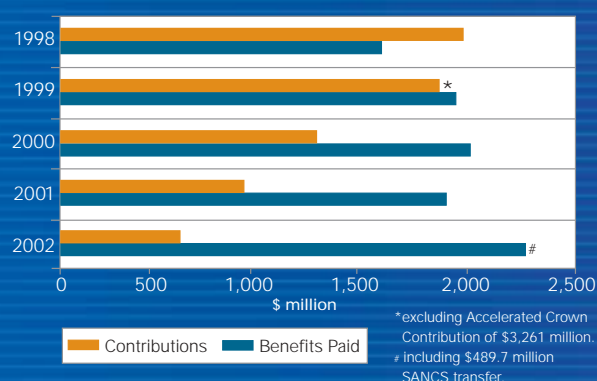
Pooled Fund Assets and Members as at 30 June



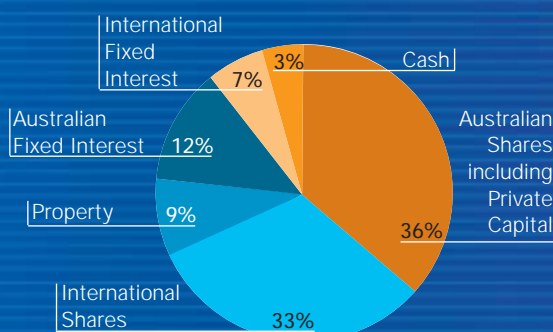
Accrued Benefits and Unfunded Liability



Fund Contributions and Payments



Assets by Investment Sector at 30 June 2002



## Mission

To support the future well being of NSW Government employees and their families by the productive delivery of superannuation benefits with optimal investment returns and member service.

## Charter

SAS Trustee Corporation is a body corporate constituted by the *Superannuation Administration Act 1996*.

It is trustee of the STC Schemes — the State Authorities Superannuation Scheme, the State Superannuation Scheme, the Police Superannuation Scheme, and the State Authorities Non-contributory Superannuation Scheme.

Its principal functions are to:

- ▶ administer the STC Schemes,
- ▶ invest and manage the fund of the STC Schemes,
- ▶ provide for the custody of the assets and securities of the STC Schemes,
- ▶ ensure scheme benefits are properly paid, and
- ▶ determine disputes under the Schemes.

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Note: Throughout this report:

**Trustee Corporation** means the SAS Trustee Corporation.

**STC** means the SAS Trustee Corporation.

**FTC** means the FSS Trustee Corporation.

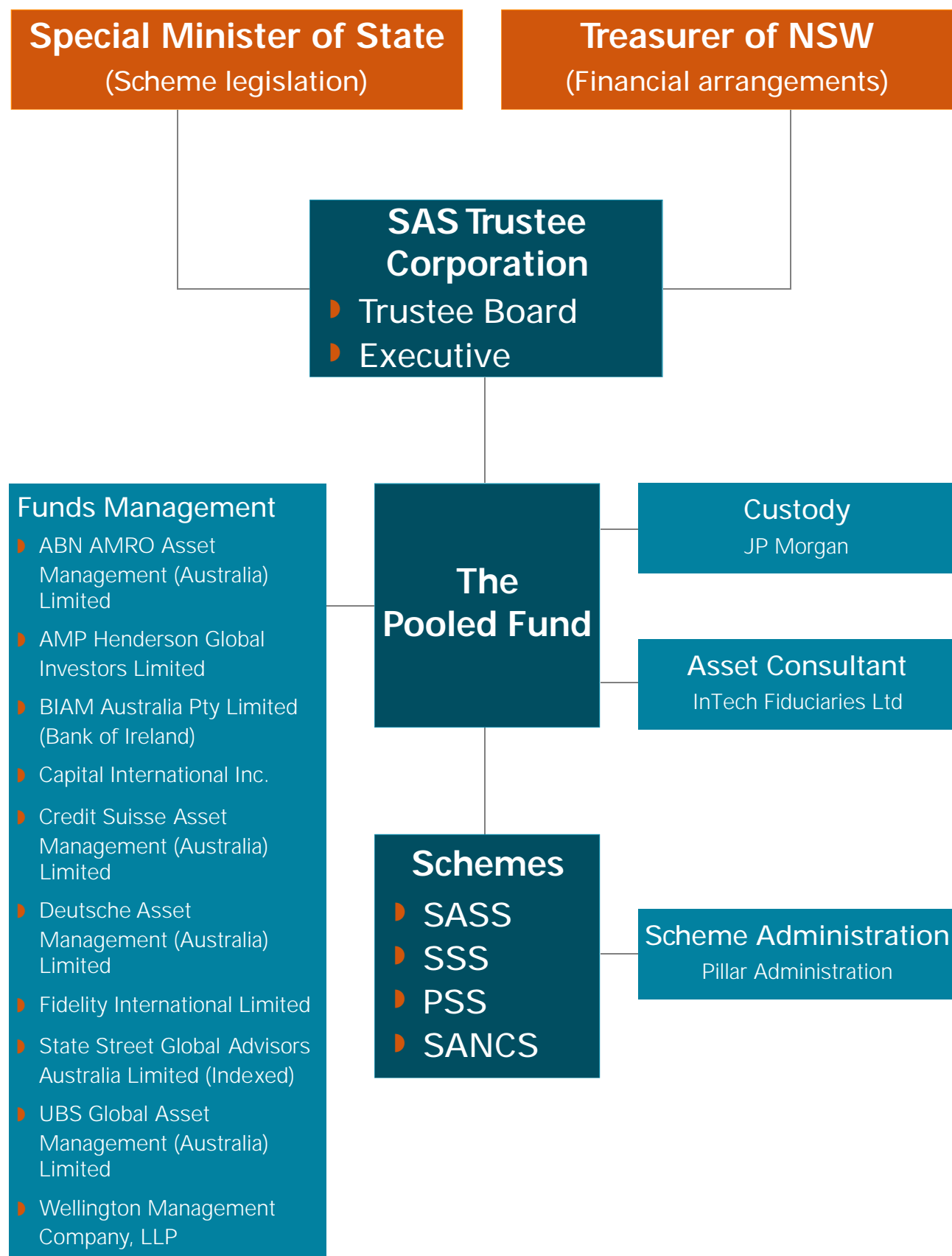
**Board** means the Board of STC, appointed under the *Superannuation Administration Act 1996* and comprising an independent chairperson, four employee representatives and four employer representatives.

**Pooled Fund** or **Fund** means the Pooled Fund of the STC schemes.

**STC schemes** or **schemes** means the State Authorities Superannuation Scheme (SASS), the State Superannuation Scheme (SSS), the Police Superannuation Scheme (PSS), and the State Authorities Non-contributory Superannuation Scheme (SANCS).

This STC Annual Report 2001–02 is on our web site, [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au). The accounts of the Pooled Fund's Controlled Entities may be obtained on request from STC (see outside back cover for contact details). The accounts of Controlled Entities have been separately tabled in the NSW Parliament.

## Organisation structure at 30 June 2002



# Report to the Minister

October 2002

The Hon Michael Egan, MLC  
Treasurer  
Governor Macquarie Tower  
Level 33  
1 Farrer Place  
SYDNEY NSW 2000

Dear Minister

We have pleasure in submitting to you for presentation to Parliament the annual report of the SAS Trustee Corporation, covering the period 1 July 2001 to 30 June 2002.

The annual report contains the report for the SAS Trustee Corporation and the Pooled Fund. These have been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, and associated regulations.

Major events during the year include the refinement and implementation of an outsourcing strategy for the Pooled Fund's investments and the transfer of 92,762 Deferred Benefit SANCS only members to First State Super.

We appreciate the interest and support which you, the Special Minister of State and the Government have shown in our activities and look forward to working with you during the coming year.

Yours sincerely



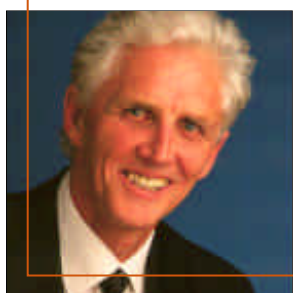
**Michael Cole**  
Chairperson  
SAS Trustee Corporation



**Ian Blair**  
Board Member and Chairperson of the  
Audit and Compliance Committee  
SAS Trustee Corporation



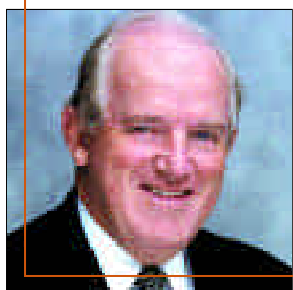
## Board members' profiles



### Chairperson

**Michael Cole** had a 17 year career with Bankers Trust Australia as a Director/ Executive Vice-President in both the Investment Bank and Funds Management divisions. At various times his executive responsibilities included Head of Fixed Interest/Capital Markets/Structured Finance, Credit, Stockbroking and Retail Funds Management. In September 2001, he was appointed a director of New South Wales Treasury Corporation.

### Board members



**Ian Blair** (Employer Representative) is a chartered accountant and a company director, holding a Master of Management degree from Macquarie University. After a long career with accounting firm Deloitte Touche Tohmatsu, including a term as CEO of the firm, he moved to lawyers, Allens Arthur Robinson where he currently acts as Executive General Manager of the firm. Ian has been active in local government and community organisations and received an Order of Australia Medal in 1987 for his services to the community.



**Ron Davis** (Employee Representative), formerly a Board member, was appointed to the Office of the Full-time Board Member on 1 January 2002 following the retirement of Beryl Ashe. Ron was previously a Valuation Manager with the State Valuation Office. He is a registered Real Estate Valuer and Fellow of the Australian Property Institute. He is a Central Councillor with the Public Service Association and immediate past president of the Professional Officers Association. He also represents members as a delegate to Labor Council's Public Sector Employees' Superannuation Committee. Ron is a member of the Australian Institute of Superannuation Trustees, a Fellow of the Association of Superannuation Funds of Australia (ASFA) and a member of the NSW Division Executive Committee of ASFA.



**Bill Gillooly** (Employer Representative) is a lawyer by training and qualification, and has occupied senior management positions in a number of NSW government agencies. At different times, he was Director-General of the National Parks and Wildlife Service, and Department of Sport and Recreation. Bill retired from the NSW Public Service in 2000. He is a Board member of the NSW Institute of Sport, and Chairperson of St Catherine's Aged Care Services Ltd. Bill was awarded membership of the Order of Australia in 2002 for services to public administration and to the community.



**Rod Harty** (Employee Representative) is an Advisory and Legal Advocate for the Police Association of NSW and a consultant to the Police Federation of Australia and New Zealand. Rod was appointed as a Board member from 1 January 2002 following the retirement of Beryl Ashe. Rod also represents Police as a delegate to the Labor Council's Public Sector Employees' Superannuation Committee.

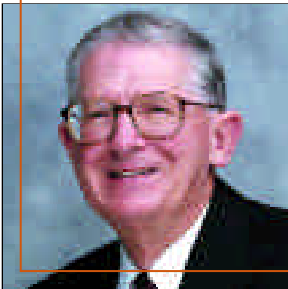
Rod has post-graduate qualifications in Workplace Relations and Labour Law and has a broad public sector background in human resource management and business services.



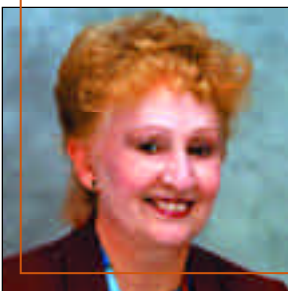
**John Hennessy** (Employee Representative) is the former Secretary of the NSW Teachers' Federation and until recently was Vice-President of the NSW Labor Council. He is also President of The Teachers' Club Ltd, a Director of 2KY Broadcasters and Public Officer for the NSW Teachers' Federation Health Society. With an extensive background in management across a range of industries, John is also principal Accounting and Public Officer of the Union.



**Nick Lewocki** (Employee Representative) is Secretary of the Rail, Tram & Bus Union. Nick spent his early career with the NSW Railways Department before being elected to a full-time union official's position in 1979. From 1990 he worked with the Labor Council for 6 years as an Industrial Officer responsible for a range of industries. Nick is a Director of Labor Media Pty Ltd. As Secretary of the Union, he is the principal negotiator for industrial agreements and their certification before the industrial tribunals.



**Don Nicholls** (Employer Representative) retired after an extensive career with the NSW Treasury, the NSW Audit Office and the University of Sydney. Don is an economist, accountant, and chartered secretary by training and qualifications. He was awarded membership of the Order of Australia in 1990 for public service. As a financial consultant, he has been involved in major reviews of financial management for Australian State governments.



**Catherine Prime** (Employer Representative) has qualifications in actuarial science, law and management. She was the first woman in Australia to qualify as an actuary and the first woman appointed president of the Institute of Actuaries of Australia in 1991. She is principal of the firm P&K Actuaries, which she founded in 1987, and of P&K World, a company which provides pension and other employee benefits advice to overseas governments. During 2000, Catherine was the President of the International Actuarial Association. She is a Trustee Director of the ANZ Staff Superannuation Fund, Chairman of Strategic Superannuation Master Plan, and a member of the Administrative Appeals Tribunal.

(not pictured) **Beryl Ashe** (Employee Representative) was the Full-time Employee Representative on the SAS Trustee Corporation (STC) Board, a position she held since January 1996 until 31 December 2001, when she retired. She was also a deputy Board member of the FSS Trustee Corporation, a Board member of State Super Financial Services Ltd and a past Board member of the Australian Institute of Superannuation Trustees. Beryl is also a member of the NSW Division Executive Committee of the Association of Superannuation Funds of Australia Ltd.

## Chairperson's report



The most notable event in the past year has been the unprecedented volatility in world investment markets. The September 11, 2001 catastrophe, concerns over the strength of the US economic recovery and most recently, the decline of investor confidence due to American corporate governance scandals have all contributed to the worst global share returns in over 30 years.

STC's long term investment strategy to hold a higher weighting in shares in order to produce better than average returns has resulted in poor investment performance over the last 12 months.

This short term disappointing performance was due to two main factors:

- ▶ the Fund's higher than average investment in the markedly underperforming international shares sector, and
- ▶ the relative underperformance of its dominant Australian Shares manager, Deutsche Asset Management.

Greater detail on the Fund's investment strategy and historic returns is contained later in this report (see pages 16–22). It is reassuring to note that our 5 year investment return remains competitive against its peer group average.

The primary focus of the Board and the Executive in 2001–02 was to refine and implement an outsourcing strategy for the Fund's investments. From 1 July 2002, the Trustee was free to outsource all assets previously managed by Deutsche Asset Management (as part of the

terms of the agreement of the sale of Axiom Funds Management to Deutsche Bank in 1997).

The Trustee, in conjunction with our asset consultant, InTech, has implemented a multi-manager structure consistent with the Pooled Fund's asset allocation framework. By early July 2002, 13 fund managers were managing assets within strictly controlled mandates.

The Fund received no contributions from Crown employers in 2001–02 and \$640 million in contributions from non-Crown employers and member contributions. The combined effect of negative investment returns and lower contributions meant that the unfunded liability rose from \$8.4 billion at 30 June 2001 to \$12.7 billion at 30 June 2002.

In June 2002, the NSW Government passed legislation creating the *General Government Liability Management Fund* (LMF) concurrently with the Appropriation Bill 2002. Its purpose is to receive money transferred by the Crown and to use that money in due course to pay employer contributions to the Pooled Fund on behalf of government agencies. The LMF must first be applied to meet the employer liability of the Pooled Fund. It cannot, for example, repay Government borrowings unless there is an excess in the LMF above the net liabilities of the Pooled Fund. The creation of this vehicle will require even closer co-operation between Treasury and the boards of STC and the LMF to ensure that the notional combined asset allocation of the two funds is the optimal structure to address the long term liabilities of the closed NSW superannuation schemes.



By the close of 2001–02, membership of the four closed NSW public sector schemes had been consolidated, with few exceptions, to members with a defined benefit interest. Thus, by year end fund membership had fallen to 177,981 from 278,800. Investment assets of the Pooled Fund had a value of \$23.8 billion, and it continues to be the largest superannuation fund in Australia.

In addition the following other initiatives were successfully undertaken during the 2001–02 period:

- 92,762 accumulation accounts of deferred SANCS only members were transferred to First State Superannuation in December 2001. Of these, over 22,000 members already had a First State account and the SANCS balance was transferred to that account. The transfer involved \$490 million of Pooled Fund assets.
- A program, using newly available technology, was introduced to find the addresses of members with whom the Fund had lost contact.
- The administration of member and employer accounts, undertaken by Pillar Administration, showed a significant improvement during the year with Trustee performance standards.
- On 1 July 2002, the Trustee assumed direct responsibility to provide the member pre-retirement seminar function itself.
- The functionality of the STC web site has also been improved.

Ms Beryl Ashe retired from the Board on 31 December 2001. I would like to place on record the outstanding contribution Ms Ashe made to the Board and her commitment and keen interest in the well being of scheme members. Ms Ashe was replaced by Mr Rod Harty and Mr Ron Davis became the Full-time Board Member.

Finally I would like to thank the Board and the Executive for their diligence and dedication to the management of the STC schemes during an extremely busy and challenging year. The volatile investment markets have reinforced our commitment to continually improve our processes, procedures and service. It has also focused our attention on the value of regularly reviewing investment strategies and structures so that we can continue to deliver good longer term performance to our stakeholders.



**Michael Cole**  
Chairperson

September 2002

# STC achievements and objectives

## Objectives

To aim for industry leader status with regard to member service.

## Achievements in 2001-02

- Met quarterly with administrator to address member and employer communications issues.
- Conducted employer seminars to revise knowledge of scheme rules and how to access administrator on line.
- Developed database of employer and union contacts for emailing topical information and submitted articles in employer, union and member magazines regularly.
- Introduced annual member statements on line.
- Web structure and content externally reviewed.

## Strategies for 2002-03

- Strengthen STC links with employers and unions as major channels of information to members.
- Focus field services on needs of older membership.
- Review means of disseminating information to members with emphasis on phone, web and written support at key scheme decision points.
- Investigate cash investment choice for SASS members' own contributions.
- Enhance cost effective web functionality for members.

## Objectives

To implement an investment strategy which is long term in its focus and seeks to maximise returns consistent with an appropriate risk/return profile.

## Achievements in 2001-02

- Designed multi-manager outsourcing strategy.
- Outsourcing completed by early July 2002. Pooled Fund assets held by panel of 13 managers.
- Strategic asset allocation and investment performance under regular scrutiny.

## Strategies for 2002-03

- Provide input into Treasury's medium term funding plan.
- Liaise closely with Treasury regarding investment strategy upon activation of General Government Liability Management Fund.
- Monitor strategic asset allocation and investment performance against investment objectives.

# STC achievements and objectives

## Objectives

To ensure compliance with legislative and regulatory requirements, both Commonwealth and State.

## Achievements in 2001–02

- Procedures and systems to ensure ongoing compliance in place and working well.
- Presented formal compliance report to auditors.
- Consulted regularly with Treasury and Premier's Dept on possible impact of *Family Law Act* and proposed State legislative change.
- Obtained APRA approval of Pre July 1988 Funding Credits.

## Strategies for 2002–03

- Implement robust procedures and systems to ensure ongoing compliance with legislative and regulatory requirements.
- Present formal compliance reports to auditors.
- Monitor proposed legislative changes proactively and evaluate impact on STC schemes.

## Objectives

To monitor service providers to ensure timely, efficient and cost effective delivery of services.

## Achievements in 2001–02

- Service standard benchmarking of administrator indicates improving member service.
- Expanded feedback to administrator on qualitative as well as quantitative performance.
- Administration reporting now includes some comment on IT functionality and service.
- Custodian provides feedback on fund managers' administrative efficiency.
- STC operating costs within budget in all major areas.

## Strategies for 2002–03

- Build a constructive alliance with administrator.
- Benchmark administrator's performance against other government peers (via CEM survey).
- Seek feedback from employers about areas of operational difficulty and address with administrator.
- Monitor administrative efficiency of new investment managers through custodian.
- Contain administration and investment management costs.

# STC achievements and objectives

## Objectives

To maintain strong relationships with Treasury and Premier's Department on policy and strategic issues.

## Achievements in 2001-02

- Chairman, Board and Executive proactive in seeking best outcomes for all stakeholders.
- Regular meetings with Treasury and Premier's Department staff at range of levels.

## Strategies for 2002-03

- Provide ongoing advice to Treasury on the impact of funding decisions, and various investment strategies on investment returns.
- Consult closely on Commonwealth and State legislative change.

## Objectives

To develop an organisation where STC and the Executive operate within an agreed set of values in an environment of professional development.

## Achievements in 2001-02

- Code of Conduct* and Board self-assessment process reviewed and updated.
- Organisational audit revealed positive Executive attitudes to their tasks and work environment.
- Board competency training and other seminar attendances monitored quarterly. Executive training monitored monthly.
- Board and Executive jointly developed Corporate Plan.

## Strategies for 2002-03

- Apply *Code of Conduct* and values statement to all activities.
- Encourage superannuation skills enhancement by Board and Executive.
- Support Full-time Board Member in his role.
- Involve Board and Executive in corporate planning.

# STC achievements and objectives

## Objectives

To establish policies and procedures to ensure efficient operation of schemes under STC control.

## Achievements in 2001–02

- 92,762 deferred SANCS accounts rolled into FSS.
- Gained Treasury approval to pool SSS and SASS Death and Disability risk.
- Scheme regulations reviewed and streamlined.
- Listed employers rationalised.

## Strategies for 2002–03

- Review administrator's *Disaster Recovery Plan*.
- Implement workable *superannuation on divorce* policies in co-operation with administrator.
- Review scheme policies and consider mechanisms to simplify scheme rules.

## Objectives

To ensure the Trustee Corporation and Executive operate at the highest standards of corporate governance.

## Achievements in 2001–02

- Corporate Governance procedures in place and benchmarked against industry developments.

## Strategies for 2002–03

- Monitor developments in corporate governance relevant to trustee practices and incorporate, as required.
- Benchmark trustee practices against industry best practice guides.



## Executive management team

The Executive comprises a team of experienced professionals spanning a broad range of disciplines which supports the SAS Trustee Corporation and the Board on a wide range of matters including investment management, scheme administration, superannuation policy, disputes, actuarial, legal and communications issues. In line with a commercial arrangement between the two entities, the Executive staff of the SAS Trustee Corporation (STC) serve both STC and the FSS Trustee Corporation (FTC).

The following managers report to the Chief Executive.

### Lyn Gearing

#### Chief Executive Officer

*BComm, Dip Valuations, Cert Bus Studies (Real Estate), FASFA*

As the Chief Executive of FTC and STC since 1997, Lyn reports to the Boards of both FTC and STC and exercises the day-to-day management of the Trustee Corporation. This includes monitoring the performance of funds management, custody and administration service providers and managing a team of superannuation policy and communications specialists.

Lyn's focus is to ensure that the Board receives expert professional advice on which to make its decisions.

Lyn is also on the Board of ASFA, the Association of Superannuation Funds of Australia and on the steering committee for CMSF, the Conference of Major Superannuation Funds of Australia.

### Lyn Collingridge

#### General Counsel and Company Secretary

*BA, LLB, Certificate and Diploma of Superannuation Management, FTIA, FASFA.*

Lyn joined the Executive as General Counsel and Company Secretary in 1998. She is a superannuation lawyer with experience in both the public sector and private practice.

As General Counsel, Lyn directs the legal services of the Executive and the Board on a broad range of matters including:

- ▀ corporate, compliance, investment, scheme administration and insurance matters,
- ▀ intellectual property, trademarks and communication,
- ▀ trust and contractual issues, and
- ▀ legislation relating to the schemes and all aspects of the business activities of the Trustee Corporation.

### Karen Faulconbridge

#### Manager Policy Advice

*BComm*

Karen Faulconbridge joined the Executive as Manager Policy Advice in 2000.

Karen has worked in the superannuation industry in both the private and public sector for over 19 years.

As Manager, Policy Advice, she heads a skilled and experienced team. Among her responsibilities are:

- ▀ formulating new superannuation policies and reviewing and amending, where necessary, existing policies,
- ▀ ensuring compliance with Commonwealth and NSW legislation, and
- ▀ investigating disputes and coordinating the Disputes Committee, and responding to member enquiries and complaints directed to the Trustee Corporation.

## Executive management team

### Rod Macleod

**Manager Investment Advisory**  
*FCA, ACIS, ASIA*

Rod has wide practical experience in investment matters spanning more than 30 years.

As Manager, Investment Advisory, Rod manages the Trustee Corporation's small investment advisory team of well qualified and experienced investment professionals who:

- ▶ monitor investment service providers,
- ▶ conduct tenders, and
- ▶ review investment proposals and appropriate portfolio structures.

### Karen Potter

**Manager Communications**  
*LLB*

Karen joined the Executive in 2001 as Communications Manager.

Karen has worked in the banking and superannuation industry for over 21 years. Her roles have included managing a public sector superannuation advisory department, running a seminar team, developing superannuation products and services, and formulating superannuation communication strategies.

Karen's role within the Executive includes:

- ▶ developing and implementing member communications plans as well as communications with other key audiences,
- ▶ drafting educational material and project managing the timely delivery of a range of communications tools,
- ▶ quality control of all communications mediums for accuracy, plain English, compliance requirements and delivery, and
- ▶ measuring the effectiveness of various communications against industry standards.

### Stephen Sefton

**Manager Administration and Technical Advice**  
*BComm, CA, ASIA, FASFA*

Before joining the Executive in 1998, Stephen worked in corporate accounting, taxation and superannuation roles in a major listed Australian company.

In his role, Stephen is responsible for:

- ▶ risk management, compliance and governance policies and procedures,
- ▶ monitoring the administration contracts, relationships with the administrator and identifying improvements in line with industry best practice,
- ▶ management of audit, accounting, tax and actuarial issues,
- ▶ project management of recurring tasks, including the year end accounting, auditing and compliance reporting processes and the Pooled Fund triennial actuarial review, and
- ▶ advising the Board of regulatory changes, particularly taxation changes, and their impact on the scheme's operations and providing financial and management accounting reports including budgets to the Trustee Corporation.

# Trustee Corporation review

The transfer of 92,762 deferred SANCS only accounts to First State Super and the investment outsourcing project dominated 2001–02.

## Administration

The 5 year administration contract between STC and Pillar Administration has now been in operation for 2 years. While performance has not yet reached the standards specified in the contract, it continues to improve as the new computer systems are bedded in, and the relocation of most of the administrative staff to Wollongong is completed. STC was particularly pleased with its success in tracking down several thousand previously uncontactable members using new technology, which will now be employed annually.

## Intellectual property agreement

On 4 July 2002, the Intellectual Property Escrow Agreement was signed, and the initial deposit into escrow of the Pooled Fund scheme computer programs, (which support the schemes) was made. This material and related documentation will be replaced on a 6 monthly basis to reflect changes in the underlying programs. It provides STC with security about ongoing access to the computer programs in the event of a disaster or a change of administrator.

## Communications

### Members

STC issued member newsletters through employer and union email and intranet systems. Topics covered included those which are of interest to members nearing retirement or who are changing their work patterns, eg. what to do before retirement, Reasonable Benefit Limits, what happens to a member's super if the member changes to part-time work.

STC also improved the functionality of its web site:

- members can access their last statement on line,
- deferred benefit members can access their account balance on line,
- pensioners can see details of their last 2 pension payments on line.

In 2002–03, STC will upgrade the web site to include on line seminar registrations and regular member newsletters.

## Employers

Following the publication of the *Auditor-General's Report to Parliament 2001*, which indicated that a number of employers were incorrectly calculating employees superannuation contributions, the Trustee held an additional series of seminars for employers to assist agency staff to comply with critical statutory requirements regarding superannuation.

The help functionality for employers on the web site was improved. It is a priority for STC to continue developing workshops to help employers forward information to the administrator via the web.

STC believes the responsibility for employers' staff competency and training beyond this point is the responsibility of employers.

## Corporate governance

### Compliance program

STC has a multi-tiered annual compliance program in place. Suppliers of services to STC, and the Executive, formally verify to the Board that they have complied with their contracted and legislative obligations during the year. This reporting feeds into the Audit and Compliance Committee to enable them to approve the accounting compliance plan for the completed financial year.

### Investment governance

STC requires all active managers of Australian shares to vote regarding the shareholdings they manage for STC, to record all voting and to report to STC quarterly and explain any vote, when requested to do so. Each manager is also required to submit a copy of its voting policy to STC annually and to inform STC of any changes to its voting policy.

STC subscribes to an external corporate governance advisory service, which benchmarks the corporate governance practices of individual companies against the guidelines published by Investment and Financial Services Association (IFSA). This service assists STC to identify the key issues when analysing the voting records of its investment managers.

## Trustee Corporation review

STC also reserves the right to specify particular issues on which investment managers may be required to consult STC before voting.

### Legislative and policy review

The STC Schemes operate under State legislation. They must also comply with the principles of the Commonwealth superannuation regulatory regime and with other Commonwealth and State legislation such as tax, anti-discrimination and privacy.

There was little legislative change to the schemes in the last year. As closed schemes, amendments are generally only effected to correct anomalies in the scheme design.

However, legislation provided for the transfer to FSS of deferred members of the State Authorities Non-contributory Superannuation Scheme (SANCS) where the member had no other interest in the Pooled Fund schemes. The transfer was effected on a successor fund basis and resulted in 92,762 members and assets of \$490 million being transferred from the Pooled Fund to FSS, where members have the benefit of investment choice.

Former SSS and PSS members who accepted the Treasury Conversion Offer in 2000 and who remain in FSS or Uni Super were also given the right to resume their membership of SSS and PSS. As at 30 June 2001, 172 members had indicated their interest in returning to their original scheme. As at 30 June 2002, 61 members had elected to return to SSS or PSS.

### Other changes included:

#### ► Applications for early release of benefits on compassionate or financial hardship grounds in SASS, SSS or PSS

These applications can only be considered if the member provides written consent to the reduction of their scheme benefit to offset the early release payment.

With current contributors, a debt account would be created for the released amount. This account is adjusted for interest at a rate determined by STC. The accumulated debt is deducted from the scheme benefit when it is either deferred in the scheme or paid to the member.

A deferred benefit held by a former scheme contributor is reduced when the early release benefit payment is made.

#### ► New roll over requirements

From 1 July 2002, all rollovers need to contain details of either a Superannuation Product Identification Number (SPIN) or the member's number in the fund they are rolling into. This means if a member is rolling money out of the Pooled Fund into another fund, he or she would need to advise the Pooled Fund of the new fund's SPIN. The Pooled Fund has amended its forms to allow for these changes.

*STC is also working on a major amendment to the schemes which will be implemented after year end:*

#### ► Divorce legislation

New Commonwealth legislation has been passed which affects how superannuation is divided in divorce settlements. This Commonwealth legislation will come into effect on 28 December 2002. However, State legislation must be passed before the new law can fully apply to the Pooled Fund. Members will be informed of the progress of this legislation.

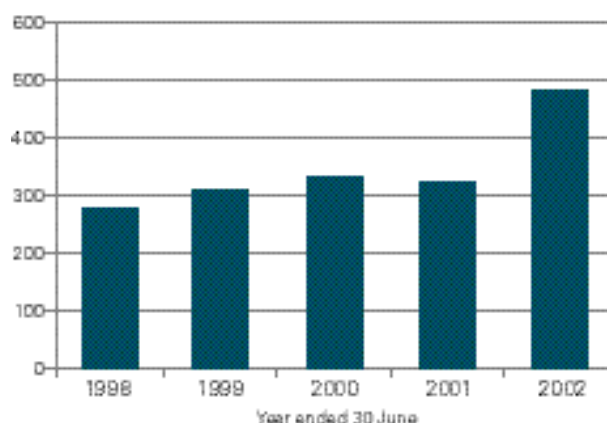
### Other matters:

#### ► Police medical discharges

One matter of concern to STC is the dramatic rise in applications for medical discharge from the Police Service which are being presented to the Police Superannuation Advisory Committee (PSAC), a committee of the STC Board.

At 30 June 2002, there were 360 applications pending. STC has drawn this trend to the attention of the Fund actuary for consideration in the 2003 Triennial Review.

Police applications for medical discharge — number determined in favour of the applicant



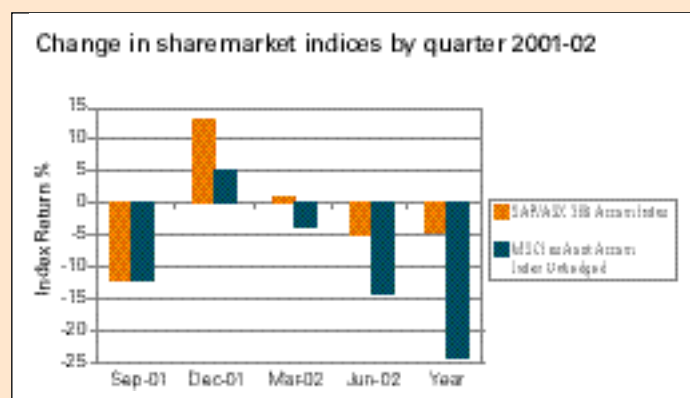
# Investment report

## Financial market performance

The 2001–02 financial year saw international sharemarkets experience an extremely poor year, following a year of negative returns in 2000–01. In local currency terms, the US sharemarket fell by 19.6%, Japan lost 20%, Germany was down 25.7% and the UK fell by 14.1%. Relative to other major sharemarkets, the Australian sharemarket was one of the best performers, falling by only 4.7% for the year. Asian markets also held up reasonably well with the Asia (excluding Japan) index falling 7.1%.

The 2001–02 year started with companies' reported earnings falling short of expectations with further contraction in growth forecasts. The performance of the September quarter was further exacerbated by the events of September 11. The December quarter witnessed sharemarkets' rebounding strongly, followed by a relatively flat quarter in March. Investor confidence was then eroded by a number of corporate scandals which adversely impacted returns over the June quarter.

The chart below illustrates these trends and the relative resilience of the Australian sharemarket over the year.



InTech\* observes that the 2001–02 year was only the third negative year of financial returns for the median superannuation fund (with average market volatility) in the past 22 years, implying a 1 in 7 year event. Historical data would also suggest that the likelihood of a negative annual return immediately following a negative year is about 1 in 4. In other words, the probability of 2002–03 delivering another negative outcome is greater than the normal long term average. This is not surprising given that investment markets tend to operate in cycles.

Such an environment tests the mettle of investors to hold to their long term investment goals and the strategies which should deliver the desired results.

\*InTech is an asset consulting firm which publishes surveys of the investment performance of superannuation fund managers.



# Investment report

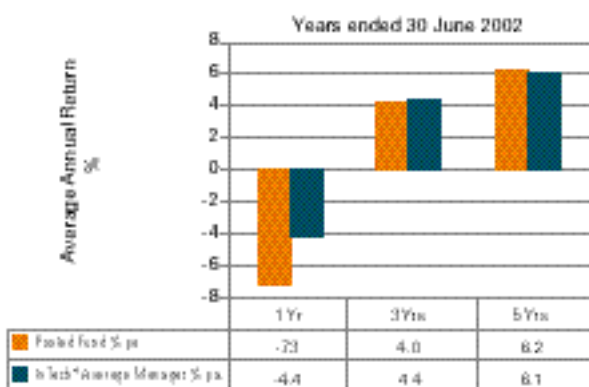
## Investment returns

The Pooled Fund, which has a high allocation to growth assets, was hit hard by market conditions in the latest financial year. However, its 3 and 5 year performance remains competitive.

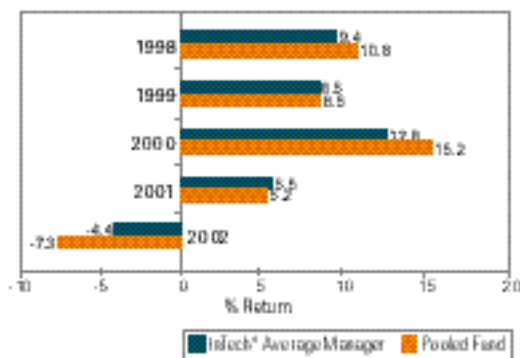
The 1 year return is substantially below the annual returns achieved over the previous 4 years. The causes of the underperformance were equally:

- the higher than average weighting in international shares, and
- the underperformance by Deutsche Asset Management in Australian shares (where it managed 90% of the Pooled Fund's exposure) compared to its peers.

Annualised net return of the Pooled Fund over 1, 3 and 5 years compared with the average growth fund manager



Annual net investment performance of the Pooled Fund compared with the average growth fund manager over 5 years to 30 June



\*InTech is an asset consulting firm which publishes surveys on the investment performance of superannuation fund managers.

## Asset allocation and investment managers

The Pooled Fund's asset allocation is reviewed at least once a year. Over the past few years, the trend has been to increase the exposure to International Shares at the expense of Fixed Interest (including Cash) and Property.

From 1 July 2002, all of the portfolio could be invested with managers appointed by STC, on the advice of its asset consultant, following the completion of the 5 year outsourcing condition which the NSW Treasury entered into as part of the sale of its funds manager, Axiom, to Deutsche Bank in 1997.

The process of gradually outsourcing the investment management of the Fund has enabled STC to build a multi-manager framework. During the year to 30 June 2002 four new active managers were appointed to manage Australian and International Shares. An existing contract with one manager with a minor allocation of Australian Shares was terminated.

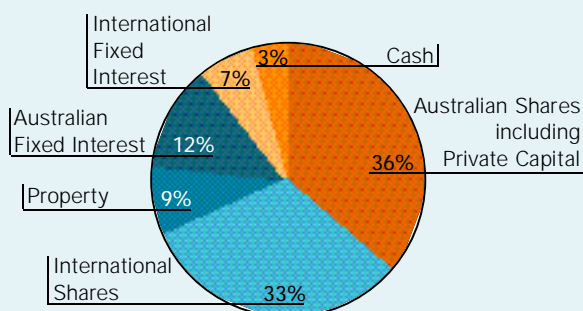
As the latest part of the outsourcing process, STC completed a further outsourcing of approximately \$8 billion from Deutsche Asset Management from 1 July 2002. The funds were allocated partly to existing managers and partly to three new Australian equity managers, Alliance Capital Management, GMO Australia and Maple-Brown Abbott. Managers other than Deutsche now manage almost 70% of the Pooled Fund.

## Passive rebalancing

The Pooled Fund uses passive rebalancing to keep the allocations to each asset sector close to its strategic level as outlined in the chart opposite. This process is monitored daily by the Pooled Fund's index manager so any rapid market movements or major cash flow movements in or out of the Pooled Fund can be dealt with promptly, without jeopardising the overall strategy for the Pooled Fund.

At 30 June 2002 approximately 21% of the Pooled Fund was managed on an indexed basis across all asset classes, except Private Capital and Property.

### Strategic Asset Allocation 2002 — Pooled Fund



Growth assets = 78%

Income assets = 22%

Total = 100%

### Asset Managers at 30 June 2002

#### Australian Shares including Private Capital

- AMP Henderson Global Investors
- Credit Suisse Asset Management
- Deutsche Asset Management
- UBS Asset Management
- State Street Global Advisors (indexed)

#### International Shares

- ABN AMRO
- Bank of Ireland Asset Management
- Capital International
- Deutsche Asset Management
- Fidelity
- Wellington International
- State Street Global Advisors (indexed)

#### Property

- Deutsche Asset Management

#### Australian Fixed Interest

- Deutsche Asset Management
- State Street Global Advisors (indexed)

#### International Fixed Interest

- Deutsche Asset Management
- State Street Global Advisors (indexed)

#### Cash

- State Street Global Advisors (indexed)

# Investment report

| Pooled Fund investment return and crediting rates |                   |                |
|---|-------------------|----------------|
| Year ending                                       | Investment return | Crediting rate |
| 30 June   | %                 | %              |
| 2000 (a)  | 15.20             | 16.46          |
| 2001  | 5.16              | 3.61           |
| 2002  | -7.28             | -7.03          |

(a) In June 2000 an over distribution via the crediting rate was made by the Pooled Fund's administrator. It was corrected in July 2000. This explains the larger than usual variance between the Fund's investment return and crediting rates for the previous two financial years as shown opposite. This adjustment has no overall impact on the financial position of ongoing employers or members in the schemes.

## Investment process objectives

The Pooled Fund has two major objectives. In 2001-02 it achieved one of these objectives and slightly underperformed on the other.

| Pooled Fund investment objectives   | Pooled Fund outcome for 2001-02  |
|---|--|
| Obtain investment returns over rolling 10 year periods in excess of the Consumer Price Index (CPI) by a margin of 3.75% per annum.                                  | The Pooled Fund comfortably outperformed the target investment return of CPI plus 3.75% per annum over the last 10 year period (8.2% per annum versus target 6.25% per annum). |
| Deliver competitive returns against the average manager in the InTech* Growth Funds Performance survey over a 3 year time horizon without taking unnecessary risks. | The Pooled Fund slightly underperformed the average manager in the InTech* growth funds survey over the last 3 year period.  |

\*InTech is an asset consulting firm which publishes surveys on the investment performance of superannuation fund managers.

## Reserves/crediting rate

Some superannuation funds retain a percentage of their investment earnings as a reserve in better performing years. This is then used to top-up distributions in lower performance years.

STC has determined that investment reserves will not be held back to smooth the Pooled Fund's crediting rates. Consequently, all available investment earnings or losses, after providing for tax and investment expenses, are distributed to Pooled Fund members monthly, based on a daily crediting rate. Members exiting during a month receive the daily rate applicable since the last monthly rate was struck.

Investment returns are determined by the Pooled Fund's master custodian and are based on the total funds invested, whereas the Pooled Fund's administrator determines the crediting rate on the total net tangible assets available to pay benefits. Consequently, there will always be some difference between the investment returns and the crediting rate for the Pooled Fund.

# Investment report

## Other investment issues

### Large investments

During the year, there was no individual investment that exceeded 5% of the Pooled Fund's total assets.

### Derivatives

Derivatives, including futures and options, can be used by Pooled Fund investment managers. However, the investment mandates clearly state that derivatives may only be used to hedge the portfolio against adverse market movements and cannot be used for speculative purposes or gearing the investment portfolio.

During the year to 30 June 2002, the active managers made limited use of derivatives.

### Hedging

The Trustee has a policy to hedge 25% of its exposure to International Shares back to the Australian dollar. This decision is not governed by short term factors, but is based on research from the asset consultant, which showed that a passive hedge would reduce volatility and competition risk over the medium to long term.

## Investment expenses

The Pooled Fund's investment expenses continue to be low because the volume of funds under management means that the Pooled Fund can negotiate competitive investment management fees. Investment management expenses are deducted from Pooled Fund earnings.

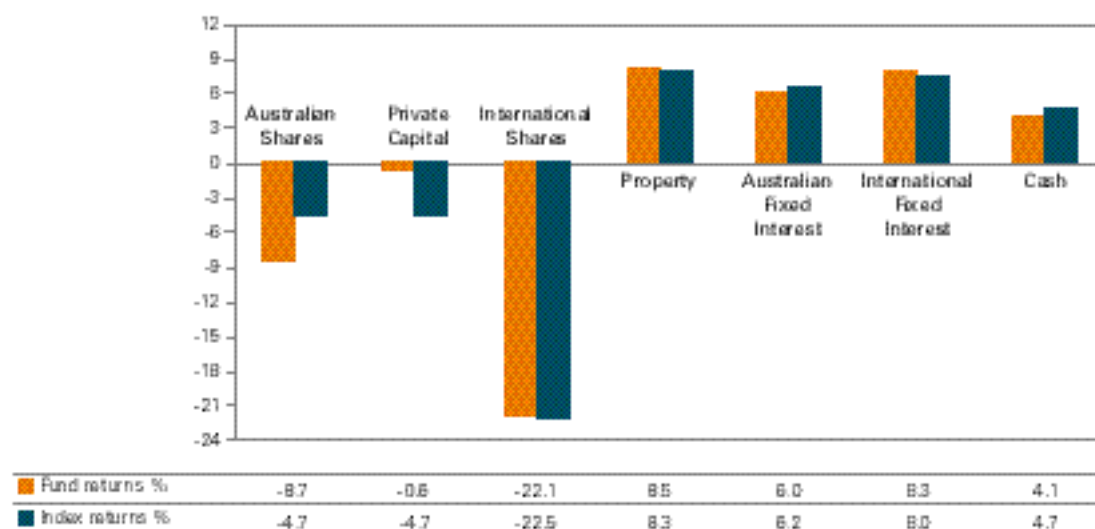
### Pooled Fund investment expenses for years ended 30 June

|                                    | 1998 | 1999 | 2000 | 2001 | 2002 |
|------------------------------------|------|------|------|------|------|
| Investment Management Expenses \$m | 66   | 61   | 67   | 70   | 69   |
| As a % of average total assets     | 0.35 | 0.30 | 0.26 | 0.25 | 0.27 |

# Investment report

## Global overview — how the sectors performed in 2001–02

Pooled Fund gross sector returns relative to the index returns  
for the year to 30 June 2002



### Australian Shares

#### Benchmark return

(S&P/ASX 300 Accumulation index) **-4.7%**

**Combined Pooled Fund listed Australian share portfolio return **-8.7%****

The Pooled Fund's active Australian share managers generally did not perform well. The dominant manager, Deutsche Asset Management, underperformed by 470 basis points. The four new managers appointed in July 2001 were unable to compensate for this underperformance.

### Private Capital

#### Benchmark return

(S&P/ASX 300 Accumulation index) **-4.7%**

**Pooled Fund private capital portfolio return **-0.6%****

Strong performance by three of the largest investments in the portfolio was sufficient to balance the write downs on two other significant investments to deliver a return which, although

disappointing in absolute terms, was 400 basis points better than benchmark for the financial year. The objective for this portfolio is to outperform by 400 basis points annually over rolling 5 year periods. This objective was achieved over the 5 years to 30 June 2002, with the Pooled Fund private capital portfolio returning 11.8% per annum versus a benchmark return of 7.1% per annum.

### International Shares

#### Benchmark return

(MSCI World ex Australia in A\$, 25% hedged) **-22.5%**

**Combined Pooled Fund international share portfolio (25% hedged) return **-22.1%****

Approximately 50% of the international shares sector in the Pooled Fund is indexed, while the other 50% is actively managed. In aggregate, the combination of all the Pooled Fund's international share managers matched the benchmark. The 25% hedge added a small positive increment to returns in a year in which the Australian dollar strengthened a little.



# Investment report

## Property

**Benchmark return**  
(AMP Property P Units) 8.3%

**Pooled Fund Property portfolio return** 8.5%

Increased valuations in a small number of directly held properties, as well as very strong performance by the listed Deutsche Industrial Trust, compensated for disappointing returns from the listed Deutsche Office Trust. The Pooled Fund has a substantial interest in both the Deutsche trusts. They were established some years ago with full or part interests in properties from the Pooled Fund's property portfolio, but have since achieved greater diversification of properties and ownership.

## Australian Fixed Interest

**Benchmark return**  
(UBSWA Composite index) 6.2%

**Combined Pooled Fund Australian fixed interest portfolio return** 6.0%

In the first half of the financial year, the Reserve Bank continued the process of small interest rate reductions that commenced in February 2001. With the Australian economy stronger than that of the USA, the Reserve Bank reversed the easing process and engineered two small increases during the second half of the financial year.

Against this backdrop, longer term (10 year) interest rates drifted down from 6% at the start of the year to 5% in November. The trend reversed and by February rates had increased to around 6.3% and stayed around this level until June but, by year end, the rate was again around 6%.

The return from the Australian fixed interest portfolio of the Pooled Fund marginally underperformed the benchmark.

## International Fixed Interest

**Benchmark return**  
(Part JP Morgan Government World Bond Index, part JP Morgan World ex Japan Government Bond index, both in A\$, both 100% hedged) 8.0%

**Combined Pooled Fund international fixed interest portfolios** 8.3%

Central banks, and particularly the USA Federal Reserve, were active in ensuring easy monetary conditions with a view to underpinning what was, even before the World Trade Centre attack, a fragile economic recovery. In this setting, global bonds rallied in the first half of the financial year, with shorter dated bonds generally out performing. Later in the year, investors' demand for bonds was underpinned by retreating sharemarkets and continued subdued inflation.

The return from the international fixed interest portfolio of the Pooled Fund marginally outperformed that of the benchmark.

## Cash

**Benchmark return**  
(UBSWA bank bill index) 4.7%

**Return of Pooled Fund cash portfolio** 4.1%

The return from the cash sector of the Pooled Fund moderately underperformed that of the benchmark. It has to be borne in mind that the cash portfolio supports the Pooled Fund's treasury operation which had to fund a negative net cashflow in excess of \$1.5 billion in 2001-02.

## 5 years at a glance — STC years to 30 June

|                                 | 1998           | 1999           | 2000           | 2001           | 2002                       |
|---------------------------------|----------------|----------------|----------------|----------------|----------------------------|
| <b>MEMBER STATISTICS</b>        |                |                |                |                |                            |
| Active Members — SASS           | 94,424         | 87,690         | 81,824         | 76,974         | <b>72,629</b>              |
| Active Members — SSS            | 47,188         | 43,856         | 40,329         | 37,887         | <b>35,661</b>              |
| Active Members — Police         | 7,219          | 6,756          | 6,088          | 5,652          | <b>5,066</b>               |
| <b>Total active members</b>     | <b>148,831</b> | <b>138,302</b> | <b>128,241</b> | <b>120,513</b> | <b>113,356</b>             |
| Pensioners — SASS               | 8,329          | 7,690          | 7,116          | 6,552          | <b>6,072</b>               |
| Pensioners — SSS                | 32,922         | 31,678         | 31,843         | 33,003         | <b>34,136</b>              |
| Pensioners — Police             | 3,409          | 3,594          | 3,759          | 4,100          | <b>4,459</b>               |
| <b>Total pensioners</b>         | <b>44,660</b>  | <b>42,962</b>  | <b>42,718</b>  | <b>43,655</b>  | <b>44,667</b>              |
| Deferred Benefits — SASS        | 11,305         | 12,221         | 12,793         | 13,270         | <b>13,703</b>              |
| Deferred Benefits — SSS         | 4,662          | 4,657          | 4,420          | 4,885          | <b>4,812</b>               |
| Deferred Benefits — Police      | 226            | 235            | 240            | 237            | <b>232</b>                 |
| Basic Benefit only              | 303,909        | 265,268        | 101,340        | 96,240         | <b>1,211<sup>(1)</sup></b> |
| <b>Total deferred benefits</b>  | <b>320,102</b> | <b>282,381</b> | <b>118,793</b> | <b>114,632</b> | <b>19,958</b>              |
| <b>Gender ratios</b>            |                |                |                |                |                            |
| Females — SASS                  | 53%            | 53%            | 53%            | 53%            | <b>53%</b>                 |
| Males — SASS                    | 47%            | 47%            | 47%            | 47%            | <b>47%</b>                 |
| Females — SSS                   | 33%            | 33%            | 33%            | 33%            | <b>33%</b>                 |
| Males — SSS                     | 67%            | 67%            | 67%            | 67%            | <b>67%</b>                 |
| Females — Police                | 9%             | 9%             | 9%             | 10%            | <b>10%</b>                 |
| Males — Police                  | 91%            | 91%            | 91%            | 90%            | <b>90%</b>                 |
| <b>CONTRIBUTIONS — \$M</b>      |                |                |                |                |                            |
| Employer contributions          | 1,530          | 1,360          | 861            | 483            | <b>175</b>                 |
| Employee contributions          | 452            | 495            | 453            | 460            | <b>464</b>                 |
| Accelerated Crown contribution  | –              | 3,261          | –              | –              | <b>–</b>                   |
| <b>Total contributions</b>      | <b>1,982</b>   | <b>5,116</b>   | <b>1,314</b>   | <b>943</b>     | <b>639</b>                 |
| <b>Benefits Paid — \$M</b>      | <b>1,649</b>   | <b>1,925</b>   | <b>2,033</b>   | <b>1,890</b>   | <b>2,304</b>               |
| <b>Net Contributions — \$M</b>  | <b>333</b>     | <b>3,191</b>   | <b>-719</b>    | <b>-947</b>    | <b>-1,665</b>              |
| <b>Investment Revenue — \$M</b> | <b>2,200</b>   | <b>1,872</b>   | <b>3,735</b>   | <b>1,529</b>   | <b>-2,175</b>              |

<sup>(1)</sup> In December 2001, Deferred Benefit SANCS only accounts were required by legislation to be transferred to the First State Superannuation Scheme. 92,762 accounts were transferred.

## 5 years at a glance — STC years to 30 June

|                                   | 1998          | 1999          | 2000          | 2001          | 2002           |
|-----------------------------------|---------------|---------------|---------------|---------------|----------------|
| <b>ASSETS/LIABILITIES — \$M</b>   |               |               |               |               |                |
| Accrued Benefits — SASS           | 7,046         | 7,591         | 7,890         | 8,636         | <b>8,743</b>   |
| Net assets to pay benefits        | 5,043         | 5,526         | 6,376         | 6,403         | <b>5,712</b>   |
| Over/under funding                | -2,003        | -2,065        | -1,515        | -2,233        | <b>-3,031</b>  |
| Accrued Benefits — SSS            | 19,798        | 20,863        | 20,007        | 21,492        | <b>22,156</b>  |
| Net assets to pay benefits        | 13,687        | 16,862        | 18,229        | 18,482        | <b>16,428</b>  |
| Over/under funding                | -6,111        | -4,001        | -1,778        | -3,010        | <b>-5,728</b>  |
| Accrued Benefits — PSS            | 2,817         | 2,874         | 3,238         | 3,877         | <b>3,989</b>   |
| Net assets to pay benefits        | 115           | 1,173         | 1,530         | 1,610         | <b>1,328</b>   |
| Over/under funding                | -2,701        | -1,701        | -1,708        | -2,267        | <b>-2,661</b>  |
| Accrued Benefits — SANCS          | 1,752         | 1,884         | 1,990         | 2,207         | <b>1,848</b>   |
| Net assets to pay benefits        | 808           | 934           | 1,108         | 1,242         | <b>597</b>     |
| Over/under funding                | -944          | -950          | -881          | -965          | <b>-1,251</b>  |
| <b>Total Accrued Benefits \$M</b> | <b>31,413</b> | <b>33,211</b> | <b>33,125</b> | <b>36,212</b> | <b>36,736</b>  |
| Net assets to pay benefits        | 19,653        | 24,495        | 27,243        | 27,737        | <b>24,065</b>  |
| Over/under funding                | -11,760       | -8,717        | -5,882        | -8,475        | <b>-12,671</b> |
| <b>Total Investments — \$M</b>    | <b>19,801</b> | <b>24,584</b> | <b>27,446</b> | <b>27,750</b> | <b>23,829</b>  |
| <b>INVESTMENT RETURNS</b>         |               |               |               |               |                |
| Net returns — 1 Year              | 10.8%         | 8.5%          | 15.2%         | 5.2%          | <b>-7.3%</b>   |

# SAS Trustee Corporation



# Independent Audit Report



GPO BOX 12  
SYDNEY NSW 2001

## INDEPENDENT AUDIT REPORT

### SAS TRUSTEE CORPORATION

To Members of the New South Wales Parliament

#### Scope

I have audited the accounts of the SAS Trustee Corporation for the year ended 30 June 2002. Members of the Board of the SAS Trustee Corporation are responsible for the financial report consisting of the accompanying statement of financial performance, statement of financial position and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Corporation's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### Audit Opinion

In my opinion, the financial report of the SAS Trustee Corporation complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Corporation as at 30 June 2002 and the results of its operations and its cash flows for the year then ended.

A handwritten signature in dark ink, appearing to read "R J Sendt".

R J Sendt  
Auditor-General

SYDNEY  
2 October 2002



# Statement by Members of the Trustee Board

for the year ended 30 June 2002

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of the SAS Trustee Corporation, we declare on behalf of the Board that in our opinion:

1. the financial statements present a true and fair view of the position of the SAS Trustee Corporation at 30 June 2002 and transactions for the year then ended; and
2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000* and the Treasurer's Directions.

Further, we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 25th day of September 2002.



**Michael Cole**  
Chairperson  
SAS Trustee Corporation



**Ian Blair**  
Board Member and Chairperson of the  
Audit and Compliance Committee  
SAS Trustee Corporation

# Statement of financial performance

for the year ended 30 June 2002

|  | Note | 2002<br>\$'000 | 2001<br>\$'000 |
|--|------|----------------|----------------|
| Revenue from ordinary activities                   | 2    | 38,718         | 38,466         |
| Other Revenue from ordinary activities             | 2    | 24             | 47             |
| Administration Expenses from ordinary activities   | 2    | (38,742)       | (38,513)       |
| <b>Net Profit or Loss from ordinary activities</b> |      | <b>-</b>       | <b>-</b>       |

The accompanying notes form an integral part of the above Statement of Financial Performance.

# Statement of financial position

as at 30 June 2002

|                                | Note | 2002<br>\$'000 | 2001<br>\$'000 |
|--------------------------------|------|----------------|----------------|
| <b>Current Assets</b>          |      |                |                |
| Receivables                    | 3    | 4,783          | 4,676          |
| Prepayments                    |      | 32             | 7              |
| Total Current Assets           |      | 4,815          | 4,683          |
| <b>Total Assets</b>            |      | 4,815          | 4,683          |
| <b>Current Liabilities</b>     |      |                |                |
| Bank Overdraft                 | 9(a) | 131            | 173            |
| Payables                       | 4    | 3,284          | 3,589          |
| Provisions                     | 5    | 895            | 472            |
| Total Current Liabilities      |      | 4,310          | 4,234          |
| <b>Non-Current Liabilities</b> |      |                |                |
| Provisions                     | 5    | 505            | 449            |
| Total Non-Current Liabilities  |      | 505            | 449            |
| <b>Total Liabilities</b>       |      | 4,815          | 4,683          |
| <b>Net Assets</b>              |      | -              | -              |
| <b>Total Equity</b>            |      | -              | -              |

The accompanying notes form an integral part of the above Statement of Financial Position.

# Statement of cash flows

for the year ended 30 June 2002

|  |       | 2002<br>\$'000<br>Inflows/<br>(Outflows) | 2001<br>\$'000<br>Inflows/<br>(Outflows) |
|--|-------|--|--|
|  | Note  |  |  |
| <b>Cash Flows from Operating Activities:</b> |       |  |  |
| Receipts from Associated Schemes             |       | 38,562                                   | 34,949                                   |
| Payments to Suppliers and Employees          |       | (38,520)                                 | (35,060)                                 |
| Net Operating Cash Flows                     | 9 (b) | 42                                       | (111)                                    |
| <b>Net Increase/(Decrease) in Cash Held</b>  |       | 42                                       | (111)                                    |
| Cash at the Beginning of the Financial Year  |       | (173)                                    | (62)                                     |
| <b>Cash at the End of the Financial Year</b> | 9 (a) | (131)                                    | (173)                                    |

The accompanying notes form an integral part of the above Statement of Cash Flows.

# Notes to the financial statements

for the year ended 30 June 2002

## 1. STATEMENT OF ACCOUNTING POLICIES

Under the terms of the *Superannuation Administration Act 1996* (the Act), the SAS Trustee Corporation (STC) acts as trustee and holds in trust all assets of the Pooled Fund.

STC is, for the purpose of any Acts, a statutory body.

Scheme administration services for the Pooled Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). Pillar charges fees for the services it provides.

STC Fund's custodial activities are performed by JP Morgan Investor Services.

The funds management activities for the STC Fund as at 30 June 2002 are performed by the following funds managers (for information the managers used at 31 August 2002, after the Funds manager restructuring are shown):

|  | <u>30/6/02</u> | <u>31/8/02</u> |
|--|----------------|----------------|
| <b>Cash Portfolio</b>                                    |                |                |
| State Street Global Advisors Australia Limited           | 100%           | 100%           |
| <b>Australian Fixed Interest Portfolio</b>               |                |                |
| Deutsche Asset Management (Australia) Limited            | 69%            | 0%             |
| State Street Global Advisors Australia Limited (indexed) | 31%            | 100%           |
| <b>International Fixed Interest Portfolio</b>            |                |                |
| Deutsche Asset Management (Australia) Limited            | 82%            | 0%             |
| State Street Global Advisors Australia Limited (indexed) | 18%            | 100%           |
| <b>Australian Equity Portfolio</b>                       |                |                |
| Deutsche Asset Management (Australia) Limited            | 91%            | 52.6%          |
| AMP Henderson Global Investors Limited                   | 2%             | 5.0%           |
| UBS Global Asset Management (Australia) Limited          | 1%             | 5.0%           |
| Credit Suisse Asset Management (Australia) Limited       | 2%             | 9.5%           |
| State Street Global Advisors Australia Limited (indexed) | 4%             | 8.0%           |
| Alliance Capital Australia Limited                       | 0%             | 4.9%           |
| GMO Australia Limited                                    | 0%             | 5.0%           |
| Maple-Brown Abbott Limited                               | 0%             | 10.0%          |
| <b>International Equity Portfolio</b>                    |                |                |
| Deutsche Asset Management (Australia) Limited            | 10%            | 0%             |
| Capital International Inc.                               | 9%             | 9.6%           |
| State Street Global Advisors Australia Limited (indexed) | 45%            | 51.7%          |
| Wellington Management Company, LLP                       | 9%             | 9.8%           |
| BIAM Australia Pty Limited (Bank of Ireland)             | 10%            | 9.7%           |
| Fidelity International Limited                           | 9%             | 9.5%           |
| ABN AMRO Asset Management (Australia) Limited            | 8%             | 9.7%           |
| <b>Property Portfolio</b>                                |                |                |
| Deutsche Asset Management (Australia) Limited            | 100%           | 100%           |
| <b>Private Capital</b>                                   |                |                |
| Deutsche Asset Management (Australia) Limited            | 100%           | 100%           |

# Notes to the financial statements

for the year ended 30 June 2002

## 1. STATEMENT OF ACCOUNTING POLICIES (continued)

The Pooled Fund is a reporting entity for accounting and taxation purposes. At 30 June 2002 the Pooled Fund consists of the following schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

### (a) General System of Accounting Underlying the Financial Statements

The financial statements form a general purpose financial report and are prepared in accordance with the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation, 2000* and the Treasurer's Directions. They also comply with applicable Australian Accounting Standards and other professional reporting requirements (for example, Urgent Issues Group Consensus Views).

The financial statements have been prepared on an historical cost basis using the accrual method of accounting and do not reflect changing money values of assets. Interest and fee income is accounted for on an accrual basis.

The accounting policies adopted in preparing the financial statements have been consistently applied during the year, unless otherwise stated.

### (b) Administration Expenses

All costs relating to scheme administration and executive management of the Pooled Fund are incurred by STC and comprise the direct expenses of STC and administration fees from Pillar.

Under the terms of the Act, STC must recover the costs it incurs from the Pooled Fund.

### (c) Employee Entitlements

#### *Wages, salaries and annual leave*

The provision for employee entitlements to wages, salaries and annual leave represents the amount which STC has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

#### *Long service leave*

The liability for employee entitlements to long service leave is measured at their nominal amount. Past experience indicates that the estimate for long service leave liability based on remuneration rates current as at reporting date for all employees with five or more years is not materially different from the estimate determined by using the present value basis of measurement and detailed group-based estimates.

#### *Superannuation*

Any unfunded superannuation liability is recognised as a liability in the Statement of Financial Position and amounts representing prepaid superannuation contributions are recognised as an asset. STC is meeting in full the total superannuation liabilities for its employees. The contributions made to superannuation funds are charged against the operating result.



# Notes to the financial statements

for the year ended 30 June 2002

## 1. STATEMENT OF ACCOUNTING POLICIES (continued)

### (d) Roundings

All values reported in the financial statements have been rounded to the nearest thousand dollars, except where otherwise stated.

### (e) Cash Flows

Under current funding arrangements all cash payments to external parties with the exception of Investment Management and Custody fees incurred on behalf of STC are transacted through the STC bank account and recovered from the Pooled Fund. Investment Management and Custody fees are disbursed directly by the Custodian from the Fund's pool of assets.

### (f) Financial Instruments

Financial Instruments give rise to positions that are financial assets or liabilities. These include Cash at Bank, Receivables and Accounts Payable. Classes of instruments are recorded at cost and are carried at net fair value.

### (g) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparative figures for the prior year have been adjusted to conform to these changes.

# Notes to the financial statements

for the year ended 30 June 2002

## 2. PROFIT FROM ORDINARY ACTIVITIES

|  | 2002<br>\$'000 | 2001<br>\$'000 |
|--|----------------|----------------|
| Profit from ordinary activities including the following items of revenue<br>And expense: |                |                |
| Management Fees  | 38,718         | 38,466         |
| Other Income   | 24             | 47             |
| <b>Total Revenues</b>  | <b>38,742</b>  | <b>38,513</b>  |
| <b>Trustee Expenses</b>  |                |                |
| Board Member Fees  | 353            | 353            |
| Superannuation   | 18             | 21             |
| Other Administration Expenses  | 325            | 308            |
| Total Trustee Expenses   | 696            | 682            |
| <b>Executive Expenses</b>  |                |                |
| Employee Related Expenses  | 2,223          | 2,146          |
| Superannuation   | 547            | 345            |
| Fees for Services  | 125            | 141            |
| Accommodation  | 311            | 322            |
| Other Administration Expenses  | 146            | 191            |
| Audit Fees   | 12             | 9              |
| Total Executive Expenses   | 3,364          | 3,154          |
| <b>Fund Expenses</b>   |                |                |
| Fees for Services  | 2,204          | 1,821          |
| Other Administration Expenses  | 135            | 218            |
| Pillar Administration Fees   | 32,343         | 32,638         |
| Total Fund Expenses  | 34,682         | 34,677         |
| <b>Total Expenses</b>  | <b>38,742</b>  | <b>38,513</b>  |

## 3. RECEIVABLES

### Current

|  |              |              |
|--|--------------|--------------|
| Amounts Receivable — Pooled Fund                   | 3,260        | 3,080        |
| Amounts Receivable — FSS Trustee Corporation (FTC) | 1,105        | 1,039        |
| Other Receivables                                  | 396          | 432          |
| Superannuation (refer Note 7)                      | 22           | 125          |
|  | <b>4,783</b> | <b>4,676</b> |

The amount receivable from FTC is for a 33% monthly charge for executive costs. This amount is settled once a year. The amount receivable from the Pooled Fund represents STC's bank balance, which under current banking arrangements sweeps into the Pooled Fund's bank account.

# Notes to the financial statements

for the year ended 30 June 2002

## 4. PAYABLES

|   | 2002<br>\$'000 | 2001<br>\$'000 |
|---|----------------|----------------|
| <b>Current</b>                                |                |                |
| Amount Payable — Pillar (Administration Fees) | 2,503          | 2,859          |
| Other Payables                                | 781            | 730            |
|   | <b>3,284</b>   | <b>3,589</b>   |

## 5. PROVISIONS

### Current

|                               |            |            |
|-------------------------------|------------|------------|
| Employee Entitlements         | 330        | 277        |
| Superannuation (refer Note 7) | 407        | 195        |
| Other                         | 158        | –          |
|                               | <b>895</b> | <b>472</b> |

### Non-Current

|                         |            |            |
|-------------------------|------------|------------|
| Employee Entitlements   | 466        | 410        |
| Tenancy Make Good Costs | 39         | 39         |
|                         | <b>505</b> | <b>449</b> |

## 6. EXECUTIVES' REMUNERATION

Income received or due and receivable by executive officers of STC whose income is \$100,000 or more

|  |              |              |
|--|--------------|--------------|
|  | <b>1,345</b> | <b>1,086</b> |
|--|--------------|--------------|

The number of executive officers whose income is \$100,000 or more are shown below in their relevant income bands:

Remuneration (including superannuation contributions) of:

|                       | 2002<br>Numbers | 2001<br>Numbers |
|-----------------------|-----------------|-----------------|
| \$100,000 – \$109,999 | 2               | 1               |
| \$110,000 – \$119,999 | –               | 1               |
| \$120,000 – \$129,999 | 2               | –               |
| \$140,000 – \$149,999 | –               | 1               |
| \$150,000 – \$159,999 | 2               | 2               |
| \$160,000 – \$169,999 | 1               | –               |
| \$190,000 – \$199,999 | 1               | –               |
| \$200,000 – \$209,999 | –               | 2               |
| \$220,000 – \$229,999 | 1               | –               |
|                       | <b>9</b>        | <b>7</b>        |

# Notes to the financial statements

for the year ended 30 June 2002

## 7. SUPERANNUATION COMMITMENTS

The Scheme Actuary undertook an actuarial valuation of accrued benefits of the membership of each scheme as at 30 June 2002. The results are based on valuation assumptions consistent with the requirements of AAS 25 *Financial Reporting by Superannuation Plans*.

AAS 25 requires that a "market-determined risk-adjusted discount rate" be applied as the valuation interest rate in the calculation of the value of the accrued benefits. The following short and long term economic assumptions have been used for these calculations, and also for the employer liability calculations.

| 30 June 2001 and 30 June 2002<br>Valuation Assumptions | 2001–2002<br>% pa. | 2002–2003<br>% pa. | 2003–2004<br>and<br>thereafter<br>% pa. |
|--|--------------------|--------------------|---|
| Rate of Investment Return                              | 7.0                | 7.0                | 7.0                                     |
| Rate of Salary Increase                                | 3.0                | 6.5                | 4.0                                     |
| Rate of Increase in CPI                                | 2.5                | 2.5                | 2.5                                     |

The SAS Trustee Corporation contributes superannuation on behalf of its employees to the State Authorities Superannuation Scheme (SASS), State Authorities Non-contributory Superannuation Scheme (SANCS), and the State Superannuation Scheme (SSS). The superannuation funding position at 30 June 2002 is a combined deficiency of \$407,076 for the SSS and SANCS and a \$21,546 surplus for SASS. (2001: \$70,051 net deficiency).

# Notes to the financial statements

for the year ended 30 June 2002

## 8. RELATED PARTY INFORMATION

|  | 2002<br>\$     | 2001<br>\$     |
|--|----------------|----------------|
| <b>(a) Board Members and Remuneration Received or Due and Receivable by the following:</b>   |                |                |
| The names of the Board Members of STC in office during the year ended 30 June 2002 and up to the date of signing these accounts, are as follows: |                |                |
| Mr M Cole  | 51,000         | 50,000         |
| Ms B Ashe (term completed 31 December 2001)  | 59,310         | 108,756        |
| Mr I Blair   | 22,718         | 22,718         |
| Mr R Davis   | 61,653         | 32,454         |
| Mr M Duffy (term completed 31 August 2000)   | –              | 3,786          |
| Mr W Gillooly (term commenced 1 September 2000)  | 32,454         | 27,045         |
| Mr R Harty (term commenced 1 February 2002)  | 13,523         | –              |
| Mr J Hennessy (term completed 31 August 2002)  | 32,454         | 32,454         |
| Mr N Lewocki   | 32,454         | 32,454         |
| Mr D Nicholls  | 32,454         | 32,454         |
| Ms M O'Halloran (term commenced 1 September 2002)  | –              | –              |
| Ms C Prime   | 32,454         | 32,454         |
|  | <b>370,474</b> | <b>374,575</b> |

**(b) Numbers of Board Members included in these figures are shown in their relevant income bands:**

|   | 2002<br>Numbers | 2001<br>Numbers |
|---|-----------------|-----------------|
| Remuneration (including superannuation contributions) of: |                 |                 |
| \$0 – \$9,999   | –               | 1               |
| \$10,000 – \$19,999                                       | 1               | –               |
| \$20,000 – \$29,999                                       | 1               | 2               |
| \$30,000 – \$39,999                                       | 5               | 5               |
| \$50,000 – \$59,999                                       | 2               | 1               |
| \$60,000 – \$69,999                                       | 1               | –               |
| \$100,000 – \$109,999                                     | –               | 1               |
|   | <b>10</b>       | <b>10</b>       |

# Notes to the financial statements

for the year ended 30 June 2002

## 8. RELATED PARTY INFORMATION (continued)

### (c) Transactions entered into during the year

#### with Board Members and their Related Entities:

|  | 2002<br>\$'000 | 2001<br>\$'000 |
|--|----------------|----------------|
| Fees paid to Pillar by State Super Financial Services Limited (SSFSL) a company in which Ms B Ashe is a director, on normal commercial terms and conditions. | 107            | 84             |
| Rental payments and outgoings received by the Pooled Fund from SSFSL, a company in which Ms B Ashe is a director, on normal commercial terms and conditions. | 1,184          | 1,167          |

### (d) Transactions with Other Related Parties:

Scheme administration fees charged by STC to the Pooled Fund on a cost recovery basis amounted to \$37,613,026 (2001: \$37,431,020). The fees charged by STC include its recovery of the scheme administration fees charged by Pillar to STC of \$32,342,843 (2001: \$32,637,803). These fees were charged in accordance with the administration services contract between Pillar and STC.

Payment of rent and outgoings charged by the Pooled Fund to STC on normal commercial terms and conditions of \$244,953 (2001: \$244,415).

Payment for usage of administration fixed assets owned by the Pooled Fund to STC of \$73,094 (2001: \$91,277).

During the year Pillar charged STC for administrative services of \$135,547 (2001: \$135,547).

During the year STC charged FTC for administrative services of \$1,105,263 (2001: \$1,035,109). This amount represents FTC's portion of STC's executive costs including salaries and wages, accommodation and fees for services.

The Pooled Fund provides funds to STC to meet outgoings free of charge.

### (e) Amounts Receivable from Other Related Parties:

Amounts receivable at balance date are disclosed in Note 3 to the financial statements.

### (f) Amounts Payable to Other Related Parties:

Amounts payable at balance date are disclosed in Note 4 to the financial statements.



# Notes to the financial statements

for the year ended 30 June 2002

## 9. CASH FLOW INFORMATION

### (a) Reconciliation of Cash:

|                | 2002<br>\$'000 | 2001<br>\$'000 |
|----------------|----------------|----------------|
| Bank Overdraft | 131            | 173            |

Cash flows reflect cash movements resulting from transactions with suppliers and employees including Pillar, the Pooled Fund and FTC. Under current funding arrangements all cash payments to external parties on behalf of STC are recovered from the Pooled Fund.

The bank overdraft represents unrepresented cheques. STC does not have any credit standby arrangements or loan facilities.

### (b) Reconciliation of Net Profit to Net Cash From/ (Used) in Operating Activities:

|   | 2002<br>\$'000<br>Inflows/<br>(Outflows) | 2001<br>\$'000<br>Inflows/<br>(Outflows) |
|---|--|--|
| <b>Net Profit after income tax</b>                  | -  | -  |
| Changes in Assets and Liabilities:                  |  |  |
| <u>(Increase)/Decrease in Assets</u>                |  |  |
| Prepayments   | (25)                                     | 14                                       |
| Receivables — Related Parties                       |  |  |
| Pooled Fund   | (180)                                    | (3,564)                                  |
| FTC   | (66)                                     | (107)                                    |
| Other Receivables                                   | 139                                      | 336                                      |
| <u>Increase/(Decrease) in Liabilities</u>           |  |  |
| Payables — Related Parties                          |  |  |
| Pillar  | (356)                                    | 2,846                                    |
| Other Payables                                      | 51                                       | 177                                      |
| Provisions  | 479                                      | 187                                      |
| <b>Net Cash From/(Used) in Operating Activities</b> | <b>42</b>                                | <b>(111)</b>                             |

## 10. SEGMENT REPORTING

STC operates in the superannuation and investment management industry in New South Wales.

# Notes to the financial statements

for the year ended 30 June 2002

## 11. COMMITMENTS FOR EXPENDITURE

|  | 2002<br>\$'000 | 2001<br>\$'000 |
|--|----------------|----------------|
| <b>Lease Commitments</b>   |                |                |
| Commitments in relation to operating leases contracted for at balance date but not provided for in the accounts: |                |                |
| Payable not later than 1 year  | 324            | 310            |
| Payable later than 1 year and not later than 5 years   | 167            | 450            |
|  | <b>491</b>     | <b>760</b>     |

### Administration Expenses

Commitments in relation to fixed administration fees for the Pooled Fund payable to Pillar included in the services contract dated 30 June 2000 but not provided for in the accounts:

|  |               |               |
|--|---------------|---------------|
| Payable not later than 1 year                        | 14,853        | 14,420        |
| Payable later than 1 year and not later than 5 years | 29,705        | 43,260        |
|  | <b>44,558</b> | <b>57,680</b> |

The terms of the contract allow for the fixed costs to be adjusted annually in line with an index stated in the contract.

## 12. POST BALANCE DATE EVENTS

### Revocation of Treasury Conversion Offer

The passage of the *Superannuation Legislation Amendment (Same Sex Partners) Act 2000* provided a limited right to revoke a member's election to accept the Treasury Conversion Offer. At the closing date of 30 June 2002, 172 members have indicated their interest to STC in obtaining further information, including the cost to them on revoking their original acceptance of the Treasury Conversion Offer.

### Fund Investments

The Fund's Custodian has advised that as at 31 August 2002 the net assets of the Fund were \$23.1 billion and since 30 June 2002 the Fund's investments had made a return of approximately -2.3%.

— End of audited Financial Statements —

# Pooled Fund





GPO BOX 12  
SYDNEY NSW 2001

## INDEPENDENT AUDIT REPORT

### SAS TRUSTEE CORPORATION – POOLED FUND

**To Members of the New South Wales Parliament**

#### Scope

I have audited the accounts of the SAS Trustee Corporation – Pooled Fund for the year ended 30 June 2002. The Trustee of the Fund is responsible for the financial report consisting of the accompanying statement of changes in net assets and statement of net assets, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Fund's net assets and the changes in its net assets.

The audit opinion expressed in this report has been formed on the above basis.

#### Audit Opinion

In my opinion, the financial report of the SAS Trustee Corporation – Pooled Fund complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the net assets of the Fund as at 30 June 2002 and changes in its net assets for the year then ended.

A handwritten signature in dark ink, appearing to read "R J Sendt".

R J Sendt  
Auditor-General

SYDNEY  
2 October 2002

# Statement by Members of the Trustee Board

for the year ended 30 June 2002

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of the SAS Trustee Corporation, we declare on behalf of the Board that in our opinion:

1. the financial statements present a true and fair view of the position of the Pooled Fund at 30 June 2002 and transactions for the year then ended; and
2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000* and the Treasurer's directions.

Further, we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 25th day of September 2002.



**Michael Cole**  
Chairperson  
SAS Trustee Corporation



**Ian Blair**  
Board Member and Chairperson of the  
Audit and Compliance Committee  
SAS Trustee Corporation

# Statement of changes in net assets

for the year ended 30 June 2002

|  | Note | 2002<br>\$m      | 2001<br>\$m |
|--|------|------------------|-------------|
| <b>Net Assets Available to Pay Benefits<br/>at Beginning of Financial Year</b> |      | <b>27,737.8</b>  | 27,243.2    |
| <b>Contribution Revenue</b>  |      |                  |             |
| Employer Contributions   |      | 175.0            | 482.5       |
| Member Contributions   |      | 463.9            | 460.3       |
|  | 2    | 638.9            | 942.8       |
| <b>Scheme Mobility Transfer</b>  |      |                  |             |
| Transfer in  | 3    | 2.1              | 4.1         |
| <b>Investment Revenue</b>  |      |                  |             |
| International Investments  |      | 195.6            | 180.6       |
| Short Term Securities  |      | 16.0             | 18.5        |
| Australian Fixed Interest  |      | 206.8            | 229.1       |
| Australian Equities  |      | 304.0            | 374.1       |
| Property   |      | 172.7            | 156.2       |
|  |      | 895.1            | 958.5       |
| Changes in Net Market Values of Investments                                    |      | (3,070.1)        | 570.3       |
|  | 4    | (2,175.0)        | 1,528.8     |
| Investment Expenses  |      | (68.7)           | (69.6)      |
| Net Investment Revenue   |      | (2,243.7)        | 1,459.2     |
| Other Revenue  |      | 1.1              | 0.6         |
| <b>Total Revenue from Ordinary Activities</b>                                  |      | <b>(1,601.6)</b> | 2,406.7     |
| Benefits Paid  | 5    | (2,304.4)        | (1,889.7)   |
| Scheme Administration Expenses   | 6    | (38.7)           | (37.4)      |
| Superannuation Contributions Surcharge   |      | (19.8)           | (1.7)       |
| <b>Total Expenses from Ordinary Activities</b>                                 |      | <b>(2,362.9)</b> | (1,928.8)   |
| <b>Change in Net Assets Before Income Tax</b>                                  |      | <b>(3,964.5)</b> | 477.9       |
| Income Tax Benefit   | 7    | 291.5            | 16.7        |
| <b>Change in Net Assets Available to Pay Benefits<br/>After Income Tax</b>     |      | <b>(3,673.0)</b> | 494.6       |
| <b>Net Assets Available to Pay Benefits at<br/>End of Financial Year</b>       | 8    | <b>24,064.8</b>  | 27,737.8    |

The above Statement of Changes in Net Assets should be read in conjunction with the accompanying Notes.



# Statement of net assets

as at 30 June 2002

|   | Note | 2002<br>\$m     | 2001<br>\$m     |
|---|------|-----------------|-----------------|
| <b>INVESTMENTS</b>                          |      |                 |                 |
| Short Term Securities                       |      | 1,749.0         | 3,351.0         |
| Australian Fixed Interest                   |      | 3,205.6         | 3,136.4         |
| Australian Equities                         |      | 8,345.8         | 10,795.4        |
| International Investments                   |      | 7,719.9         | 7,881.1         |
| Property                                    |      | 2,808.4         | 2,585.6         |
|   | 9    | 23,828.7        | 27,749.5        |
| <b>OTHER ASSETS</b>                         |      |                 |                 |
| Receivables                                 | 10   | 449.8           | 403.2           |
| Plant and Equipment                         |      | 0.2             | 0.2             |
| Sundry Assets                               |      | 15.7            | 15.8            |
| Future Income Tax Benefit                   |      | 34.5            | 34.1            |
|   |      | 500.2           | 453.3           |
| <b>TOTAL ASSETS</b>                         |      | <b>24,328.9</b> | <b>28,202.8</b> |
| Less:                                       |      |                 |                 |
| <b>LIABILITIES</b>                          |      |                 |                 |
| Reserve Units                               |      | 6.3             | 6.5             |
| Payables                                    | 11   | 161.4           | 129.2           |
| Provisions                                  | 12   | 96.4            | 329.3           |
|   |      | 264.1           | 465.0           |
| <b>NET ASSETS AVAILABLE TO PAY BENEFITS</b> | 8    | <b>24,064.8</b> | <b>27,737.8</b> |

The above Statement of Net Assets should be read in conjunction with the accompanying Notes.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 1. STATEMENT OF ACCOUNTING POLICIES

These financial statements are for the Pooled Fund (the Fund) reporting entity that consists of the State Authorities Superannuation Scheme (SASS), the State Authorities Non-contributory Superannuation Scheme (SANCS), the State Superannuation Scheme (SSS) and the Police Superannuation Scheme (PSS). These are the superannuation schemes administered by the SAS Trustee Corporation (STC) under the *Superannuation Administration Act 1996* (the Act). STC acts as trustee and holds in trust all assets of the Fund.

Scheme administration services for the Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). The Fund's custodial activities are performed by JP Morgan Investor Services. Investment managers of the Fund as at 30 June 2002 are: ABN AMRO Asset Management (Australia) Limited, AMP Henderson Global Investors Limited, BIAM Australia Pty Limited (Bank of Ireland), Capital International Inc., Credit Suisse Asset Management (Australia) Limited, Deutsche Asset Management (Australia) Limited, Fidelity International Limited, State Street Global Advisors Australia Limited, UBS Global Asset Management (Australia) Limited and Wellington Management Company, LLP. The investment managers and custodian charge management fees for the services provided.

The Schemes of the Fund were established under and are governed by various Acts of the New South Wales Parliament. SANCS, SSS and PSS are defined benefit plans, while SASS comprises both a defined benefit component and a defined contribution component. All Schemes in the Fund are closed to new members.

As allowed under the Act, the assets and liabilities of SASS, SANCS, SSS and PSS are combined and managed as one fund, the Pooled Fund. The Fund is the reporting entity of these Schemes for financial reporting and taxation purposes.

In accordance with the criteria set out in the Australian Accounting Standard AAS 24 *Consolidated Financial Reports*, the Fund is the parent entity of the economic entity. Entities in the economic entity are shown in Note 15. Consolidated financial statements have not been prepared in accordance with this standard on the grounds that they are not material to these financial statements.

Unless otherwise stated, the accounting policies are consistent with those of the previous year.

### (a) General System of Accounting Underlying the Financial Statements

The financial statements form a general purpose financial report and are prepared in accordance with the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, and the Treasurer's Directions. They also comply with applicable Australian Accounting Standards and other professional reporting requirements (for example, Urgent Issues Group Consensus Views).

The financial statements are prepared in accordance with AAS 25 *Financial Reporting by Superannuation Plans*.

The financial statements are prepared using the accrual method of accounting.

### (b) Investments

Investments are valued at balance date at net market value, which comprises market value less estimated costs of disposal. Changes in market values, representing gains or losses, are recognised in the Statement of Changes in Net Assets in the year in which they occur.

The valuation of each class of investment as at 30 June is determined as follows:

|                           |  |
|---------------------------|--|
| Short Term Securities:    | Market rates.  |
| Fixed Interest:           | Relevant fixed interest securities markets.  |
| Equities and Unit Trusts: | Relevant stock exchange official quotation or if unlisted, independent valuation.  |
| Property:                 | Current market value determined individually by independent registered valuers on the basis of an exchange between knowledgeable and willing parties in an arm's length transaction. |

Where the Fund invests in a joint venture, trust or partnership the value of its holding and earnings attributable to that holding are brought to account as investments and investment revenue respectively. AAS 19 *Accounting for Interests in Joint Ventures* is not applied as the joint venture items are not material to these financial statements.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 1. STATEMENT OF ACCOUNTING POLICIES (Continued)

### (c) Foreign Currency Transactions

Foreign currency transactions during the year are converted to Australian dollars at the rate of exchange applicable at the date of the transaction. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

### (d) Income Tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the increase in net assets after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

The capital gains tax applicable on the unrealised investment gains or losses has been included in the income tax expense.

Under the *Income Tax Assessment Act 1997*, the Fund is assessable on all employer contributions which relate to funding of post 1 July 1988 liabilities. This Act makes allowance for the fact that the Fund operates in a funding deficit and employer contributions received in current and future periods are, in part, funding liabilities that existed prior to 1 July 1988. The Fund has a carried forward balance of pre 1 July 1988 Funding Credits (PJFC's), which can be utilised to offset tax payable on employer contributions made during the year, where certain criteria are met. Where applicable, the utilisation of these credits is recognised as an offset to the provision for tax payable by the Fund. The PJFC's are not recognised as an asset because they can only be utilised to offset tax payable on future contributions paid to the Fund when certain conditions are met.

### (e) Plant and Equipment

Plant and equipment is valued at net market value. Changes in net market value represent gains or losses, and are brought to account in the Statement of Changes in Net Assets in accordance with the requirements of AAS 25. Where assets are not material and for which net market values are not readily available, the assets are shown at their written down value. The written down value is calculated using depreciation rates, which reflect the useful life of each asset to the Fund. STC considers this to represent a reasonable approximation of their net market value to an ongoing business. During the year the net market value of plant and equipment declined by \$0.04 million (30 June 2001: \$0.1 million).

### (f) Liability for Accrued Benefits

The Fund's Actuary undertook an actuarial valuation of accrued benefits of the membership of each Scheme as at 30 June 2002. The results are based on valuation assumptions consistent with the requirements of AAS 25 *Financial Reporting by Superannuation Plans*.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 1. STATEMENT OF ACCOUNTING POLICIES (Continued)

### (f) Liability for Accrued Benefits (Continued)

AAS 25 requires that a "market-determined risk-adjusted discount rate" be applied as the valuation interest rate in the calculation of the value of the accrued benefits. The financial assumptions that have been applied for the calculations are:

|  | 2001-02<br>% pa. | 2002-03<br>% pa. | 2003-04<br>and thereafter<br>% pa. |
|--|------------------|------------------|------------------------------------|
| <b>Valuation Assumptions</b>                           |                  |                  |                                    |
| Valuation Interest Rate                                | 7.0              | 7.0              | 7.0                                |
| Salary Growth Rate                                     | 3.0              | 6.5              | 4.0                                |
| CPI Rate   | 2.5              | 2.5              | 2.5                                |
| (PSS salary growth rate 4% for 2001-02 and thereafter) |                  |                  |                                    |

The projected unit credit method has been used by the actuaries to value the accrued benefits for SASS, SANCS, SSS and PSS. The accrued benefits of the Schemes are derived from the value of expected benefits arising in each future year divided in the ratio of:

$$\frac{\text{duration of service to the valuation date}}{\text{the duration of service to the year in which the benefit is expected to be payable}}$$

The present value of expected future benefit payments has been determined by discounting the gross benefit payments at a current, market-determined, risk-adjusted discount rate appropriate to the Fund. In all Schemes, accumulations of member contributions have, where appropriate, been included in full. Also, for all Schemes, future pension entitlements have been included in full in the calculation of accrued benefits.

For guarantees, the relevant statutes require that all benefits be paid in full as and when they fall due.

### (g) Vested Benefits

Vested benefits are benefits which are not conditional upon continued membership of the Schemes administered by STC, and are the benefits which members were entitled to receive had they terminated their membership.

The Fund Actuary has advised that the estimated amount of vested benefits has been determined as at 30 June 2002, based on:

- the value of all pensions in payment and any reversionary pensions ultimately payable to the spouses of those pensioners and to the spouses of pensioners who have fully commuted their pensions,
- the present value of all existing deferred benefits,
- the sum of the early and age retirement benefits for all members who have attained those ages,
- the cash withdrawal benefit which would be payable on exit at the date of calculation to all existing contributors below the early retirement age and for the members of SANCS.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 1. STATEMENT OF ACCOUNTING POLICIES (Continued)

### (h) Management Expenses

Management expenses charged to the Fund comprise:

Investment Expenses: These are charged directly against investment revenue.

Scheme Administration Expenses: The expenses were allocated in accordance with Trustee policy during the year. The basis for the allocation was number of members and the administrative complexity of each individual Scheme.

### (i) Reserve Units

Reserve Units are units held by certain SSS members. They represent units purchased in advance at a rate which is the *rate for age* at the date purchased with an option to convert to full rate units in the SSS at any future date. On conversion they are no longer recognised as a liability but as part of member funds.

### (j) Superannuation Contributions Surcharge Tax

Superannuation Contributions Surcharge is levied on surchargeable contributions on the basis of the individual member's adjusted taxable income. Surcharge assessments which are received and paid by the Fund are charged to the relevant members' surcharge debt accounts. As part of its ongoing review of data and balances the Fund's administrator is in the process of validating all surcharge debt amount balances versus Australian Taxation Office information.

No provision has been made in these financial statements for the amount of the superannuation contributions surcharge tax which may be payable by the Fund under the *Superannuation Contributions Tax (Assessment and Collections) Act 1997*. STC is unable to determine the amount of the surcharge tax as the assessments received to date are not considered to be indicative of the future assessments.

### (k) Rounding

All values reported in the financial statements have been rounded to the nearest million dollars taken to one decimal place, except where otherwise stated.

### (l) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparative figures for the prior year have been adjusted to conform to these changes.

### (m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

#### Contributions and Transfers in

Contributions and transfers in are recognised when control of the asset has been attained and are recorded in the period in which they relate.

#### Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

#### Dividends

Control of a right to receive consideration for the investment in assets is attained, usually evidenced by approval of the dividend at a meeting of shareholders.

### (n) Early Implementation of Accounting Standards

The Fund has not early implemented the requirements of AAS 3, *Accounting for Income Tax — Tax Effect Accounting*. The financial impact of not early adopting the standard cannot be reasonably quantified.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 2. EMPLOYER AND MEMBER CONTRIBUTIONS

|                        | 2002  |       |       |      |       |
|------------------------|-------|-------|-------|------|-------|
|                        | SASS  | SANCS | SSS   | PSS  | TOTAL |
|                        | \$m   | \$m   | \$m   | \$m  | \$m   |
| Employer Contributions | 90.9  | 23.4  | 60.3  | 0.4  | 175.0 |
| Member Contributions   | 218.2 | –     | 225.3 | 20.4 | 463.9 |
| Total Contributions    | 309.1 | 23.4  | 285.6 | 20.8 | 638.9 |

|                        | 2001  |       |       |       |       |
|------------------------|-------|-------|-------|-------|-------|
|                        | SASS  | SANCS | SSS   | PSS   | TOTAL |
|                        | \$m   | \$m   | \$m   | \$m   | \$m   |
| Employer Contributions | 121.6 | 105.5 | 87.0  | 168.4 | 482.5 |
| Member Contributions   | 218.6 | -     | 220.2 | 21.5  | 460.3 |
| Total Contributions    | 340.2 | 105.5 | 307.2 | 189.9 | 942.8 |

The payment of all benefits under the Schemes associated with the Fund is provided for by New South Wales Government statute and the liability is funded, as a minimum, as the benefits become payable.

Member and Employer contributions for each of the Schemes are determined on the bases described below. The bases for the current year remain unchanged from the previous year.

Contributions made by the Crown vary from year to year depending upon government liability management priorities. In 1999 the Crown prepaid its contributions for a 3 year period. In the intervening years amounts significantly less than the full Crown Contributions have been made (\$ nil in 2002; \$243 million in 2001; \$587 million in 2000).

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 2. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

### (a) State Authorities Superannuation Scheme (SASS)

#### Member Contributions:

Each member elects to contribute between 1% and 9% of salary.

#### Employer Contributions:

Under the provisions of the *State Authorities Superannuation Act 1987* employers are grouped into the three categories below and the bases of contribution are as follows:

- Part 1 Consolidated Fund or supported Government employers and self-financing Semi-government employers are billed monthly and generally contribute at a multiple of the contributions payable by employees. The respective multiples are set by STC, with the concurrence of the NSW Treasurer, at a rate to part fund future liabilities and to fully fund emerging benefits. Some employers contribute on a less than fully funded basis, meeting liabilities as they emerge, whilst other employers contribute on a fully funded basis.
- Part 2 Employers scheduled as Part 2 contribute on a fully funded basis by paying 1.9 times the contributions paid by employees.
- Part 3 Hospitals and associated employers contribute an amount equal to their employees' own contributions. Should any shortfall occur the funding deficit is guaranteed to be met from the Consolidated Fund of the NSW Government.

### (b) State Authorities Non-contributory Superannuation Scheme (SANCS)

#### Member Contributions:

As the Scheme is 100% employer funded, there are no member contributions.

#### Employer Contributions:

Employers are billed at a percentage of employees' salaries, set for each employer by STC with the concurrence of the NSW Treasurer. The current contribution rates for employers are: Consolidated Fund or supported Government employers, 0.5%; other employers, 2.5%.

### (c) State Superannuation Scheme (SSS)

#### Member Contributions:

Each member contributes on a *rate for age* basis for individual pension units which become available with salary increases. Members may elect to abandon units where total contributions payable would exceed 6% of salary.

#### Employer Contributions:

Each employer contributes at a rate equal to a multiple of relevant employee contributions. The rate is set by STC with the concurrence of the NSW Treasurer. The multiple of employee contributions is estimated to at least meet the cost of emerging benefits, though not to fully fund the employer liability for past services.

### (d) Police Superannuation Scheme (PSS)

#### Member Contributions:

Members contribute 6% of their salary.

#### Employer Contributions:

Employer contributions equal the amount required to meet emerging benefits.

## 3. SCHEME MOBILITY TRANSFER

This transfer represents Local Government and Energy Industries members who left the State Authorities Superannuation Scheme and State Superannuation Scheme previously and elected to return under the mobility provisions. The amounts transferred to the Schemes were \$2.1 million as at 30 June 2002 (30 June 2001: \$4.1 million).



# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 4. INVESTMENT REVENUE

|   | 2002                         |                           |                             |           |
|---|------------------------------|---------------------------|-----------------------------|-----------|
|   | Changes in Net Market Values |                           |                             |           |
|   | Income                       | Held at<br>Reporting Date | Realised During<br>the Year | Total     |
|   | Unrealised                   |                           |                             |           |
|   | \$m                          | Gain/(Loss) \$m           | Gain/(Loss) \$m             | \$m       |
| International Investments:              |                              |                           |                             |           |
| International Equities                  | 100.7                        | (1,484.5)                 | (735.0)                     | (2,118.8) |
| International Fixed Interest            | 94.9                         | 16.6                      | (11.1)                      | 100.4     |
| International Foreign Exchange          | –                            | 3.8                       | 124.0                       | 127.8     |
| International Cash and Cash Equivalents | –                            | 11.7                      | (22.0)                      | (10.3)    |
| Total International Investments         | 195.6                        | (1,452.4)                 | (644.1)                     | (1,900.9) |
| Short Term Securities                   | 16.0                         | (44.3)                    | 34.8                        | 6.5       |
| Australian Fixed Interest               | 206.8                        | 2.2                       | 32.5                        | 241.5     |
| Australian Equities                     | 304.0                        | (708.8)                   | (346.1)                     | (750.9)   |
| Property                                | 172.7                        | 56.3                      | (0.2)                       | 228.8     |
| Total Investment Revenue                | 895.1                        | (2,147.0)                 | (923.1)                     | (2,175.0) |

|   | 2001                         |                           |                             |         |
|---|------------------------------|---------------------------|-----------------------------|---------|
|   | Changes in Net Market Values |                           |                             |         |
|   | Income                       | Held at<br>Reporting Date | Realised During<br>the Year | Total   |
|   | Unrealised                   |                           |                             |         |
|   | \$m                          | Gain/(Loss) \$m           | Gain/(Loss) \$m             | \$m     |
| International Investments:              |                              |                           |                             |         |
| International Equities                  | 78.4                         | (365.1)                   | (424.4)                     | (711.1) |
| International Fixed Interest            | 102.2                        | (0.9)                     | 149.0                       | 250.3   |
| International Foreign Exchange          | –                            | (27.2)                    | (62.3)                      | (89.5)  |
| International Cash and Cash Equivalents | –                            | 2.4                       | 74.3                        | 76.7    |
| Total International Investments         | 180.6                        | (390.8)                   | (263.4)                     | (473.6) |
| Short Term Securities                   | 18.5                         | 12.3                      | 168.5                       | 199.3   |
| Australian Fixed Interest               | 229.1                        | (36.6)                    | 51.4                        | 243.9   |
| Australian Equities                     | 374.1                        | 988.7                     | (78.2)                      | 1,284.6 |
| Property                                | 156.2                        | 101.0                     | 17.4                        | 274.6   |
| Total Investment Revenue                | 958.5                        | 674.6                     | (104.3)                     | 1,528.8 |

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 5. BENEFITS PAID

|                              |                  | 2002  |       |       |       |         |
|------------------------------|------------------|-------|-------|-------|-------|---------|
|                              |                  | SASS  | SANCS | SSS   | PSS   | TOTAL   |
|                              |                  | \$m   | \$m   | \$m   | \$m   | \$m     |
| <hr/>                        |                  |       |       |       |       |         |
| Retirements                  |                  |       |       |       |       |         |
|                              | – Lump Sums      | 232.1 | 50.5  | 103.3 | 32.7  | 418.6   |
|                              | – Pensions       | 17.9  | –     | 460.3 | 39.4  | 517.6   |
| Death                        |                  |       |       |       |       |         |
|                              | – Lump Sums      | 11.7  | 2.5   | 38.6  | 3.0   | 55.8    |
|                              | – Pensions       | 5.8   | –     | 125.7 | 20.3  | 151.8   |
| Invalidity                   |                  |       |       |       |       |         |
|                              | – Lump Sums      | 63.2  | 23.0  | 1.8   | 11.4  | 99.4    |
|                              | – Pensions       | 0.7   | –     | 163.4 | 101.5 | 265.6   |
| Resignations, Retrenchments  |                  |       |       |       |       |         |
|                              | – Lump Sums      | 81.5  | 16.0  | 50.7  | 4.9   | 153.1   |
|                              | – Pensions       | –     | –     | 23.7  | –     | 23.7    |
| Deferred Benefits            |                  |       |       |       |       |         |
|                              | – SANCS Transfer | –     | 489.4 | –     | –     | 489.4   |
|                              | – Other          | 77.7  | 33.5  | 10.0  | 2.6   | 123.8   |
| Interest on Benefit Payments |                  |       |       |       |       |         |
|                              |                  | 2.9   | 0.5   | 1.6   | 0.6   | 5.6     |
|                              |                  | 493.5 | 615.4 | 979.1 | 216.4 | 2,304.4 |

|                              |             | 2001  |       |         |       |         |
|------------------------------|-------------|-------|-------|---------|-------|---------|
|                              |             | SASS  | SANCS | SSS     | PSS   | TOTAL   |
|                              |             | \$m   | \$m   | \$m     | \$m   | \$m     |
| Retirements                  |             |       |       |         |       |         |
|                              | – Lump Sums | 191.2 | 41.8  | 145.1   | 51.8  | 429.9   |
|                              | – Pensions  | 18.3  | –     | 408.7   | 38.3  | 465.3   |
| Death                        |             |       |       |         |       |         |
|                              | – Lump Sums | 11.6  | 2.1   | 47.8    | 0.9   | 62.4    |
|                              | – Pensions  | 5.8   | –     | 117.7   | 19.5  | 143.0   |
| Invalidity                   |             |       |       |         |       |         |
|                              | – Lump Sums | 68.0  | 13.6  | 35.7    | 9.9   | 127.2   |
|                              | – Pensions  | 0.5   | –     | 148.2   | 84.6  | 233.3   |
| Resignations, Retrenchments  |             |       |       |         |       |         |
|                              | – Lump Sums | 86.8  | 16.1  | 44.7    | 1.8   | 149.4   |
|                              | – Pensions  | –     | –     | 22.8    | –     | 22.8    |
| Treasury Conversion Offer    |             |       |       |         |       |         |
|                              | – Lump Sums | –     | –     | 17.5    | 0.5   | 18.0    |
| Deferred Benefits            |             | 181.7 | 29.1  | 15.0    | 2.8   | 228.6   |
| Interest on Benefit Payments |             | 2.9   | 0.4   | 5.9     | 0.6   | 9.8     |
|                              |             | 566.8 | 103.1 | 1,009.1 | 210.7 | 1,889.7 |

Lump sum benefits for the State Superannuation Scheme (SSS) include commutation of pensions once a prescribed age has been reached.

In 2000 and 2001, NSW Treasury made an offer to selected members of SSS and the Police Superannuation Scheme to convert their superannuation entitlements to a lump sum and transfer that amount to FTC or in the case of University members, to the Superannuation Scheme for Australian Universities Investment Choice Plan and the Tertiary Education Superannuation Scheme.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

|   | 2002<br>\$m | 2001<br>\$m |
|---|-------------|-------------|
| <b>6. SCHEME ADMINISTRATION EXPENSES</b>                            |             |             |
| Included in Scheme Administration Expenses are the following items: |             |             |
| Audit Fees  | 0.3         | 0.3         |
| Triennial Actuarial Fees  | 0.1         | 0.1         |

## 7. INCOME TAX

The prima facie tax on the Change in Net Assets is reconciled to the Income Tax Expense/(Benefit) as follows:

|   |         |         |
|---|---------|---------|
| Prima facie tax expense / (benefit)                   |         |         |
| on the Change in Net Assets at 15%                    | (594.7) | 71.7    |
| Plus/(Less) net tax effect of permanent differences:  |         |         |
| Non-deductible Benefit Payments                       | 345.7   | 283.4   |
| Non-assessable Contributions                          | (69.7)  | (69.6)  |
| Non-assessable Pension Related Investment Income      | 33.3    | (102.2) |
| Deductible Premiums                                   | (70.2)  | (63.7)  |
| Assessable Investment Income/(Deductible Expenditure) | 5.2     | 6.4     |
| Discount Capital Gains                                | 163.7   | (4.2)   |
| Non-deductible Contribution Surcharge Tax             | 3.0     | 0.3     |
| Anti-detriment Deduction                              | (0.6)   | (1.3)   |
| Imputation and Foreign Tax Credits                    | (103.2) | (128.9) |
| (Income Tax Benefit) on Change in Net Assets          | (287.5) | (8.1)   |
| Over Provision Prior Year                             | (4.0)   | (8.6)   |
| (Income Tax Benefit)                                  | (291.5) | (16.7)  |

The Income Tax Expense/(Benefit) comprises:

|  |         |        |
|--|---------|--------|
| Provision attributable to Current Year                   | (73.1)  | –      |
| Increase in Provision for Deferred Income Tax            | 5.8     | 23.2   |
| (Increase)/Decrease in Future Income Tax Benefit         | (220.2) | (31.3) |
| Prior Year Adjustments:                                  |         |        |
| Increase/(Decrease) in Provision for Income Tax          | 1.4     | (14.3) |
| Increase/(Decrease) in Provision for Deferred Income Tax | 0.9     | 5.9    |
| (Increase)/Decrease in Future Income Tax Benefit         | (6.3)   | (0.2)  |
|  | (291.5) | (16.7) |

The Fund is exempt from tax payable on investment income set aside for the payment of pensions. In addition, the Fund is able to offset pre 1 July 1988 Funding Credits (PJFC) against the tax payable on employer contributions made during the year. The balance of pre 1 July 1988 Funding Credits available for utilisation as at 30 June 2002 amounted to \$840.7 million (30 June 2001: \$810.7 million). During the current year the level of employer contributions made to the Fund was insufficient to allow PJFC's to be utilised. These tax credits have not been brought to account as future income tax benefit assets for the reasons set out in Note 1(d).

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 8. NET ASSETS

|  | 2002        |              |            |            |              |
|--|-------------|--------------|------------|------------|--------------|
|  | SASS<br>\$m | SANCS<br>\$m | SSS<br>\$m | PSS<br>\$m | TOTAL<br>\$m |
| Balance at Beginning of Financial Year | 6,403.2     | 1,242.1      | 18,482.2   | 1,610.3    | 27,737.8     |
| Increase in Net Assets                 | (690.7)     | (645.3)      | (2,054.5)  | (282.5)    | (3,673.0)    |
| Balance at End of Financial Year       | 5,712.5     | 596.8        | 16,427.7   | 1,327.8    | 24,064.8     |
| <b>Comprising:</b>                     |             |              |            |            |              |
| Member Reserves                        | 3,130.6     | –            | 4,388.6    | –          | 7,519.2      |
| Employer Reserves (3)                  | 1,696.3     | 415.7        | 12,039.1   | 1,327.8    | 15,478.9     |
| Death or Invalidity Reserves (1)       | 11.3        | –            | –          | –          | 11.3         |
| Deferred Benefit Reserves (2)          | 874.3       | 181.1        | –          | –          | 1,055.4      |
| Net Assets Available to Pay Benefits   | 5,712.5     | 596.8        | 16,427.7   | 1,327.8    | 24,064.8     |

|  | 2001        |              |            |            |              |
|--|-------------|--------------|------------|------------|--------------|
|  | SASS<br>\$m | SANCS<br>\$m | SSS<br>\$m | PSS<br>\$m | TOTAL<br>\$m |
| Balance at Beginning of Financial Year | 6,375.8     | 1,108.4      | 18,229.0   | 1,530.0    | 27,243.2     |
| Increase in Net Assets                 | 27.4        | 133.7        | 253.2      | 80.3       | 494.6        |
| Balance at End of Financial Year       | 6,403.2     | 1,242.1      | 18,482.2   | 1,610.3    | 27,737.8     |
| <b>Comprising:</b>                     |             |              |            |            |              |
| Member Reserves                        | 3,372.0     | –            | 4,949.6    | –          | 8,321.6      |
| Employer Reserves (3)                  | 2,123.7     | 559.1        | 13,532.6   | 1,610.3    | 17,825.7     |
| Death or Invalidity Reserves (1)       | 10.2        | –            | –          | –          | 10.2         |
| Deferred Benefit Reserves (2)          | 897.3       | 683.0        | –          | –          | 1,580.3      |
| Net Assets Available to Pay Benefits   | 6,403.2     | 1,242.1      | 18,482.2   | 1,610.3    | 27,737.8     |

- (1) The Death or Invalidity Reserve represents accumulated funds available to provide death or invalidity cover to members for the months during which they have public sector employment. The reserve balance is the excess of member premiums over benefits paid.
- (2) The Deferred Benefit Reserve represents member account balances that, on the election of the member or by default, are to remain with the Fund following the member's exit from employment in the public sector. The deferred benefit of SSS members has been included in the employer reserve of the Scheme.
- (3) Both member and employer contributions of PSS are held in one reserve.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

|   | 2002<br>\$m | 2001<br>\$m |
|---|-------------|-------------|
| <b>9. INVESTMENTS</b>                             |             |             |
| <b>Investments Held</b>                           |             |             |
| <b>(i) Short Term Securities</b>                  |             |             |
| Bank Certificates of Deposit                      | 399.7       | 1,157.9     |
| Bank Accepted and Bank Endorsed Bills of Exchange | 121.3       | 590.6       |
| Bank Deposits                                     | 984.5       | 589.3       |
| Promissory Notes                                  | 243.5       | 1,013.2     |
| Total Short Term Securities                       | 1,749.0     | 3,351.0     |
| <b>(ii) Australian Fixed Interest</b>             |             |             |
| Commonwealth Government Inscribed Stock           | 1,442.6     | 912.2       |
| Semi-government Bonds                             | 1,382.3     | 1,121.8     |
| Loans to:   |             |             |
| Semi-government Authorities                       | 5.8         | 6.1         |
| Local government Authorities                      | 7.1         | 9.2         |
| Loans to Companies                                | 3.3         | 7.4         |
| Loans to Co-operative Housing Societies           | 1.6         | 2.2         |
| Leasehold Property Investments                    | 0.3         | 0.4         |
| Mortgage Backed Securities                        | 80.0        | 200.8       |
| Other Bonds                                       | 282.6       | 876.3       |
| Total Australian Fixed Interest                   | 3,205.6     | 3,136.4     |
| <b>(iii) Australian Equities</b>                  |             |             |
| Total Australian Equities                         | 8,345.8     | 10,795.4    |
| <b>(iv) International Investments</b>             |             |             |
| Equities  | 5,714.0     | 6,069.2     |
| Fixed Interest                                    | 2,018.6     | 1,828.4     |
| Foreign Exchange                                  | (12.7)      | (16.5)      |
| Total International Investments                   | 7,719.9     | 7,881.1     |
| <b>(v) Property</b>                               |             |             |
| Total Property                                    | 2,808.4     | 2,585.6     |
| Total Investments                                 | 23,828.7    | 27,749.5    |

Derivatives are recorded in the investment category to which they relate.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 10. RECEIVABLES

|                          | 2002<br>\$m  | 2001<br>\$m  |
|--------------------------|--------------|--------------|
| Contributions Receivable | 38.0         | 60.5         |
| Cash at Bank             | 5.1          | –            |
| Accrued Income           | 173.7        | 164.4        |
| Margin Call Deposits     | 202.5        | 140.4        |
| Investment Sales         | 29.9         | 36.9         |
| Other Receivables        | 0.6          | 1.0          |
|                          | <b>449.8</b> | <b>403.2</b> |

## 11. PAYABLES

|                         |              |              |
|-------------------------|--------------|--------------|
| Cash at Bank            | –            | 1.7          |
| Superannuation Benefits | 19.6         | 19.4         |
| Investment Purchases    | 38.3         | 24.6         |
| Other Payables          | 100.2        | 80.4         |
| Amount Payable — STC    | 3.3          | 3.1          |
|                         | <b>161.4</b> | <b>129.2</b> |

## 12. PROVISIONS

|                          |             |              |
|--------------------------|-------------|--------------|
| Provision for Income Tax | (44.4)      | (30.9)       |
| Deferred Income Tax      | 140.6       | 360.1        |
| Triennial Actuarial Fees | 0.2         | 0.1          |
|                          | <b>96.4</b> | <b>329.3</b> |

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 13. ACCRUED BENEFITS

### (a) Liability for Accrued Benefits

|  | 2002                    |   |                            | 2001                    |   |                            |
|--|-------------------------|---|----------------------------|-------------------------|---|----------------------------|
|  | Accrued Benefits<br>\$m | Net Assets Available to Pay Benefits<br>\$m | Over/(Under) Funded<br>\$m | Accrued Benefits<br>\$m | Net Assets Available to Pay Benefits<br>\$m | Over/(Under) Funded<br>\$m |
| State Authorities Superannuation Scheme                  | 8,743.0                 | 5,712.5                                     | (3,030.5)                  | 8,636.4                 | 6,403.2                                     | (2,233.2)                  |
| State Authorities Non-contributory Superannuation Scheme | 1,848.1                 | 596.8                                       | (1,251.3)                  | 2,207.5                 | 1,242.1                                     | (965.4)                    |
| State Superannuation Scheme                              | 22,156.1                | 16,427.7                                    | (5,728.4)                  | 21,492.2                | 18,482.2                                    | (3,010.0)                  |
| Police Superannuation Scheme                             | 3,988.5                 | 1,327.8                                     | (2,660.7)                  | 3,877.0                 | 1,610.3                                     | (2,266.7)                  |
|  | <b>36,735.7</b>         | <b>24,064.8</b>                             | <b>(12,670.9)</b>          | <b>36,213.1</b>         | <b>27,737.8</b>                             | <b>(8,475.3)</b>           |

The liability for accrued benefits figures noted above is estimated yearly by the Fund's Actuary. In addition, the Fund conducts a formal Triennial Actuarial investigation of the individual Schemes of the Pooled Fund. The most recent investigation, as at 30 June 2000, indicated the unfunded liability of the Pooled Fund was \$6,794.7 million.

### (b) Movement in the Liability for Accrued Benefits

Accrued Benefits in accordance with AAS 25 are calculated as the present value of expected future payments arising from past membership of the Fund. Accrued benefits increase due to the cost of accruing benefits and the imputed cost of interest, and reduce as benefits are paid, and may vary due to changes in valuation bases and changes in experience from previous assumptions. Based on current assumptions, the value of Accrued Benefits should not start to decline until after 2015.

|  | 2002           |                |                 |                |                 |
|--|----------------|----------------|-----------------|----------------|-----------------|
|  | SASS<br>\$m    | SANCS<br>\$m   | SSS<br>\$m      | PSS<br>\$m     | TOTAL<br>\$m    |
| Balance at Beginning of Financial Year | 8,636.4        | 2,207.5        | 21,492.2        | 3,877.0        | 36,213.1        |
| Benefits Paid                          | (493.5)        | (615.4)        | (979.1)         | (216.4)        | (2,304.4)       |
|  | <b>8,142.9</b> | <b>1,592.1</b> | <b>20,513.1</b> | <b>3,660.6</b> | <b>33,908.7</b> |
| Increase in Accrued Benefits           | 600.1          | 256.0          | 1,643.0         | 327.9          | 2,827.0         |
| Balance at End of Financial Year       | <b>8,743.0</b> | <b>1,848.1</b> | <b>22,156.1</b> | <b>3,988.5</b> | <b>36,735.7</b> |

|  | 2001           |                |                 |                |                 |
|--|----------------|----------------|-----------------|----------------|-----------------|
|  | SASS<br>\$m    | SANCS<br>\$m   | SSS<br>\$m      | PSS<br>\$m     | TOTAL<br>\$m    |
| Balance at Beginning of Financial Year | 7,890.4        | 1,989.8        | 20,006.5        | 3,238.0        | 33,124.7        |
| Benefits Paid                          | (566.8)        | (103.1)        | (1,009.1)       | (210.7)        | (1,889.7)       |
|  | <b>7,323.6</b> | <b>1,886.7</b> | <b>18,997.4</b> | <b>3,027.3</b> | <b>31,235.0</b> |
| Increase in Accrued Benefits           | 1,312.8        | 320.8          | 2,494.8         | 849.7          | 4,978.1         |
| Balance at End of Financial Year       | <b>8,636.4</b> | <b>2,207.5</b> | <b>21,492.2</b> | <b>3,877.0</b> | <b>36,213.1</b> |

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 14. VESTED BENEFITS

|  | 2002                   |   |                             | 2001                   |   |                             |
|--|------------------------|---|-----------------------------|------------------------|---|-----------------------------|
|  | Vested Benefits<br>\$m | Net Assets Available to Pay Benefits<br>\$m | Over/ (Under) Funded<br>\$m | Vested Benefits<br>\$m | Net Assets Available to Pay Benefits<br>\$m | Over/ (Under) Funded<br>\$m |
| State Authorities Superannuation Scheme                  | 6,004.5                | 5,712.5                                     | (292.0)                     | 6,123.9                | 6,403.2                                     | 279.3                       |
| State Authorities Non-contributory Superannuation Scheme | 2,288.8                | 596.8                                       | (1,692.0)                   | 2,641.6                | 1,242.1                                     | (1,399.5)                   |
| State Superannuation Scheme                              | 19,190.9               | 16,427.7                                    | (2,763.2)                   | 18,492.0               | 18,482.2                                    | (9.8)                       |
| Police Superannuation Scheme                             | 2,836.3                | 1,327.8                                     | (1,508.5)                   | 2,565.8                | 1,610.3                                     | (955.5)                     |
|  | <b>30,320.5</b>        | <b>24,064.8</b>                             | <b>(6,255.7)</b>            | <b>29,823.3</b>        | <b>27,737.8</b>                             | <b>(2,085.5)</b>            |

## 15. CONTROLLED ENTITIES

The following entities comprise the Pooled Fund economic entity:

### Parent Entity:

Pooled Fund

|  | Activity                                | Ownership Interest |           |
|--|---|--------------------|-----------|
|  |   | 2002<br>%          | 2001<br>% |
| <b>Controlled Entities:</b>  |   |                    |           |
| State Super Financial Services Ltd (SSFSL)                                 | Financial planning and funds management | 100                | 100       |
| The following entities are managed by Deutsche Asset Management (Aust) Ltd |   |                    |           |
| Valley Commerce Pty Limited  | Dormant                                 | 100                | 100       |
| Buroba Pty Limited   | Dormant                                 | 100                | 100       |
| Elsun Pty Limited  | Long term carpark management contracts  | 100                | 100       |

During the year the Controlled Entities paid dividends and trust distributions to the Parent Entity of \$1.78 million (2001: \$8.25 million).



# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 16. RELATED PARTY INFORMATION

The Trustee of the Fund is the STC. The names of the Board members of STC in office during the year ended 30 June 2002 and up to the date of signing these accounts are as follows:

Mr M Cole  
Ms B Ashe (Retired 31 December 2001)  
Mr I Blair  
Mr R Davis  
Mr W Gillooly  
Mr R Harty (Term commenced 1 January 2002)  
Mr J Hennessy (Term completed 31 August 2002)  
Mr N Lewocki  
Mr D Nicholls  
Ms M O'Halloran (Term commenced 1 September 2002)  
Ms C Prime

### (a) Board Members' Remuneration

All income received or due and receivable by Board members is disclosed in the financial statements of STC.

### (b) Remuneration received or due and receivable by Board Members and Directors of the Economic Entity from Controlled Entities (refer Note 15 Controlled Entities)

All income received is disclosed in the financial statements of each controlled entity.

### (c) Transactions entered into during the year with Board Members and their Related Entities:

All transactions entered into during the year with Board members and their related entities are disclosed in the financial statements of STC.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 16. RELATED PARTY INFORMATION (Continued)

### (d) Transactions with Other Related Parties:

|  | 2002<br>\$m | 2001<br>\$m |
|--|-------------|-------------|
| Scheme administration fees charged by STC on a cost recovery basis   | 37.6        | 37.4        |
| Property rental received from STC, Pillar and State Super Financial Services Limited on normal commercial terms and conditions | 1.7         | 3.4         |
| Administration fee income for the provision of fixed assets to STC   | 0.1         | 0.1         |
| Interest revenue from associated companies and joint ventures under normal commercial terms and conditions                     | 1.8         | 1.1         |

### (e) Amounts Payable to Other Related Parties:

Amounts payable to related parties are disclosed in Note 11 to the financial statements.

### (f) Amounts Receivable from Other Related Parties:

Amounts receivable from related parties are disclosed in Note 10 to the financial statements.

## 17. SEGMENT REPORTING

The Fund operates in the superannuation and investment management industry in New South Wales.

## 18. CONTINGENT LIABILITIES

In managing the investment portfolio the investment managers enter into various types of investment contracts that can give rise to contingent liabilities. Investment contracts are detailed in Note 19.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS

The information pertaining to financial instruments set out below is made in accordance with the provisions of AAS 33, *Presentation and Disclosure of Financial Instruments*.

For the purpose of these financial statements, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include both primary instruments (such as receivables, payables and equity securities) and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements and interest rate and currency swaps). The Fund's monies are invested in a variety of financial instruments included in the asset classes summarised in Note 9.

### (i) Accounting Policies

| Recognised Financial Instruments                          | Statement of Net Assets Notes | Accounting Policies  | Terms and Conditions   |
|---|-------------------------------|--|--|
| <b>1. Financial Assets</b>                                |                               |  |  |
| Receivables   | 10                            | Receivables include accrued income and unsettled sales of securities. Receivables are carried at their nominal amounts.          | Sales of securities are made on various terms for different securities and in different countries. Income receivable is also settled on varying terms depending on the security and country. |
| Bills of Exchange, and other discount securities (Note 1) | 9                             | Carried at net market value using market rates as at 30/6/02.  | Average maturity of 34 days with effective interest rates in the range of 4.72% to 5.11%.  |
| Floating Rate Notes                                       | 9                             | Carried at net market value using market rates at 30/6/02.   | Average maturity of 40 days with effective interest rates in the range of 5.09% to 5.32%.  |
| Mortgage Backed Securities (Note 1)                       | 9                             | Mortgage Backed Securities are stated at net market value. Interest income is recognised in the Operating Statement when earned. | Mortgage Backed Securities on average mature on 16 November 2030 and have an effective interest rate between 4.92% and 5.40%.  |
| Bank Deposits   | 9                             | Stated at net market value. Interest is recognised as it is earned.  | Bank deposits represent 11.00 am call deposits and uninvested cash and has no fixed maturity dates. Deposits have effective interest rates in the range of 0% to 6.32%.                      |
| Promissory Notes  | 9                             | Carried at net market value as at 30/6/02.   | Average maturity of 39 days with effective interest rates in the range of 4.76% to 5.12%.  |

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS (Continued)

### (i) Accounting Policies (Continued)

| Recognised Financial Instruments | Statement of Net Assets Notes | Accounting Policies   | Terms and Conditions  |
|----------------------------------|-------------------------------|---|---|
| Listed Shares                    | 9                             | Reported at market value based on quoted stock exchange price less an amount for selling costs which would be expected to be incurred if the investment were sold. Certain costs incurred in acquiring the investments, including brokerage and stamp duty, have been capitalised. Dividend income is recognised at the ex dividend date. | N/A.  |
| Unlisted Shares                  | 9                             | Reported at net market value based on independent valuations.   | N/A.  |
| Government Bonds                 | 9                             | Carried at net market value based on discounted cash flow.  | Average maturity of 22/06/2008 and effective interest rates in the range of 4.85% to 6.12%. |
| Semi-government Bonds            | 9                             | Carried at net market value based on discounted cash flow.  | Average maturity of 09/08/2008 and effective interest rates in the range of 4.97% to 6.49%. |
| Other Bonds                      | 9                             | Carried at net market value based on discounted cash flow.  | Average maturity of 31/12/2004 and effective interest rates in the range of 5.08% to 6.75%. |
| International Bonds              | 9                             | Carried at net market value based on discounted cash flow.  | Average maturity of 12/12/2011 and effective interest rates in the range of 0.09% to 5.87%. |
| Local Government Authorities     | 9                             | Carried at net market value based on discounted cash flows.   | Average maturity of 02/07/2008 and effective interest rates in the range of 4.51% to 6.40%. |
| Loans to Companies               | 9                             | Carried at net market value based on discounted cash flows. Interest revenue is accrued as it is earned.  | Average maturity of 18/01/2003 and effective interest rate of 5.30%.                        |
| Leasehold Property Investments   | 9                             | Carried at net market value based on discounted cash flows.   | Average maturity of 07/11/2007 and effective interest rate in the range of 5.63% to 6.44%.  |
| Direct Property                  | 9                             | Reported at net market value based on independent valuations  | N/A.  |

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS (Continued)

### (i) Accounting Policies (Continued)

| Recognised Financial Instruments   | Statement of Net Assets Notes | Accounting Policies  | Terms and Conditions  |
|------------------------------------|-------------------------------|--|---|
| <b>2. Financial Liabilities</b>    |                               |  |   |
| Investment Purchases               | 11                            | Liabilities are recognised for amounts to be paid under investment commitments.  | Settlement for securities is made in accordance with investment agreements between counterparties.          |
| Payables                           | 11                            | Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund.  | Liabilities are settled on receipts of invoices in accordance with terms thereof.                           |
| Tax                                | 12                            | The liability of taxation is accounted for in accordance with AAS 3.   | The income tax liability is calculated using a tax rate of 15%.   |
| Forward Foreign Exchange Contracts | 9                             | Forward foreign exchange contracts are carried at net market value. Forward foreign exchange contracts are undertaken to hedge against adverse foreign exchange movements. | At balance date, the Fund had various foreign exchange contracts open against the international portfolios. |

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS (Continued)

### (ii) Use of Derivative Financial Instruments

The Fund uses derivatives to hedge its various exposures by reducing risks such as foreign exchange, interest rate and equity market movement. The changes in the derivative's fair value are highly correlated with changes in the fair value of the underlying hedged item. Derivatives used for hedging purposes include foreign exchange forward contracts, interest rate futures, share price index futures, and forward rate agreements. These derivative instruments involve credit risk and market risk.

The credit risk of the foreign exchange forward contracts are discussed in Section (iii). Futures contracts settle in cash daily, therefore, there is minimal credit risk to the Fund. All Australian exchange traded options are novated by the Options Clearing House, therefore there is minimal credit risk associated with these contracts.

The following table summarises the aggregate notional amounts of the futures derivative contracts and their net market value at 30 June 2002 and 30 June 2001.

|                                |      | Notional Principal Amounts |                | Net Market Value |                 |
|--------------------------------|------|----------------------------|----------------|------------------|-----------------|
|                                |      | 2002                       | 2001           | 2002             | 2001            |
|                                |      | \$'000                     | \$'000         | \$'000           | \$'000          |
| <b>Futures Contracts</b>       |      |                            |                |                  |                 |
| – Australian Fixed Interest    | Buy  | (109,406)                  | 1,308,351      | (538)            | (9,790)         |
|                                | Sell | –                          | (592,015)      | –                | 2,784           |
| – Australian Share Price Index | Buy  | 348,669                    | 123,588        | (5,888)          | 1,149           |
|                                | Sell | (347,389)                  | (761,491)      | 6,792            | (8,062)         |
| – International Share Price    | Buy  | 1,762,551                  | 818,070        | (45,579)         | (16,283)        |
| – International Fixed Interest | Buy  | (624,267)                  | (425,040)      | (9,874)          | (945)           |
| <b>Options Contracts</b>       |      |                            |                |                  |                 |
| – Australian Exchange Traded   | Call | (13)                       | (1,501)        | (1)              | (171)           |
|                                |      | <b>1,030,145</b>           | <b>469,962</b> | <b>(55,088)</b>  | <b>(31,318)</b> |

### (iii) Credit Risk Exposures

Credit (or Counterparty) risk is the risk that a counterparty to a financial instrument fails to discharge an obligation and causes the Fund to incur a financial loss. In the normal course of its operations, the Fund accepts credit risk on the majority of its non-equity investments.

The Fund's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets (other than equity investments) is the carrying amount of those assets as indicated in the Statement of Net Assets.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement.

The Fund's maximum credit risk exposure in relation to foreign exchange forward contracts is the full amount of the foreign currency it will be required to pay when settling the forward exchange contract, should the counterparty not deliver the Australian dollar amounts to the Fund. At 30 June 2002 this amount was \$2,562.71 million (2001: \$2,988.03 million). During the year the average credit risk exposure was \$2,667.79 million (2001: \$1,959.89 million).

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS (Continued)

### (iii) Credit Risk Exposures (Continued)

The following table summarises the amounts and concentrations of credit exposure associated with the Fund's investment holdings of government and corporate debt instruments, including mortgage backed securities.

|                       | 2002<br>\$'000   | 2001<br>\$'000   |
|-----------------------|------------------|------------------|
| <b>International</b>  |                  |                  |
| Europe                | 976,210          | 850,278          |
| North America         | 614,330          | 684,175          |
| Asia                  | 408,351          | 322,866          |
| <b>Australia</b>      |                  |                  |
| Government bonds      | 1,442,668        | 932,644          |
| Semi-government bonds | 1,382,307        | 1,148,957        |
| Other                 | 379,029          | 1,137,552        |
|                       | <b>5,202,895</b> | <b>5,076,472</b> |

### (iv) Currency Risk Exposures

The Fund's exposure at 30 June 2002 and 30 June 2001 to foreign exchange rate movement on international investments is shown below. As discussed in Section (ii), **Use of Derivative Financial Instruments**, the Fund has entered into foreign exchange forward contracts to hedge its investment in foreign currency denominated financial assets. All foreign exchange forward contracts are carried at their net market value.

### International Equity Portfolios

The Fund enters into foreign exchange forward contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign equities portfolio holdings. These foreign exchange forward contracts form a currency overlay that complements the risk characteristics of the investment in foreign equities so as to achieve a desired risk characteristic for the net position. When executing forward currency exchange contracts, the Fund is obligated to sell a foreign currency at a specified rate on a certain date in the future. The obligations arising under these contracts will be realised in the period 1 July 2002 to 9 September 2002.

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS (Continued)

### (iv) Currency Risk Exposures (Continued)

#### International Equity Portfolios (Continued)

|  | 2002           |                |                |                |                  |                  |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
|  | USD<br>A\$'000 | EUR<br>A\$'000 | JPY<br>A\$'000 | GBP<br>A\$'000 | OTHER<br>A\$'000 | TOTAL<br>A\$'000 |
| Gross International<br>Equities Investment | 3,455,021      | 959,945        | 558,773        | 670,622        | 547,430          | 6,191,791        |
| Less: Amounts<br>Effectively Hedged        | 298,892        | 61,055         | 53,826         | 65,330         | 34,511           | 513,614          |
| Net Exposure                               | 3,156,129      | 898,890        | 504,947        | 605,292        | 512,919          | 5,678,177        |
| Percent Hedged                             | 8.65%          | 6.36%          | 9.63%          | 9.74%          | 6.30%            | 8.30%            |

|  | 2001           |                |                |                |                  |                  |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
|  | USD<br>A\$'000 | EUR<br>A\$'000 | JPY<br>A\$'000 | GBP<br>A\$'000 | OTHER<br>A\$'000 | TOTAL<br>A\$'000 |
| Gross International<br>Equities Investment | 3,428,044      | 1,069,380      | 693,640        | 506,762        | 522,770          | 6,220,596        |
| Less: Amounts<br>Effectively Hedged        | 537,112        | 184,524        | 108,385        | 103,932        | 84,806           | 1,018,759        |
| Net Exposure                               | 2,890,932      | 884,856        | 585,255        | 402,830        | 437,964          | 5,201,837        |
| Percent Hedged                             | 15.67%         | 17.26%         | 15.63%         | 20.51%         | 16.22%           | 16.38%           |

The hedging policy and actual hedged position of the Pooled Fund for international equities has not changed between 2000-01 and 2001-02. The policy is that international equities are unhedged except for that portion of the Fund's international equity portfolio in excess of a 25% weighting in the total Pooled Fund portfolio. This excess portion is fully hedged.

In 2001-02 there was Australian cash held to support futures positions in international equities and this cash, for accounting purposes, has been shown as short term securities. This explains why the proportion of the portfolio which is hedged in 2001 and 2002 appears different.



# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS (Continued)

### (iv) Currency Risk Exposures (Continued)

#### International Fixed Income Portfolios

The Fund invests in foreign government bonds and corporate bonds. The Fund enters into foreign exchange forward contracts in order to modify the foreign currency composite basis of the international fixed income portfolio to comply with the Fund's benchmark index composite as stipulated by the Fund's investment guidelines. Although the currency weightings relative to the benchmark index weights are changed by these foreign exchange forward contracts, the Fund's overall exposure to foreign currency risk is not increased. When executing forward currency exchange contracts, the Fund is obligated to buy or sell a foreign currency at a specified rate on a certain date in the future. The obligations arising under these contracts will be realised in the period 5 July 2002 to 7 August 2002.

|  | 2002           |                |                |                |                  |                  |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
|  | USD<br>A\$'000 | EUR<br>A\$'000 | JPY<br>A\$'000 | GBP<br>A\$'000 | OTHER<br>A\$'000 | TOTAL<br>A\$'000 |
| Gross International<br>Fixed Interest Investment | 563,850        | 881,168        | 409,841        | 97,413         | 102,353          | 2,054,625        |
| Less: Amounts<br>effectively hedged              | 570,260        | 874,938        | 407,708        | 94,238         | 101,948          | 2,049,092        |
| Net Exposure                                     | (6,410)        | 6,230          | 2,133          | 3,175          | 405              | 5,533            |
| Percent Hedged                                   | 101.14%        | 99.29%         | 99.48%         | 96.74%         | 99.60%           | 99.73%           |

|  | 2001           |                |                |                |                  |                  |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
|  | USD<br>A\$'000 | EUR<br>A\$'000 | JPY<br>A\$'000 | GBP<br>A\$'000 | OTHER<br>A\$'000 | TOTAL<br>A\$'000 |
| Gross International<br>Fixed Interest Investment | 766,772        | 680,563        | 331,974        | 29,289         | 231,746          | 2,040,344        |
| Less: Amounts<br>effectively hedged              | 722,544        | 681,994        | 323,775        | 24,398         | 216,561          | 1,969,272        |
| Net Exposure                                     | 44,228         | (1,431)        | 8,199          | 4,891          | 15,185           | 71,072           |
| Percent Hedged                                   | 94.23%         | 100.2%         | 97.5%          | 83.3%          | 93.4%            | 96.5%            |

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS (Continued)

### (v) Interest Rate Risk Exposures

The Fund's investments in debt and short-term money market instruments are subject to interest rate risks and the return on these investments will fluctuate in accordance with movements in the interest rates market.

The Fund's exposure to interest rate risk, including contractual repricing or maturity dates (whichever dates are earlier) and the weighted average effective interest rates associated with those financial instruments as at 30 June 2002 and as at 30 June 2001 are shown as follows. All other financial assets and liabilities are non-interest bearing.

|   | 2002   |                                     |                               |                        |                        |                                    |                      |
|---|--|-------------------------------------|-------------------------------|------------------------|------------------------|------------------------------------|----------------------|
|   | Fixed Interest — Time to Maturity                      |                                     |                               |                        |                        |                                    |                      |
|   | Weighted<br>Average<br>Effective<br>Interest Rate<br>% | Floating<br>Interest<br>Rate<br>\$m | Within<br>12<br>Months<br>\$m | 1 to 5<br>Years<br>\$m | Over 5<br>Years<br>\$m | Non-<br>Interest<br>Bearing<br>\$m | Total<br>Fund<br>\$m |
| <b>Assets</b>   |  |                                     |                               |                        |                        |                                    |                      |
| Cash & Short Term Securities                            | 3.80   | 1,244.0                             | 789.0                         | –                      | –                      | –                                  | 2,033.0              |
| Government Bonds — Domestic                             | 5.73   | –                                   | 24.0                          | 694.2                  | 724.0                  | (1.0)                              | 1,441.2              |
| Semi-government Bonds and Loans<br>to Local Authorities | 5.55   | –                                   | 31.0                          | 610.5                  | 754.0                  | –                                  | 1,395.5              |
| Other Interest Bearing Securities                       | 5.95   | –                                   | 43.0                          | 235.5                  | 8.0                    | –                                  | 286.5                |
| Mortgage Backed Securities                              | 5.12   | –                                   | –                             | –                      | 55.0                   | –                                  | 55.0                 |
| Foreign Exchange  | N/A  | –                                   | –                             | –                      | –                      | (12.7)                             | (12.7)               |
| International Fixed Interest                            | 3.74   | –                                   | 9.0                           | 919.0                  | 1,090.0                | (10.0)                             | 2,008.0              |
| Listed Equities — Domestic                              | N/A  | –                                   | –                             | –                      | –                      | 8,347.0                            | 8,347.0              |
| Listed Equities — International                         | N/A  | –                                   | –                             | –                      | –                      | 5,669.0                            | 5,669.0              |
| Unlisted Equities                                       | N/A  | –                                   | –                             | –                      | –                      | –                                  | –                    |
| Direct Property   | N/A  | –                                   | –                             | –                      | –                      | 2,809.0                            | 2,809.0              |
| Receivables   | N/A  | –                                   | –                             | –                      | –                      | 247.5                              | 247.5                |
| Sundry Assets   | N/A  | –                                   | –                             | –                      | –                      | 15.7                               | 15.7                 |
| Plant & Equipment                                       | N/A  | –                                   | –                             | –                      | –                      | 0.2                                | 0.2                  |
| Future Income Tax Benefit                               | N/A  | –                                   | –                             | –                      | –                      | 34.0                               | 34.0                 |
| Total Financial Assets                                  |  | 1,244.0                             | 896.0                         | 2,459.2                | 2,631.0                | 17,098.7                           | 24,328.9             |
|   |  |                                     |                               |                        |                        |                                    |                      |
| <b>Liabilities</b>                                      |  |                                     |                               |                        |                        |                                    |                      |
| Payables  | N/A  | –                                   | –                             | –                      | –                      | 161.4                              | 161.4                |
| Reserve Units   | N/A  | –                                   | –                             | –                      | –                      | 6.3                                | 6.3                  |
| Provision   | N/A  | –                                   | –                             | –                      | –                      | 96.4                               | 96.4                 |
| Total Financial Liabilities                             |  | –                                   | –                             | –                      | –                      | 264.1                              | 264.1                |

# Notes to and forming part of the financial statements

for the year ended 30 June 2002

## 19. FINANCIAL INSTRUMENTS (Continued)

### (v) Interest Rate Risk Exposures (Continued)

|   | 2001   |                                     |                               |                        |                        |                                    |                      |
|---|--|-------------------------------------|-------------------------------|------------------------|------------------------|------------------------------------|----------------------|
|   | Fixed Interest — Time to Maturity                      |                                     |                               |                        |                        |                                    |                      |
|   | Weighted<br>Average<br>Effective<br>Interest Rate<br>% | Floating<br>Interest<br>Rate<br>\$m | Within<br>12<br>Months<br>\$m | 1 to 5<br>Years<br>\$m | Over 5<br>Years<br>\$m | Non-<br>Interest<br>Bearing<br>\$m | Total<br>Fund<br>\$m |
| <b>Assets</b>   |  |                                     |                               |                        |                        |                                    |                      |
| Cash & Short Term Securities                            | 4.80   | 3,669.0                             | –                             | –                      | –                      | –                                  | 3,669.0              |
| Government Bonds — Domestic                             | 5.65   | –                                   | 67.0                          | 479.0                  | 386.0                  | –                                  | 932.0                |
| Semi-government Bonds and<br>Loans to Local Authorities | 6.05   | –                                   | 23.0                          | 586.0                  | 548.0                  | –                                  | 1,157.0              |
| Other Interest Bearing Securities                       | 6.73   | –                                   | 7.0                           | 827.0                  | 94.0                   | –                                  | 928.0                |
| Mortgage Backed Securities                              | 5.71   | –                                   | –                             | 24.0                   | 177.0                  | –                                  | 201.0                |
| Foreign Exchange  | N/A  | –                                   | –                             | –                      | –                      | (16.0)                             | (16.0)               |
| International Fixed Interest                            | 4.64   | –                                   | 8.0                           | 466.0                  | 1,384.0                | –                                  | 1,858.0              |
| Listed Equities — Domestic                              | N/A  | –                                   | –                             | –                      | –                      | 10,307.0                           | 10,307.0             |
| Listed Equities — International                         | N/A  | –                                   | –                             | –                      | –                      | 6,209.0                            | 6,209.0              |
| Unlisted Equities                                       | N/A  | –                                   | –                             | –                      | –                      | 700.0                              | 700.0                |
| Direct Property   | N/A  | –                                   | –                             | –                      | –                      | 2,030.0                            | 2,030.0              |
| Receivables   | N/A  | –                                   | –                             | –                      | –                      | 177.7                              | 177.7                |
| Sundry Assets   | N/A  | –                                   | –                             | –                      | –                      | 15.8                               | 15.8                 |
| Plant & Equipment                                       | N/A  | –                                   | –                             | –                      | –                      | 0.2                                | 0.2                  |
| Future Income Tax Benefit                               | N/A  | –                                   | –                             | –                      | –                      | 34.1                               | 34.1                 |
| Total Financial Assets                                  |  | 3,669.0                             | 105.0                         | 2,382.0                | 2,589.0                | 19,457.8                           | 28,202.8             |
| <b>Liabilities</b>                                      |  |                                     |                               |                        |                        |                                    |                      |
| Payables  | N/A  | –                                   | –                             | –                      | –                      | 129.2                              | 129.2                |
| Reserve Units   | N/A  | –                                   | –                             | –                      | –                      | 6.5                                | 6.5                  |
| Provision   | N/A  | –                                   | –                             | –                      | –                      | 329.3                              | 329.3                |
| Total Financial Liabilities                             |  | –                                   | –                             | –                      | –                      | 465.0                              | 465.0                |

## 20. POST BALANCE DATE EVENTS

### Revocation of the Treasury Conversion Offer

The passage of the *Superannuation Legislation Amendment (Same Sex Partners) Act 2000* provided a limited right to revoke a member's election to accept the Treasury Conversion Offer. At the closing date of 30 June 2002, 172 members have indicated their interest to STC in obtaining further information, including the cost to them on revoking their original acceptance of the Treasury Conversion Offer.

### Fund Investments

The Fund's Custodian has advised that as at 31 August 2002 the net assets of the Fund were \$23.1 billion and since 30 June 2002 the Fund's investments had made a return of approximately -2.3%.

### Changes in Investment Managers

After 30 June 2002 STC has changed the investment managers involved in some of its asset sectors. The Managers and proportions managed of each asset sector are disclosed in note 1 of SAS Trustee Corporation's accounts.



# Pooled Fund

- |            |   |
|------------|---|
| Schedule A | Australian listed shares — top 20 holdings at 30 June 2002  |
| Schedule B | Comparison between the S & P/ASX 300 Index and the Pooled Fund Australian shareholdings at 30 June 2002 |
| Schedule C | International shares — top 20 holdings at 30 June 2002  |
|            | Country Allocation — International shares at 30 June 2002   |
| Schedule D | Fixed Interest Investments — Australian and International at 30 June 2002                               |
| Schedule E | Major Private Capital Investments at 30 June 2002   |
| Schedule F | Property Holdings at 30 June 2002   |

## SCHEDULE A

# Australian listed shares — top 20 holdings

at 30 June 2002

|    |   | Market value<br>\$ million | % of<br>portfolio |
|----|---|----------------------------|-------------------|
| 1  | National Australia Bank Ltd                     | 643.0                      | 8.5               |
| 2  | Westpac Banking Corporation Ltd                 | 466.2                      | 6.2               |
| 3  | BHP Billiton Ltd                                | 451.9                      | 6.0               |
| 4  | Australia & New Zealand Banking Group Ltd       | 433.6                      | 5.7               |
| 5  | Commonwealth Bank of Australia Ltd              | 426.5                      | 5.7               |
| 6  | Telstra Corporation Ltd                         | 397.5                      | 5.3               |
| 7  | The News Corporation Ltd (Ordinary & Preferred) | 384.0                      | 5.1               |
| 8  | AMP Ltd   | 202.4                      | 2.7               |
| 9  | Rio Tinto Ltd                                   | 175.9                      | 2.3               |
| 10 | CSL Ltd   | 165.0                      | 2.2               |
| 11 | Westfield Holdings Ltd                          | 164.8                      | 2.2               |
| 12 | Fosters Brewing Group Ltd                       | 139.1                      | 1.9               |
| 13 | Macquarie Bank Ltd                              | 131.9                      | 1.8               |
| 14 | Woodside Petroleum Ltd                          | 129.6                      | 1.7               |
| 15 | Woolworths Ltd                                  | 127.7                      | 1.7               |
| 16 | Publishing & Broadcasting Ltd                   | 118.1                      | 1.6               |
| 17 | James Hardie Industries NV                      | 116.5                      | 1.6               |
| 18 | CSR Ltd   | 103.9                      | 1.4               |
| 19 | Westfield America Trust                         | 101.9                      | 1.4               |
| 20 | QBE Insurance Group Ltd                         | 99.0                       | 1.3               |
|    |   | <b>4,978.5</b>             | <b>66.3</b>       |

Total for listed Australian shares

**7,509.6**

The top 20 holdings represent 66.3% of the total Listed Australian shares held by the Pooled Fund.

## SCHEDULE B

# Comparison between the S & P/ASX 300 Index and the Pooled Fund Australian shareholdings

at 30 June 2002

| Sector                   | S&P/ASX 300      |             | Pooled Fund      |                         |                |
|--------------------------|------------------|-------------|------------------|-------------------------|----------------|
|                          | No. of companies | % of Index  | No. of companies | Market value \$ million | % of portfolio |
| Gold                     | 10               | 1.2         | 4                | 64.2                    | 0.9            |
| Other Metals             | 12               | 0.8         | 9                | 93.8                    | 1.2            |
| <b>All Mining</b>        | <b>22</b>        | <b>2.0</b>  | <b>13</b>        | <b>158.0</b>            | <b>2.1</b>     |
| Diversified Resources    | 4                | 10.3        | 3                | 702.7                   | 9.4            |
| Energy                   | 14               | 2.4         | 7                | 181.9                   | 2.4            |
| <b>All Resources</b>     | <b>18</b>        | <b>12.7</b> | <b>10</b>        | <b>884.6</b>            | <b>11.8</b>    |
| Infrastructure           | 14               | 2.8         | 16               | 185.3                   | 2.5            |
| Development              | 7                | 2.6         | 4                | 310.9                   | 4.1            |
| Building                 | 7                | 2.0         | 7                | 290.1                   | 3.9            |
| Alcohol and Tobacco      | 7                | 2.7         | 5                | 265.5                   | 3.5            |
| Food and Household       | 8                | 1.4         | 8                | 114.3                   | 1.5            |
| Chemicals                | 3                | 0.5         | 2                | 52.9                    | 0.7            |
| Engineering              | 3                | 0.1         | 2                | 8.8                     | 0.1            |
| Paper and Packaging      | 2                | 1.3         | 3                | 68.6                    | 0.9            |
| Retail                   | 13               | 4.8         | 13               | 309.7                   | 4.1            |
| Transport                | 3                | 2.9         | 3                | 220.0                   | 2.9            |
| Media                    | 14               | 8.4         | 14               | 631.6                   | 8.4            |
| Banks and Finance        | 11               | 28.3        | 11               | 2,161.7                 | 28.8           |
| Insurance                | 5                | 4.7         | 4                | 338.9                   | 4.5            |
| Telecommunications       | 11               | 5.9         | 9                | 409.0                   | 5.4            |
| Investment and Financial | 15               | 1.2         | 15               | 147.1                   | 2.0            |
| Property Trusts          | 31               | 7.1         | 30               | 266.9                   | 3.6            |
| Health & Biotech         | 27               | 2.8         | 18               | 318.2                   | 4.2            |
| Misc Industrial          | 41               | 1.8         | 32               | 169.5                   | 2.3            |
| Diversified Industrial   | 9                | 2.2         | 8                | 102.0                   | 1.4            |
| Tourism and Leisure      | 10               | 1.8         | 9                | 96.0                    | 1.3            |
| <b>All Industrials</b>   | <b>241</b>       | <b>85.3</b> | <b>213</b>       | <b>6,467.0</b>          | <b>86.1</b>    |
| <b>Total</b>             | <b>281</b>       | <b>100</b>  | <b>236</b>       | <b>7,509.6</b>          | <b>100.0</b>   |

S&P = Standard & Poor's ASX Australian Stock Exchange Index

## SCHEDULE C

### International shares — top 20 holdings

at 30 June 2002

|    |                              | Market<br>value<br>\$ million | %<br>of<br>portfolio | Country     | Sector                                  |
|----|------------------------------|-------------------------------|----------------------|-------------|---|
| 1  | Microsoft Corporation        | 120.4                         | 2.1                  | USA         | Systems Software                        |
| 2  | Exxon Mobil Corporation      | 97.8                          | 1.7                  | USA         | Integrated Oil & Gas                    |
| 3  | General Electric Company     | 97.3                          | 1.7                  | USA         | Industrial Conglomerates                |
| 4  | Citigroup Inc                | 94.2                          | 1.6                  | USA         | Diversified Financial Services          |
| 5  | Pfizer Inc                   | 93.5                          | 1.6                  | USA         | Pharmaceuticals                         |
| 6  | Johnson & Johnson            | 78.0                          | 1.4                  | USA         | Pharmaceuticals                         |
| 7  | BP PLC                       | 65.9                          | 1.1                  | UK          | Integrated Oil & Gas                    |
| 8  | American International Group | 58.5                          | 1.0                  | USA         | Multi-line Insurance                    |
| 9  | IBM Corporation              | 54.4                          | 0.9                  | USA         | Computer Hardware                       |
| 10 | Philip Morris Companies Inc  | 54.1                          | 0.9                  | USA         | Food, Beverages & Tobacco               |
| 11 | Total Fina Elf SA            | 52.0                          | 0.9                  | France      | Integrated Oil & Gas                    |
| 12 | Walmart Stores Inc           | 50.3                          | 0.9                  | USA         | General Merchandise Stores              |
| 13 | Verizon Communications Inc   | 48.6                          | 0.8                  | USA         | Diverse Telecommunications<br>Equipment |
| 14 | Novartis AG                  | 48.5                          | 0.8                  | Switzerland | Pharmaceuticals                         |
| 15 | Fannie Mae                   | 47.5                          | 0.8                  | USA         | Diversified Financial Services          |
| 16 | Procter & Gamble Company     | 47.5                          | 0.8                  | USA         | Household & Personal products           |
| 17 | GlaxoSmithKline PLC          | 45.8                          | 0.8                  | UK          | Pharmaceuticals                         |
| 18 | Cisco Systems Inc            | 43.2                          | 0.8                  | USA         | Communications Equipment                |
| 19 | Nestle SA                    | 42.8                          | 0.7                  | Switzerland | Packaged Foods                          |
| 20 | Coca-Cola Company            | 42.2                          | 0.7                  | USA         | Food, Beverages & Tobacco               |
|    |                              | <b>1,282.5</b>                | <b>22.0</b>          |             |   |

Total International Equities **5,714.0**

## SCHEDULE C

### Country allocation — international shares

at 30 June 2002

| Country or Region      | %<br>of portfolio |
|------------------------|-------------------|
| North & South America  | 57.9              |
| Japan                  | 9.0               |
| UK                     | 10.8              |
| Europe                 | 20.9              |
| Asia (excluding Japan) | 1.4               |
|                        | <u>100.0</u>      |

## SCHEDULE D

# Fixed interest investments

at 30 June 2002

### Australian Investments Security Type

|                                 | Market Value<br>\$ million |
|---------------------------------|----------------------------|
| <b>Government Securities</b>    |                            |
| Commonwealth Government         | 1,442.6                    |
| State Government                | 1,388.1                    |
| Local Government                | 7.1                        |
|                                 | <u>2,837.8</u>             |
| <b>Commercial/Other</b>         |                            |
| Co-operative Housing Societies  | 1.6                        |
| Company Loans                   | 3.3                        |
| Mortgage-backed Securities      | 80.0                       |
| Other                           | 282.6                      |
|                                 | <u>367.5</u>               |
| <b>Short Term Securities</b>    |                            |
| Bank Certificates of Deposits   | 399.7                      |
| Bank Bills                      | 121.3                      |
| Bank Deposits                   | 984.5                      |
| Non-government Promissory Notes | 243.5                      |
|                                 | <u>1,749.0</u>             |
| <b>Leaseholds</b>               | <u>0.3</u>                 |
| <b>Total</b>                    | <u>4,954.6</u>             |

### International fixed interest investments

|              | Market value<br>A\$ million | % of<br>portfolio |
|--------------|-----------------------------|-------------------|
| USA          | 558.7                       | 27.7              |
| Germany      | 466.9                       | 23.1              |
| Japan        | 401.4                       | 19.9              |
| Italy        | 173.1                       | 8.6               |
| France       | 102.8                       | 5.1               |
| UK           | 94.7                        | 4.7               |
| Sweden       | 55.1                        | 2.7               |
| Canada       | 49.9                        | 2.5               |
| Spain        | 37.1                        | 1.8               |
| Austria      | 19.5                        | 1.0               |
| Greece       | 17.0                        | 0.8               |
| Belgium      | 15.1                        | 0.7               |
| Netherlands  | 11.7                        | 0.6               |
| Europe       | 9.7                         | 0.5               |
| Denmark      | 5.7                         | 0.3               |
| <b>Total</b> | <u>2,018.6</u>              | <u>100.0</u>      |



## SCHEDULE E

# Major private capital investments

at 30 June 2002

| Investments                                    | % of<br>equity interest | Activity                               |
|--|-------------------------|--|
| Australia Pacific Airports Corporation Ltd     | 25.0                    | Melbourne & Launceston airports        |
| State Super Financial Services Ltd             | 100.0                   | Funds management & financial planning  |
| Auspower Pty Ltd (Yallourn Energy)             | 8.0                     | Electricity generation                 |
| Wizard Mortgage Corporation Ltd                | 17.3                    | Home loan mortgage originator          |
| Hancock Victorian Plantations Holdings Pty Ltd | 9.3                     | Forestry                               |
| Epic Energy Group                              | 11.1                    | Gas transportation                     |
| International Parking Group                    | 50.0                    | Car parking                            |
| Ulan Coal Sales Royalties                      | N/A                     | Mining royalty                         |
| Nextgen Holdings Pty Ltd                       | 10.9                    | Fibre optic telecommunications network |
| Kestral/Crinum Coal Royalties                  | N/A                     | Mining royalty                         |

# Property holdings

at 30 June 2002

### Commercial

16–20 Barrack Street, Sydney, NSW  
93 George Street, Parramatta, NSW  
141 Walker Street, North Sydney, NSW  
83–85 Clarence Street, Sydney, NSW  
Governor Phillip Tower, Farrer Place, Sydney, NSW (50% equity)  
Governor Macquarie Tower, Farrer Place, Sydney, NSW (50% equity)  
39–47 Phillip Street, Sydney, NSW (50% equity)  
QV1, 250 St George's Terrace, Perth, WA (50% equity)

### Industrial

St Leonards Corporate Centre, 39 Herbert Street, St Leonards, NSW  
Macquarie View Estate, 112–118 Talavera Road, North Ryde, NSW  
Regents Park Estate, 391 Park Road, Regents Park, NSW  
Citilink Industrial Estate, 349 Ingles Street, Port Melbourne, VIC

### Retail

292 Forest Road, Hurstville, NSW (50% equity)  
Westfield Shoppingtown, 262–264 Forest Road, Hurstville, NSW (50% equity)  
Knox City Shopping Centre, Corner of Burwood Highway and Stud Road, Wantirna South, VIC (50% equity)  
Knox Towerpoint, Burwood Highway, Wantirna South, VIC (50% equity)  
Lot 1, Bridgewood Court, Wantirna South, VIC (50% equity)  
Tweed City Shopping Centre, 56 Pacific Hwy & Kirkwood Road, Tweed Heads South, NSW  
34–36 Pacific Highway, Tweed Heads South, NSW  
28 Kirkwood Road, Tweed Heads South, NSW  
36 Kirkwood Road, Tweed Heads South, NSW  
38 Kirkwood Road, Tweed Heads South, NSW  
40 Kirkwood Road, Tweed Heads South, NSW  
46 Kirkwood Road, Tweed Heads South, NSW  
Capalaba Central Shopping Centre, Morton Bay Road, Capalaba, QLD  
Smithfield Centre, Corner of Captain Cook and Kennedy Highways, Cairns, QLD  
Plumpton Marketplace, Corner of Jersey and Hyatts Roads, Plumpton, NSW  
Westfield Shoppingtown Mt Druitt, Cnr Carlisle Avenue & North Parade, Mt Druitt, NSW (50% equity)  
Greensborough Plaza Shopping Centre, 25 Main Street, Greensborough, VIC

# Property holdings

at 30 June 2002

## Australia Listed Property Trusts

The Pooled Fund at 30 June 2002 had two significant holdings in listed property trusts:

| Name                         | Units held<br>Million | % of units<br>on issue |
|------------------------------|-----------------------|------------------------|
| Deutsche Office Trust (DOT)* | 359.8                 | 31.3                   |
| Deutsche Industrial Trust    | 53.2                  | 17.7                   |

\*DOT holds a 50% interest in Governor Phillip and Macquarie Towers and 39–49 Phillip Street, Sydney.

| Properties acquired during the year  | Settled | Purchase Price<br>\$Million |
|--|---------|-----------------------------|
| Greensborough Plaza Shopping Centre,<br>25 Main Street, Greensborough, VIC | Dec 01  | 121.00                      |

| Properties sold during the year                     | Settled | Sale Price<br>\$Million |
|---|---------|-------------------------|
| 7 Gibbes Street and 9 McCable Place, Chatswood, NSW | Dec 01  | 8.084                   |



# SAS Trustee Corporation

|            |                                       |
|------------|---------------------------------------|
| Schedule A | Overview of membership by scheme      |
| Schedule B | Changes in membership by scheme       |
| Schedule C | Analysis of members by age and sex    |
| Schedule D | Members in employing organisations    |
| Schedule E | Benefit points accrual rate           |
| Schedule F | Additional benefit coverage           |
| Schedule G | Normal and early retirements          |
| Schedule H | Invalidity retirements — ages at exit |
| Schedule I | Average benefits paid                 |
| Schedule J | Number of deferred benefit movements  |
| Schedule K | Pensions arising and discontinued     |
| Schedule L | Age distribution of pensioners        |

## SCHEDULE A

# Overview of membership by scheme

for the year ended 30 June 2002 compared to year ended 30 June 2001

|   | Members        |         | Pensioners    |         | Deferred Benefits |         |
|---|----------------|---------|---------------|---------|-------------------|---------|
|   | 30/6/02        | 30/6/01 | 30/6/02       | 30/6/01 | 30/6/02           | 30/6/01 |
| State Authorities Superannuation Scheme | 72,629         | 76,974  | 6,072         | 6,552   | 13,703            | 13,270  |
| State Superannuation Scheme             | 35,661         | 37,887  | 34,136        | 33,003  | 4,812             | 4,885   |
| Police Superannuation Scheme            | 5,066          | 5,652   | 4,459         | 4,100   | 232               | 237     |
| Basic Benefit Only                      | N/A            | N/A     | N/A           | N/A     | 1,211             | 96,240  |
| <b>All schemes</b>                      | <b>113,356</b> | 120,513 | <b>44,667</b> | 43,655  | <b>19,958</b>     | 114,632 |

N/A = not applicable

## SCHEDULE B

# Changes in membership by scheme

for the year ended 30 June 2002

### State Authorities Superannuation Scheme

|   |       |               |
|---|-------|---------------|
| <b>Members at 1 July 2001</b>                   |       | <b>76,974</b> |
| <b>Plus new members transferred from LG/EI*</b> |       | <b>36</b>     |
| Less exits                                      |       |               |
| Normal retirements                              | 1,648 |               |
| Invalidity retirements                          |       |               |
| — Partial & permanent                           | 301   |               |
| — Total & permanent                             | 197   |               |
| Deaths  | 92    |               |
| Retrenchments                                   | 527   |               |
| Resignations & dismissals                       | 1,616 |               |
| <b>Total exits</b>                              |       | <b>4,381</b>  |
| <b>Members at 30 June 2002</b>                  |       | <b>72,629</b> |

### State Superannuation Scheme

|  |     |               |
|--|-----|---------------|
| <b>Members at 1 July 2001</b>  |     | <b>37,887</b> |
| <b>Plus reinstated members Transferred from FSS<br/>(Treasury Conversion Offer revocation)</b> |     | <b>55</b>     |
| <b>Mobility from LG/EI*</b>  |     | <b>4</b>      |
| <b>Reinstated invalidity pensioner</b>   |     | <b>1</b>      |
| Less exits   |     |               |
| Normal retirements   | 976 |               |
| Early retirements  | 443 |               |
| Invalidity retirements   | 447 |               |
| Deaths   | 31  |               |
| Retrenchments  | 134 |               |
| Resignations & dismissals  | 255 |               |
| <b>Total exits</b>   |     | <b>2,286</b>  |
| <b>Members at 30 June 2002</b>   |     | <b>35,661</b> |

\* Local Government and Energy Industry schemes.

### Police Superannuation Scheme

|                                  |     |              |
|----------------------------------|-----|--------------|
| <b>Members at 1 July 2001</b>    |     | <b>5,652</b> |
| <b>Plus reinstated pensioner</b> |     | <b>1</b>     |
| Less exits                       |     |              |
| Normal retirements               | 12  |              |
| Early retirements                | 65  |              |
| Invalidity retirements           |     |              |
| — Hurt on duty                   | 291 |              |
| — Pension                        | 35  |              |
| — Gratuity                       | 133 |              |
| Deaths                           | 7   |              |
| Resignations & dismissals        | 44  |              |
| <b>Total exits</b>               |     | <b>587</b>   |
| <b>Members at 30 June 2002</b>   |     | <b>5,066</b> |

## SCHEDULE C

# Analysis of members by age and sex

at 30 June 2002

| Age                | SASS          | SSS         | SSS           | PSS          |
|--------------------|---------------|-------------|---------------|--------------|
| <b>Males</b>       |               |             |               |              |
| 20-24              | 0             |             | 0             | 0            |
| 25-29              | 309           |             | 0             | 0            |
| 30-34              | 3,196         |             | 15            | 247          |
| 35-39              | 4,558         |             | 475           | 1,211        |
| 40-44              | 6,446         |             | 2,743         | 1,236        |
| 45-49              | 6,721         |             | 7,163         | 896          |
| 50-54              | 6,224         |             | 7,685         | 718          |
| 55-59              | 4,426         |             | 5,318         | 239          |
| 60                 | 2,213         |             | 664           | 7            |
| <b>Females</b>     |               | <b>R55*</b> | <b>R60*</b>   |              |
| 20-24              | 0             | 0           | 0             | 0            |
| 25-29              | 179           | 0           | 0             | 0            |
| 30-34              | 2,747         | 20          | 24            | 83           |
| 35-39              | 4,042         | 218         | 297           | 237          |
| 40-44              | 5,737         | 1,212       | 1,129         | 144          |
| 45-49              | 7,491         | 2,381       | 1,955         | 33           |
| 50-54              | 8,868         | 1,831       | 1,186         | 13           |
| 55-59              | 6,666         | 349         | 805           | 2            |
| 60                 | 2,806         | 53          | 138           | 0            |
| <b>All members</b> |               |             |               |              |
| 20-24              | 0             |             | 0             | 0            |
| 25-29              | 488           |             | 0             | 0            |
| 30-34              | 5,943         |             | 59            | 330          |
| 35-39              | 8,600         |             | 990           | 1,448        |
| 40-44              | 12,183        |             | 5,084         | 1,380        |
| 45-49              | 14,212        |             | 11,499        | 929          |
| 50-54              | 15,092        |             | 10,702        | 731          |
| 55-59              | 11,092        |             | 6,472         | 241          |
| 60                 | 5,019         |             | 855           | 7            |
| <b>Total</b>       | <b>72,629</b> |             | <b>35,661</b> | <b>5,066</b> |

\* R55 and R60 refer to retirement at age 55 and age 60.

## SCHEDULE D

# Members in employing organisations

at 30 June 2002

| Employer  | SASS          | SSS           | Total          |
|---|---------------|---------------|----------------|
| <b>Education</b>                                |               |               |                |
| Dept of Education and Training                  | 14,328        | 16,901        | 31,229         |
| Technical & Further Education Commission NSW    | 2,353         | 2,400         | 4,753          |
| <b>Public Service</b>                           |               |               |                |
| Dept of Community Services                      | 1,214         | 578           | 1,792          |
| Dept of Corrective Services                     | 1,278         | 619           | 1,897          |
| Dept of Courts Administration                   | 866           | 609           | 1,475          |
| Dept of Housing                                 | 402           | 352           | 754            |
| Dept of Land & Water Conservation               | 537           | 688           | 1,225          |
| Fire Brigades                                   | 754           | 1,303         | 2,057          |
| Health Dept                                     | 1,742         | 172           | 1,914          |
| Home Care Services of NSW                       | 817           | 7             | 824            |
| NSW Dept of Agriculture                         | 482           | 598           | 1,080          |
| NSW Police Service                              | 3,058         | 543           | 3,601          |
| Public Works Dept                               | 623           | 733           | 1,356          |
| State Forests of NSW                            | 396           | 140           | 536            |
| <b>Statutory Authorities &amp; Other Bodies</b> |               |               |                |
| Hospitals & Area Health                         | 20,753        | 1,254         | 22,007         |
| Other Public Sector Authorities                 | 4,440         | 3,803         | 8,243          |
| Pacific Power & Related Bodies                  | 953           | 631           | 1,584          |
| Rail Authorities                                | 8,872         | 40            | 8,912          |
| Roads & Traffic Authority                       | 2,490         | 895           | 3,385          |
| State Transit                                   | 1,771         | 12            | 1,783          |
| Sydney Water                                    | 1,246         | 820           | 2,066          |
| Universities                                    | 2,897         | 1,908         | 4,805          |
| Other employers                                 | 357           | 655           | 1,012          |
| <b>Total</b>                                    | <b>72,629</b> | <b>35,661</b> | <b>108,290</b> |



## SCHEDULE E

# Benefit points accrual rate

based on contribution rates at 30 June 2002

### State Authorities Super Scheme

Benefit point accrual is determined by the percentage rate of the member's contributions, which can be selected annually. Generally, one benefit point accrues each year for every 1% of salary contributed by the member (except for classes of members covered by special transitional provisions).

| Benefit points<br>contributed<br>per annum | Males                  |                      | Females                |                      | All members            |                      |
|--|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
|  | No. of<br>contributors | % of<br>contributors | No. of<br>contributors | % of<br>contributors | No. of<br>contributors | % of<br>contributors |
| 0 <sup>(A)</sup>                           | 179                    | 1                    | 1,180                  | 3                    | 1,359                  | 1                    |
| 1  | 2,190                  | 6                    | 2,382                  | 6                    | 4,572                  | 6                    |
| 2  | 1,259                  | 3                    | 2,417                  | 6                    | 3,676                  | 5                    |
| 3  | 1,938                  | 5                    | 3,220                  | 8                    | 5,158                  | 7                    |
| 3.5  | 8                      | 0                    | 16                     | 0                    | 24                     | 0                    |
| 4  | 1,647                  | 5                    | 2,667                  | 7                    | 4,314                  | 6                    |
| 5  | 2,082                  | 6                    | 2,785                  | 8                    | 4,867                  | 7                    |
| 6  | 8,050                  | 24                   | 8,458                  | 22                   | 16,508                 | 23                   |
| 6.7  | 1                      | 0                    | 1                      | 0                    | 2                      | 0                    |
| 7  | 3,720                  | 11                   | 3,647                  | 10                   | 7,367                  | 10                   |
| 8  | 2,097                  | 6                    | 2,017                  | 5                    | 4,114                  | 6                    |
| 9  | 10,754                 | 32                   | 9,415                  | 24                   | 20,169                 | 28                   |
| > 9 <sup>(B)</sup>                         | 20                     | 0                    | 1                      | 0                    | 21                     | 0                    |
| LWOP <sup>(C)</sup>                        | 148                    | 1                    | 330                    | 1                    | 478                    | 1                    |
| <b>Total</b>                               | <b>34,093</b>          | <b>100</b>           | <b>38,536</b>          | <b>100</b>           | <b>72,629</b>          | <b>100</b>           |

<sup>(A)</sup> The 0% rate is available in the State Authorities Superannuation Scheme to certain members in circumstances of financial hardship, and to non-contributing members of the Transport Gratuity Scheme.

<sup>(B)</sup> Refers to former contributors in the NSW Retirement Fund who were entitled to accrue more than 9 points per year under the conditions of their transfer to SASS.

<sup>(C)</sup> Refers to leave without pay.

## SCHEDULE F

# Additional benefit coverage

at 30 June 2002

### State Authorities Super Scheme

|  | Number of contributors                            |   |   |
|--|---|---|---|
|  | Approved<br>for<br>additional<br>benefit<br>cover | Not<br>approved<br>for<br>additional<br>benefit cover | Additional<br>benefit cover<br>application<br>not<br>lodged |
| <b>Males</b>                           |   |   |   |
| The Crown and other employers          | 15,271  | 580   | 12,833  |
| Local Government and other authorities | 6   | 1   | 6   |
| Hospitals and other bodies             | 3,447   | 155   | 1,794   |
| <b>Total</b>                           | <b>18,724</b>                                     | <b>736</b>  | <b>14,633</b>   |
| <b>Females</b>                         |   |   |   |
| The Crown and other employers          | 9,927   | 468   | 12,283  |
| Local Government and other authorities | 7   | 0   | 11  |
| Hospitals and other bodies             | 8,156   | 457   | 7,227   |
| <b>Total</b>                           | <b>18,090</b>                                     | <b>925</b>  | <b>19,521</b>   |
| <b>All members</b>                     |   |   |   |
| The Crown and other employers          | 25,198  | 1,048   | 25,116  |
| Local Government and other authorities | 13  | 1   | 17  |
| Hospitals and other bodies             | 11,603  | 612   | 9,021   |
| <b>Total</b>                           | <b>36,814</b>                                     | <b>1,661</b>  | <b>34,154</b>   |

## SCHEDULE G

# Normal and early retirements

for the year ended 30 June 2002

| Age                | SASS         | SSS         | SSS          | PSS       |
|--------------------|--------------|-------------|--------------|-----------|
| <b>Males</b>       |              |             |              |           |
| 55                 | 21           |             | 106          | 42        |
| 56                 | 13           |             | 46           | 14        |
| 57                 | 8            |             | 69           | 9         |
| 58                 | 141          |             | 99           | 5         |
| 59                 | 78           |             | 59           | 1         |
| 60                 | 69           |             | 421          | 3         |
| 61                 | 75           |             | 41           | 1         |
| 62                 | 48           |             | 20           | 1         |
| 63                 | 57           |             | 20           | 0         |
| 64                 | 51           |             | 20           | 0         |
| >65                | 57           |             | 22           | 0         |
| <b>Females</b>     |              |             |              |           |
|                    |              | <b>R55*</b> | <b>R60*</b>  |           |
| 55                 | 33           | 310         | 0            | 1         |
| 56                 | 17           | 19          | 0            | 0         |
| 57                 | 13           | 17          | 0            | 0         |
| 58                 | 272          | 22          | 0            | 0         |
| 59                 | 127          | 11          | 0            | 0         |
| 60                 | 145          | 3           | 79           | 0         |
| 61                 | 111          | 2           | 9            | 0         |
| 62                 | 93           | 4           | 3            | 0         |
| 63                 | 78           | 1           | 2            | 0         |
| 64                 | 75           | 1           | 3            | 0         |
| >65                | 66           | 4           | 6            | 0         |
| <b>All members</b> |              |             |              |           |
| 55                 | 54           |             | 416          | 43        |
| 56                 | 30           |             | 65           | 14        |
| 57                 | 21           |             | 86           | 9         |
| 58                 | 413          |             | 121          | 5         |
| 59                 | 205          |             | 70           | 1         |
| 60                 | 214          |             | 503          | 3         |
| 61                 | 186          |             | 52           | 1         |
| 62                 | 141          |             | 27           | 1         |
| 63                 | 135          |             | 23           | 0         |
| 64                 | 126          |             | 24           | 0         |
| >65                | 123          |             | 32           | 0         |
| <b>Total</b>       | <b>1,648</b> |             | <b>1,419</b> | <b>77</b> |

\* R55 and R60 refer to retirement at age 55 and age 60.

## SCHEDULE H

# Invalidity retirements — ages at exit

for the year ended 30 June 2002

| Age                | SASS       | SSS         | SSS         | PSS        |
|--------------------|------------|-------------|-------------|------------|
| <b>Males</b>       |            |             |             |            |
| 20–24              | 0          |             | 0           | 0          |
| 25–29              | 2          |             | 0           | 0          |
| 30–34              | 13         |             | 0           | 13         |
| 35–39              | 12         |             | 2           | 68         |
| 40–44              | 29         |             | 19          | 73         |
| 45–49              | 43         |             | 69          | 80         |
| 50–54              | 56         |             | 122         | 117        |
| 55–59              | 63         |             | 130         | 81         |
| 60                 | 0          |             | 0           | 3          |
| <b>Females</b>     |            |             |             |            |
|                    |            | <b>R55*</b> | <b>R60*</b> |            |
| 20–24              | 0          | 0           | 0           | 0          |
| 25–29              | 1          | 0           | 0           | 0          |
| 30–34              | 17         | 0           | 0           | 2          |
| 35–39              | 19         | 0           | 0           | 14         |
| 40–44              | 21         | 6           | 3           | 4          |
| 45–49              | 46         | 26          | 20          | 3          |
| 50–54              | 95         | 20          | 19          | 1          |
| 55–59              | 81         | 0           | 11          | 0          |
| 60                 | 0          | 0           | 0           | 0          |
| <b>All members</b> |            |             |             |            |
| 20–24              | 0          |             | 0           | 0          |
| 25–29              | 3          |             | 0           | 0          |
| 30–34              | 30         |             | 0           | 15         |
| 35–39              | 31         |             | 2           | 82         |
| 40–44              | 50         |             | 28          | 77         |
| 45–49              | 89         |             | 115         | 83         |
| 50–54              | 151        |             | 161         | 118        |
| 55–59              | 144        |             | 141         | 81         |
| 60                 | 0          |             | 0           | 3          |
| <b>Total</b>       | <b>498</b> |             | <b>447</b>  | <b>459</b> |

\* R55 and R60 refer to retirement at age 55 and age 60.

## SCHEDULE I

# Average benefits paid

for the year ended 30 June 2002

|  | SASS<br>\$ | SSS <sup>(A)</sup><br>\$ | PSS<br>\$ |
|--|------------|--------------------------|-----------|
| <b>Average Lump sum</b>  |            |                          |           |
| Normal retirement and EVR <sup>(B)</sup>   | 169,971    | 262,373                  | 530,468   |
| Invalidity Retirement  | 116,365    | 18,451                   | 121,004   |
| Death of contributor   | 174,179    | 71,883                   | 434,232   |
| Withdrawal benefit   |            |                          |           |
| > 10 years service   | 54,018     | 58,279                   | 145,755   |
| < 10 years service   | 32,158     | N/A                      | N/A       |
| Retrenchment   | 151,556    | 69,429                   | N/A       |
| <b>Average rates of pension arising<br/>(rate per fortnight at time of commencement)</b> |            |                          |           |
| Normal retirement and EVR  | 527        | 1,144                    | 1,992     |
| Invalidity retirement  | 634        | 1,258                    | 1,649     |
| Spouse pension (death of contributor)  | 48         | 950                      | 1,241     |
| Spouse pension (death of pensioner)  | 52         | 850                      | N/A       |
| <b>Average rates of existing pensions at 30 June 2002</b>                                |            |                          |           |
| Normal retirement and EVR  | 375        | 896                      | 2,173     |
| Invalidity retirement  | 413        | 1,023                    | 1,519     |
| Spouse pensions  | 76         | 754                      | 1,085     |

Note:

<sup>(A)</sup> In the State Superannuation Scheme:

- details for average lump sum paid include only those pensions commuted in full during the current year;
- average rates of pension arising include the rate of pension paid following retirement and before commutation;
- figures for average rates of existing pensions exclude commuted amounts.

<sup>(B)</sup> EVR means Early Voluntary Retirement.

N/A means not applicable.

## SCHEDULE J

# Number of deferred benefit movements

for the year ended 30 June 2002

|  | SASS          | SSS          | PSS        | BB Only       | Total          |
|--|---------------|--------------|------------|---------------|----------------|
| <b>Deferred benefits at</b>            |               |              |            |               |                |
| <b>1 July 2001</b>                     | <b>13,270</b> | <b>4,885</b> | <b>237</b> | <b>96,240</b> | <b>114,632</b> |
| <b>Plus</b>                            |               |              |            |               |                |
| Benefits deferred during year          | 1,381         | 265          | 24         | 927           | 2,597          |
| <b>Less</b>                            |               |              |            |               |                |
| Deferred benefits paid out during year |               |              |            |               |                |
| — Pensions/lump sums                   | 853           | 314          | 16         | 3,190         | 4,373          |
| — Withdrawals                          | 95            | 24           | 13         | 92,766*       | 92,898         |
| <b>Deferred benefits at</b>            |               |              |            |               |                |
| <b>30 June 2002</b>                    | <b>13,703</b> | <b>4,812</b> | <b>232</b> | <b>1,211</b>  | <b>19,958</b>  |

\*This includes 92,762 Deferred Benefits only accounts totalling \$489.7 million required by legislation to be transferred from the State Authorities Non-contributory Superannuation Scheme to the First State Superannuation Scheme.

BB means Basic Benefit.

# SCHEDULE K

## Pensions arising and discontinued

for the year ended 30 June 2002

|   | State<br>Super<br>Scheme | State Authorities<br>Super Scheme <sup>(A)</sup> | Police<br>Super<br>Scheme |
|---|--------------------------|--|---------------------------|
| <b>Normal &amp; EVR<sup>(B)</sup> Pensions</b>    |                          |  |                           |
| Pensions in force at 1 July 2001                  | <b>20,513</b>            | <b>2,710</b>                                     | <b>815</b>                |
| New pensions commenced during year <sup>(C)</sup> |                          |  |                           |
| — Normal & EVR                                    | 1,388                    | 67   | 25                        |
| — Retrenchment                                    | 3                        | 0  | 0                         |
| <b>Less</b>                                       |                          |  |                           |
| Pensions discontinued                             |                          |  |                           |
| — Fully commuted                                  | (119)                    | 0  | 0                         |
| — Due to death                                    | (351)                    | (314)  | (34)                      |
| — Terminated                                      | (118)                    | (20)   | 0                         |
| <b>Pensions current at 30 June 2002</b>           | <b>21,316</b>            | <b>2,443</b>                                     | <b>806</b>                |
| <b>Invalidity pensions</b>                        |                          |  |                           |
| Pensions in force at 1 July 2001                  | <b>6,107</b>             | <b>63</b>  | <b>2,435</b>              |
| New pensions commenced during year                | 415                      | 10   | 444                       |
| <b>Less</b>                                       |                          |  |                           |
| Pensions discontinued                             |                          |  |                           |
| — Fully commuted                                  | (73)                     | 0  | (19)                      |
| — Due to death                                    | (83)                     | (2)  | (24)                      |
| — Due to resumption of duty                       | 0                        | 0  | 0                         |
| — Terminated                                      | (41)                     | 0  | (5)                       |
| <b>Pensions current at 30 June 2002</b>           | <b>6,325</b>             | <b>71</b>  | <b>2,831</b>              |
| <b>Spouse pensions</b>                            |                          |  |                           |
| Pensions in force at 1 July 2001                  | <b>6,241</b>             | <b>3,772</b>                                     | <b>838</b>                |
| New pensions commenced during year                | 397                      | 106  | 25                        |
| <b>Less</b>                                       |                          |  |                           |
| Pensions discontinued                             |                          |  |                           |
| — Fully commuted                                  | (125)                    | 0  | 0                         |
| — Due to death                                    | (139)                    | (313)  | (44)                      |
| — Terminated                                      | (9)                      | (10)   | (5)                       |
| <b>Pensions current at 30 June 2002</b>           | <b>6,365</b>             | <b>3,555</b>                                     | <b>814</b>                |
| <b>Child pensions</b>                             |                          |  |                           |
| Pensions in force at 1 July 2001                  | <b>142</b>               | <b>7</b>   | <b>12</b>                 |
| New pensions commenced during year                | 29                       | 0  | 0                         |
| <b>Less</b>                                       |                          |  |                           |
| Pensions discontinued                             | (41)                     | (4)  | (4)                       |
| <b>Pensions current at 30 June 2002</b>           | <b>130</b>               | <b>3</b>   | <b>8</b>                  |

(A) Former members of Local Government Pension Fund, New South Wales Retirement Fund or Railways Superannuation Account.

(B) EVR means Early Voluntary Retirement.

(C) Includes pensions commuted in full at the time pension commenced.

## SCHEDULE L

# Age distribution of pensioners

as at 30 June 2002

### 1. State Superannuation Scheme <sup>#</sup>

| Age          | Normal & EVR (A) pensions |              |              | Invalidity pensions |            |            | Retrenchment pensions |           |           | Spouse pensions |              |
|--------------|---------------------------|--------------|--------------|---------------------|------------|------------|-----------------------|-----------|-----------|-----------------|--------------|
|              | Males                     | Females      | Females      | Males               | Females    | Females    | Males                 | Females   | Females   | Males           | Females      |
|              |                           | R55*         | R60*         |                     | R55*       | R60*       |                       | R55*      | R60*      |                 |              |
| 19           | 0                         | 0            | 0            | 0                   | 0          | 0          | 0                     | 0         | 0         | 0               | 0            |
| 20-24        | 0                         | 0            | 0            | 0                   | 0          | 0          | 0                     | 0         | 0         | 0               | 3            |
| 25-29        | 0                         | 0            | 0            | 0                   | 0          | 0          | 0                     | 0         | 0         | 4               | 8            |
| 30-34        | 0                         | 0            | 0            | 0                   | 0          | 0          | 0                     | 0         | 0         | 0               | 3            |
| 35-39        | 0                         | 0            | 0            | 21                  | 13         | 9          | 0                     | 0         | 0         | 4               | 16           |
| 40-44        | 0                         | 0            | 0            | 137                 | 53         | 71         | 0                     | 2         | 1         | 13              | 78           |
| 45-49        | 0                         | 0            | 0            | 451                 | 171        | 186        | 0                     | 0         | 1         | 29              | 183          |
| 50-54        | 0                         | 0            | 0            | 846                 | 227        | 182        | 7                     | 0         | 3         | 52              | 307          |
| 55-59        | 1,091                     | 1,321        | 203          | 1,033               | 201        | 161        | 102                   | 23        | 14        | 30              | 405          |
| 60-64        | 3,151                     | 1,082        | 551          | 774                 | 127        | 136        | 490                   | 12        | 33        | 21              | 459          |
| 65-69        | 2,129                     | 580          | 460          | 382                 | 70         | 78         | 237                   | 5         | 19        | 28              | 556          |
| 70-74        | 1,620                     | 556          | 366          | 311                 | 56         | 61         | 87                    | 0         | 3         | 29              | 776          |
| 75           | 5,110                     | 919          | 1,135        | 440                 | 36         | 92         | 3                     | 0         | 0         | 60              | 3,301        |
| <b>Total</b> | <b>13,101</b>             | <b>4,458</b> | <b>2,715</b> | <b>4,395</b>        | <b>954</b> | <b>976</b> | <b>926</b>            | <b>42</b> | <b>74</b> | <b>270</b>      | <b>6,095</b> |

# Distribution does not include 130 children pension recipients.

\* R55 and R60 refer to retirement at age 55 and age 60.

### 2. Police Superannuation Scheme <sup>#</sup>

| Age          | Males        |              |                  | Females      |              |                  | Spouses  |            |
|--------------|--------------|--------------|------------------|--------------|--------------|------------------|----------|------------|
|              | Normal & EVR | Hurt on Duty | Non Hurt on Duty | Normal & EVR | Hurt on Duty | Non Hurt on Duty | Males    | Females    |
| 19           | 0            | 0            | 0                | 0            | 0            | 0                | 0        | 0          |
| 20-24        | 0            | 0            | 0                | 0            | 0            | 0                | 0        | 0          |
| 25-29        | 0            | 0            | 0                | 0            | 0            | 0                | 0        | 0          |
| 30-34        | 0            | 24           | 0                | 0            | 4            | 0                | 0        | 2          |
| 35-39        | 0            | 188          | 1                | 0            | 39           | 1                | 0        | 12         |
| 40-44        | 0            | 285          | 25               | 0            | 37           | 3                | 0        | 14         |
| 45-49        | 0            | 346          | 64               | 0            | 18           | 2                | 0        | 17         |
| 50-54        | 1            | 444          | 185              | 0            | 10           | 1                | 0        | 20         |
| 55-59        | 81           | 390          | 239              | 1            | 3            | 0                | 0        | 32         |
| 60-64        | 78           | 115          | 53               | 0            | 1            | 0                | 0        | 31         |
| 65-69        | 32           | 29           | 35               | 2            | 1            | 0                | 0        | 57         |
| 70-74        | 109          | 25           | 58               | 1            | 0            | 0                | 1        | 114        |
| 75           | 499          | 62           | 135              | 2            | 8            | 0                | 0        | 514        |
| <b>Total</b> | <b>800</b>   | <b>1,908</b> | <b>795</b>       | <b>6</b>     | <b>121</b>   | <b>7</b>         | <b>1</b> | <b>813</b> |

# Distribution does not include 8 children pension recipients.



# Age distribution of pensioners <sup>#</sup>

as at 30 June 2002

## 3. State Authorities Superannuation Scheme <sup>#</sup>

| Age          | Normal & EVR pensions |            | Invalidity pensions |           | Spouse pensions |              |
|--------------|-----------------------|------------|---------------------|-----------|-----------------|--------------|
|              | Males                 | Females    | Males               | Females   | Males           | Females      |
| 30-34        | 0                     | 0          | 0                   | 0         | 0               | 0            |
| 35-39        | 0                     | 0          | 0                   | 1         | 0               | 0            |
| 40-44        | 0                     | 0          | 0                   | 1         | 0               | 1            |
| 45-49        | 0                     | 0          | 3                   | 0         | 0               | 1            |
| 50-54        | 0                     | 0          | 4                   | 2         | 0               | 2            |
| 55-59        | 4                     | 1          | 12                  | 4         | 1               | 3            |
| 60-64        | 44                    | 45         | 7                   | 2         | 0               | 25           |
| 65-69        | 68                    | 39         | 4                   | 1         | 1               | 57           |
| 70-74        | 107                   | 20         | 3                   | 0         | 2               | 233          |
| 75           | 1,924                 | 191        | 22                  | 5         | 13              | 3,216        |
| <b>Total</b> | <b>2,147</b>          | <b>296</b> | <b>55</b>           | <b>16</b> | <b>17</b>       | <b>3,538</b> |

(A) EVR means Early Voluntary Retirement.

<sup>#</sup> Distribution does not include 3 children pension recipients.

# SAS Trustee Corporation

|              |  |
|--------------|--|
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Note: The SAS Trustee Corporation has been granted an exemption by the New South Wales Treasury from including an outline budget for the following year.

## Board membership and frequency of meetings

The Board of the Trustee Corporation consists of a chairperson, four employer representatives and four employee representatives (nominated by the Labor Council of NSW). All are appointed by the Minister on a part-time basis except for one employee representative who is a full-time employee Board member.

Board membership and the current term of appointment for each member are listed in the table below.

The Trustee Board generally meets on a monthly basis and eleven ordinary meetings were held during the period from 1 July 2001 to 30 June 2002.

In line with the requirements of the *Annual Reports (Statutory Bodies) Act 1984*, Board meeting attendance is notified as follows:

|                                 | Appointed    | Termination date | Meetings attended | Possible attendance |
|---------------------------------|--------------|------------------|-------------------|---------------------|
| <b>Chairperson</b>              |              |                  |                   |                     |
| Mr M Cole                       | 1 April 2000 | 31 Mar 2006      | 11                | 11                  |
| <b>Employer Representatives</b> |              |                  |                   |                     |
| Mr I Blair                      | 1 Sept 1998  | 31 Aug 2002      | 10                | 11                  |
| Mr B Gillooly                   | 1 Sept 2000  | 31 Aug 2002      | 10                | 11                  |
| Mr D Nicholls                   | 1 July 1996  | 31 Aug 2002      | 9                 | 11                  |
| Ms C Prime                      | 1 Sept 1996  | 31 Aug 2002      | 9                 | 11                  |
| <b>Employee Representatives</b> |              |                  |                   |                     |
| Ms B Ashe                       | 1 July 1996  | 31 Dec 2001      | 6                 | 6                   |
| Mr R Davis                      | 1 July 1996  | 31 Dec 2005      | 10                | 11                  |
| Mr R Harty                      | 1 Jan 2002   | 31 Aug 2004      | 5                 | 5                   |
| Mr J Hennessy                   | 1 July 1996  | 31 Aug 2002      | 9                 | 11                  |
| Mr N Lewocki                    | 1 Sept 1998  | 31 Aug 2002      | 8                 | 11                  |

# The Trustee Board Committees

The Committees and details of their purpose and membership at 30 June 2002 are:

## Actuarial Committee

**Members** Ms Prime (chairperson) and Messrs Davis and Nicholls; also attended by officers of the Trustee Corporation and the scheme Actuary.

**Purpose** To monitor the progress of the triennial review of the Pooled Fund; facilitate the flow of information between the valuing actuary and the administrator; advise the Trustee Corporation of any issues as they arise; monitor the Actuary's compliance with the requirements of the contract for actuarial services; ensure Treasury and Premier's Department provide relevant inputs and are appraised of appropriate issues; provide the Trustee Corporation with the Actuary's Report within 6 months of the end of the triennium; and forward the Actuary's Report and comments to the Minister within 6 months of the end of the triennium.

## Administration and Policy Committee

**Members** Messrs Gillooly (chairperson), Davis, Harty, Lewocki and Nicholls; also attended by officers of the Trustee Corporation and the administrator.

**Purpose** To monitor the services provided by the administration service provider and compliance with the administration contract; maintain communication with the administrator; monitor procedures and systems changes to ensure compliance with any legislation or policy changes; monitor business improvement strategies (eg. e-commerce); review and periodically re-issue policies and delegations; benchmark qualitative and quantitative aspects of administrative performance; provide guidance to the Trustee Corporation on general administrative matters; and review and advise upon strategic areas of policy development and changes to legislation.

## Audit and Compliance Committee

**Members** Messrs Blair (chairperson), Davis and Nicholls; also attended by officers of the Trustee Corporation, Audit Office of New South Wales and the administrator.

**Purpose** To assist in fulfilling the Trustee Corporation's responsibilities relating to financial reporting practices, business ethics, policies and practices, accounting policies, management and internal controls; and monitor compliance with the Trustee Corporation's Corporate Governance and risk management requirements including contractual and legislative compliance.

## Disputes Committee

**Members** Ms Prime (chairperson) and Messrs Davis, Gillooly and Lewocki; also attended by officers of the Trustee Corporation.

**Purpose** To discharge the Board's responsibilities in relation to disputes received from persons under section 67 of the *Superannuation Administration Act 1996* (the Act); monitor the delegated administrative decisions and procedures of the administrator and the Police Superannuation Advisory Committee (PSAC) to ensure that these delegates are operating within the powers of the Trustee Corporation and complying with the policies of the Trustee Corporation and make recommendations to the Board in this regard; provide guidance and control via the Chief Executive over the procedures for dealing with disputes by the Executive staff; progress and monitor appeals under section 88 of the Act; and report to the Board following each meeting of the Committee.

## The Trustee Board Committees

### Investment Committee

**Members** Messrs Cole (chairperson), Blair, Davis, Gillooly, Harty, Hennessy, Lewocki and Nicholls and Ms Prime (all members of the Board are members of the Investment Committee); also attended by officers of the Trustee Corporation and investment advisers.

**Purpose** To review investment portfolio objectives, strategic policies, manager mandates and reporting arrangements; decide on fees and arrangements with service providers for the Pooled Fund's investment portfolio; decide on investment manager appointments and terminations; review the Pooled Fund's investment portfolio results with the asset consultant and other service providers; monitor breaches of investment mandates; and review any major investment issues that the Board refers to the Committee including Corporate Governance matters.

### Remuneration Committee (joint STC/FTC)

**Members** Messrs Cole (chairperson) and Blair and Dr Parry (FTC chairperson); also attended, by invitation, by the Chief Executive Officer of the Trustee Corporation.

**Purpose** To review the salary structure of the Executive of the Trustee Corporation and to determine the salary structure of the contract staff having regard to appropriate benchmarks.

### Statutory Committee — Police Superannuation Advisory Committee

The Committee is a statutory committee established under Part 2A of the *Police Regulation (Superannuation) Act 1906* to exercise certain powers delegated by the Trustee Corporation.

**Members** Mr Hennessy (Mr Davis is an alternate for Mr Hennessy).

The members are a chairperson appointed by the Minister, a nominee of the Trustee Corporation, three nominees of the Police Association, a nominee of the Commissioned Police Officers' Association, a nominee of WorkCover and a nominee of the Minister for Police.

**Purpose** To determine death or invalidity benefit entitlements in the Police Superannuation Scheme and to advise the Trustee Corporation on such matters relating to the *Police Regulation (Superannuation) Act 1906*.

### Communications Taskforce

**Members** Ms Prime (chairperson) and Messrs Davis and Hennessy; also attended by officers of the Trustee Corporation.

**Purpose** To develop an education program to advocate the benefits of superannuation and increase members' understanding of their rights and entitlements under the schemes.

# Board member attendance at STC Committee meetings

during 2001-02

|   | Meetings<br>attended | Possible<br>attendance |
|---|----------------------|------------------------|
| <b>Actuarial Committee</b>                    |                      |                        |
| C Prime                                       | 4                    | 4                      |
| B Ashe*                                       | 2                    | 2                      |
| R Davis                                       | 2                    | 2                      |
| D Nicholls                                    | 4                    | 4                      |
| M Cole ( <i>ex officio</i> )                  | 3                    | N/A                    |
| <b>Administration and Policy Committee</b>    |                      |                        |
| B Gillooly                                    | 4                    | 4                      |
| B Ashe*                                       | 2                    | 2                      |
| R Davis                                       | 1                    | 2                      |
| R Harty                                       | 1                    | 1                      |
| N Lewocki                                     | 4                    | 4                      |
| D Nicholls                                    | 3                    | 4                      |
| M Cole ( <i>ex officio</i> )                  | 4                    | N/A                    |
| <b>Audit and Compliance Committee</b>         |                      |                        |
| I Blair                                       | 4                    | 4                      |
| B Ashe*                                       | 2                    | 2                      |
| R Davis                                       | 3                    | 4                      |
| D Nicholls                                    | 3                    | 4                      |
| M Cole ( <i>ex officio</i> )                  | 4                    | N/A                    |
| <b>Disputes Committee</b>                     |                      |                        |
| C Prime                                       | 9                    | 11                     |
| B Ashe*                                       | 5                    | 6                      |
| R Davis                                       | 4                    | 4                      |
| B Gillooly                                    | 10                   | 11                     |
| J Hennessy ( <i>alternate for N Lewocki</i> ) | 2                    | N/A                    |
| N Lewocki                                     | 9                    | 11                     |
| <b>Investment Committee</b>                   |                      |                        |
| M Cole  | 4                    | 4                      |
| B Ashe*                                       | 2                    | 2                      |
| I Blair                                       | 3                    | 4                      |
| R Davis                                       | 4                    | 4                      |
| B Gillooly                                    | 3                    | 4                      |
| R Harty <sup>#</sup>                          | 2                    | 2                      |
| J Hennessy                                    | 4                    | 4                      |
| N Lewocki                                     | 1                    | 2                      |
| D Nicholls                                    | 3                    | 4                      |
| C Prime                                       | 4                    | 4                      |

# Board member attendance at STC Committee meetings

during 2001–02

|   | Meetings<br>attended | Possible<br>attendance |
|---|----------------------|------------------------|
| <b>Police Superannuation Advisory Committee</b> |                      |                        |
| B Ashe <sup>@</sup>                             | 6                    | 6                      |
| I Ball  | 5                    | 12                     |
| G Dunne   | 10                   | 12                     |
| D Freudenstein                                  | 11                   | 12                     |
| J Hennessy                                      | 10                   | 12                     |
| R McInnes                                       | 0                    | 12                     |
| K Petersen                                      | 1                    | 12                     |
| W Taylor <sup>+</sup>                           | 0                    | 2                      |
| P Tunchon <sup>++</sup>                         | 5                    | 6                      |
| J Walshe <sup>**</sup>                          | 3                    | 3                      |
| <b>Deputies</b>                                 |                      |                        |
| B Ashe  | 1                    | J Hennessy             |
| G Black   | 1                    | D Freudenstein         |
| G Chilvers                                      | 4                    | I Ball                 |
| P Tunchon                                       | 2                    | J Dunne                |
| A Whitton                                       | 1                    | P Tunchon              |
| S Zabkar  | 10                   | R McInnes              |
| <b>Remuneration Committee (Joint STC/FTC)</b>   |                      |                        |
| M Cole  | 1                    | 1                      |
| I Blair   | 1                    | 1                      |
| T Parry ( <i>FTC Chairperson</i> )              | 1                    | 1                      |
| <b>Communications Taskforce</b>                 |                      |                        |
| C Prime   | 2                    | 3                      |
| B Ashe <sup>*</sup>                             | 1                    | 1                      |
| R Davis   | 2                    | 3                      |
| M Cole ( <i>ex officio</i> )                    | 3                    | N/A                    |

\* B Ashe retired on 31 December 2001

# R Harty appointed on 1 January 2002

@ B Ashe appointed to PSAC on 17 January 2002

+ W Taylor resigned from PSAC on 29 August 2001

++ P Tunchon appointed to PSAC 4 January 2002

\*\* J Walshe retired on 19 October 2001

## Consumer response — disputes and appeals

The superannuation schemes administered by the Trustee Corporation provide a two stage system of review of a decision made by the delegate of the Trustee Corporation that is not in favour of the member. Firstly, determination of a dispute by a committee of the Trustee Corporation (the STC Disputes Committee) and, secondly, appeal to the Industrial Relations Commission in Court Session (IRC).

At 30 June 2001, 32 disputes were current. During the year ending 30 June 2002, the Trustee Corporation received 59 new disputes and 67 disputes were concluded (including disputes carried over from the previous year). Of those disputes:

- ▶ 31 were determined in favour of the disputant,
- ▶ 7 were determined against the disputant, and
- ▶ 29 were withdrawn.

At the end of the reporting year, 24 disputes were current.

Appeals to the IRC from the STC Disputes Committee determinations resulted as follows:

- ▶ 3 were decided in favour of the appellant,
- ▶ 2 were settled, and
- ▶ 3 were withdrawn or discontinued.

At the end of the reporting year, 3 appeals remained to be concluded.

The Police Superannuation Scheme provides for appeals to the Compensation Court of NSW from decisions of the Police Superannuation Advisory Committee, as delegate of the Trustee Corporation. These relate to lump sum payments for duty-related permanent impairments and pension increases. These appeals resulted as follows:

- ▶ 7 were decided against the appellant,
- ▶ 6 were decided in favour of the appellant,
- ▶ 13 were withdrawn or discontinued, and
- ▶ 27 were settled.

At the end of the reporting year, 52 appeals remained to be concluded.



## 2001-02 — legislation changes

Schemes: SASS — State Authorities Superannuation Scheme  
 SANCS — State Authorities Non-contributory Superannuation Scheme (Basic Benefit)  
 SSS — State Super Scheme  
 PSS — Police Superannuation Scheme

\*Where there are multiple new or amended provisions the section(s) or other reference listed is the major or *primary* provision affected.

| Assent date | Effective date               | Scheme(s) | Principal Act or Regulation                             | Amending Act or Regulation   | Section/ Rule* | Description   |
|-------------|------------------------------|-----------|---|--|----------------|---|
| 10.8.01     | 10.8.01*                     | SASS      | <i>State Authorities Superannuation Regulation 2000</i> | <i>State Authorities Superannuation Amendment (Release of Benefits) Regulation 2001</i>                  |                | Early release of benefits on financial hardship or compassionate grounds. The Regulations provide that an application for early benefit release can only be considered if the member provides written consent to the reduction of their scheme benefits to offset the early payment.  |
|             |                              | SSS       |   | <i>Superannuation Regulation 2001</i>  |                | A deferred benefit held by a former scheme contributor is reduced when the early benefit payment is made.   |
|             |                              | SANCS     |   | <i>State Authorities Non-contributory Superannuation Amendment (Release of Benefits) Regulation 2001</i> |                | In the case of a current contributor, a debt account is created for the released amount. This account is adjusted for interest at a rate determined by the Trustee. The accumulated debt is deducted from the benefit when it is either deferred in the scheme or paid to the member. |
|             |                              |           |   |  |                | STC may obtain actuarial advice for the purpose of determining the amount of a reduced benefit.   |
|             | *16.11.01 in the case of PSS | PSS       | <i>Police Superannuation Regulation 2000</i>            | <i>Police Superannuation Amendment (Release of Benefits) Regulation 2001</i>                             |                |   |

## 2001-02 — legislation changes

| Assent date | Effective date | Scheme(s) | Principal Act or Regulation   | Amending Act or Regulation  | Section/ Rule* | Description   |
|-------------|----------------|-----------|---|---|----------------|---|
| 11.12.01    | 11.12.01       |           | <i>Superannuation Administration Act 1996</i>   | <i>Superannuation Legislation Amendment (Miscellaneous) Act 2001</i>  | 127, 128       | Public sector trust deed schemes. The amendments clarify the classes of employees that may be the subject of trust deed schemes. They include State public sector employees or classes thereof — or employees of certain employers — as approved by the Minister. The Minister may also approve of the extension of any scheme to additional employees of a kind that may be the subject of trust deed schemes.   |
| 11.12.01    | 11.12.01       | SANCS     | <i>State Authorities Non-contributory Superannuation Act 1987</i>   | <i>Superannuation Legislation Amendment (Miscellaneous) Act 2001</i>  | 27AD           | <p>Transfer of Deferred Basic Benefits to First State Super. New provisions required the Trustee of the State Authorities Non-contributory Superannuation (SANCS or <i>basic benefit</i>) Scheme — SAS Trustee Corporation (STC) — to transfer all deferred SANCS benefits to FSS, where the deferred benefit did not include all or part of a contributory scheme benefit.</p> <p>The transfer was effected in accordance with State legislation and the requirements of the Commonwealth <i>Superannuation Industry (Supervision) Act 1993</i> successor fund provisions.</p> |
| 1.3.02      | 1.3.02         | SASS      | <i>State Authorities Superannuation (Government Railways Superannuation Scheme Transfer) (Savings and Transitional) Regulation 1990</i> | <i>State Authorities Superannuation (Government Railways Superannuation Scheme Transfer) (Savings and Transitional) Amendment Regulation 2002</i> | CI 22          | Annual Adjustment of Pensions. The amendment changes the provision under which Consumer Price Index (CPI) adjustments are applied to the pensions of former members of the Local Government, NSW Retirement Fund (NRF), Transport Retirement Fund (TRF) and Railway Superannuation Account (RSA) schemes. It now provides for the adjustment of these pensions in any year in which a CPI <i>increase</i> is less than 1% (previously, an increase of less than 1% was withheld until a later year).  |

## 2001-02 — legislation changes

| Assent date | Effective date | Scheme(s) | Principal Act or Regulation   | Amending Act or Regulation   | Section/ Rule* | Description  |
|-------------|----------------|-----------|---|--|----------------|--|
|             |                |           | <i>State Authorities Superannuation (Transitional Provisions) Regulation 1988</i>                                     | <i>State Authorities Superannuation (Transitional Provisions) Amendment Regulation 2002</i>  | CI 49          | The amendments bring the CPI adjustment provisions for these pensions into line with those governing SSS and Police pensions.  |
| 10.4.02     | 1.1.02         | SASS      | –   | <i>State Authorities Superannuation (Joint Coal Board Employees) Transitional Regulation 2002</i>  |                | Superannuation rights of Joint Coal Board staff affected by privatisation. The various Regulations provide for former employees of the Joint Coal Board to defer or transfer their accrued superannuation benefits following the sale of their former employer on 1 January 2002. They also have the right to transfer their scheme membership to a Local Government or Electricity Industry scheme. |
|             |                | SSS       | –   | <i>Superannuation (Joint Coal Board Employees) Transitional Regulation 2002</i>  |                |  |
|             |                | SANCS     | –   | <i>State Authorities Non-contributory Superannuation (Joint Coal Board Employees) Transitional Regulation 2002</i>                         |                |  |
|             |                | –         | <i>Superannuation Administration (Local Government Superannuation Scheme Transitional Provisions) Regulation 1997</i> | <i>Superannuation Administration (Local Government Superannuation Scheme Transitional Provisions) Amendment (Mobility) Regulation 2002</i> |                |  |
|             |                | –         | <i>Superannuation Administration (Electricity Superannuation Scheme Transitional Provisions) Regulation 1997</i>      | <i>Superannuation Administration (Electricity Superannuation Scheme Transitional Provisions) Amendment (Mobility) Regulation 2002</i>      |                |  |

## Account payment performance

### Aged analysis at end of each quarter

| Quarter        | Current | Less than<br>30 days<br>overdue | Between 30<br>and 60 days<br>overdue | Between 60<br>and 90<br>days overdue | More than<br>90 days<br>overdue |
|----------------|---------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|
| September 2001 | 0       | 0                               | 0                                    | 0                                    | 0                               |
| December 2001  | 0       | 0                               | 0                                    | 0                                    | 0                               |
| March 2002     | 0       | 0                               | 0                                    | 0                                    | 0                               |
| June 2002      | 0       | 0                               | 0                                    | 0                                    | 0                               |

### Accounts paid on time within each quarter

| Quarter      | Total accounts paid on time |          | Total Amount Paid |                      |
|--------------|-----------------------------|----------|-------------------|----------------------|
|              | Target %                    | Actual % | \$                | \$                   |
| Sept 2001    | 100%                        | 100%     | 10,763,182.75     | 10,763,182.75        |
| Dec 2001     | 100%                        | 100%     | 10,776,094.63     | 10,776,094.63        |
| March 2002   | 100%                        | 100%     | 9,620,940.54      | 9,620,940.54         |
| June 2002    | 100%                        | 100%     | 9,362,436.40      | 9,362,436.40         |
| <b>TOTAL</b> |                             |          |                   | <b>40,522,654.32</b> |

# Human resource management

Staff of the Executive are employed by the Trustee Corporation. The administration of payroll and human resource services are provided by Pillar Administration.

The table below shows the STC Executive male, female and total staff numbers.

|                      | Number of Employees by Salary Band 2001–2002 |              |                      |
|----------------------|--|--------------|----------------------|
|                      | Men  | Women        | Total staff (number) |
| < \$27,606           | 0  | 0            | 0                    |
| \$27,606 – \$36,257  | 0  | 1            | 1                    |
| \$36,258 – \$40,535  | 0  | 1            | 1                    |
| \$40,536 – \$51,293  | 0  | 2            | 2                    |
| \$51,294 – \$66,332  | 3  | 2            | 5                    |
| \$66,333 – \$82,914  | 2  | 2            | 4                    |
| > \$82,914 (non SES) | 5  | 4            | 9                    |
| > \$82,914 (SES)     | 0  | 1            | 1                    |
| <b>Totals</b>        | <b>10</b>                                    | <b>13</b>    | <b>23</b>            |
|                      | <b>43.5%</b>                                 | <b>56.5%</b> |                      |

## Senior Executive Service (SES)

STC employs one SES officer, the CEO, Ms Lyn Gearing, at Grade 5 level. The total remuneration package for this position is worth \$200,615. The criteria used for assessing the CEO's remuneration package was as set out in *Premier's Memorandum no. 99–25*.

During the year, the staff of the Executive, under Ms Gearing's leadership, achieved a number of significant goals agreed at the commencement of the year with the Trustee Corporation Board.

## Salary movement

The CEO's salary is partially paid by both Trustee Corporations in the following proportions: 33% by FTC and 67% by STC. FTC pays 33% of the salary and oncosts of the STC staff and the full cost of the FSS field team staff.

Salaries for contract staff are reviewed annually as part of a formal performance appraisal system.

Award staff are covered under the *Crown Employees (Public Sector — Salaries January 2002)* Award. Staff under this award received an incremental salary increase of 3% on 1 January 2002.

## Industrial relations

The Public Service Association of New South Wales provided industrial coverage for staff on the Executive. No time was lost during 2001–02 through industrial action.

## Training and development

The Trustee Corporation recognises the need for ongoing training. Staff attend training designed by external providers and in house specialists.

Staff of the Executive continued to keep abreast of changes in the superannuation industry by regularly attending seminars, short courses and conferences. Staff were also invited to speak at major conferences on superannuation and to present to member groups on request of employers and unions.

## Occupational health and safety

During the reporting period the Trustee Corporation did not experience any work related injuries, work related illnesses, or prosecutions under the *Occupational Health and Safety Act 1993*.

# Representation of Equal Employment Opportunity target groups

Table A : Percentage of total staff by level

| Level                  | Total staff (number) | Men | Women | Staff responding to EEO data form (respondents) | Subgroup as Percentage of Respondents at each level |   |   |                          |   |
|------------------------|----------------------|-----|-------|---|---|---|---|--------------------------|---|
|                        |                      |     |       |   | Aboriginal & Torres Strait Islander people          | People from racial, ethnic, ethno-religious minority groups | People whose language first spoken as a child was not English | People with a disability | People with a disability requiring adjustment at work |
| < \$27,606             | 0                    | 0%  | 0%    | 0%  | 0%  | 0%  | 0%  | 0%                       | 0%  |
| \$27,606 – \$36,257    | 1                    | 0%  | 100%  | 0%  | 0%  | 0%  | 0%  | 0%                       | 0%  |
| \$36,258 – \$40,535    | 1                    | 0%  | 100%  | 100%  | 0%  | 0%  | 0%  | 0%                       | 0%  |
| \$40,536 – \$51,293    | 2                    | 0%  | 100%  | 100%  | 0%  | 50%   | 50%   | 0%                       | 0%  |
| \$51,294 – \$66,332    | 5                    | 60% | 40%   | 80%   | 0%  | 0%  | 0%  | 25%                      | 0%  |
| \$66,333 – \$82,914    | 4                    | 50% | 50%   | 100%  | 0%  | 25%   | 25%   | 0%                       | 0%  |
| > \$82,914 (non SES)   | 9                    | 56% | 44%   | 78%   | 0%  | 29%   | 14%   | 0%                       | 0%  |
| > \$82,914 (SES)       | 1                    | 0%  | 100%  | 100%  | 0%  | 0%  | 0%  | 0%                       | 0%  |
| <b>Total*</b>          | 23                   | 43% | 57%   | 83%   | 0%  | 21%   | 16%   | 5%                       | 0%  |
| <i>Subgroup Totals</i> |                      | 10  | 13    | 19  | 0   | 4   | 3   | 1                        | 0   |

\*Excludes casual staff and agency temporary staff

Table B : Percentage of total staff by employment basis

| Level                  |                  | Total staff (number) | Men | Women | Staff responding to EEO data form (respondents) | Subgroup as Estimated Percentage of Total Staff in each Employment Category |   |   |   |
|------------------------|------------------|----------------------|-----|-------|---|---|---|---|---|
|                        |                  |                      |     |       |   | Aboriginal & Torres Strait Islander people                                  | People from racial, ethnic, ethno-religious minority groups | People whose language first spoken as a child was not English | People with a disability requiring adjustment at work |
| <b>Permanent</b>       | <i>Full-time</i> | 8                    | 50% | 50%   | 75%   | 0%  | 17%   | 17%   | 0%  |
|                        | <i>Part-time</i> | 0                    | 0%  | 0%    | 0%  | 0%  | 0%  | 0%  | 0%  |
| <b>Temporary</b>       | <i>Full-time</i> | 0                    | 0%  | 0%    | 0%  | 0%  | 0%  | 0%  | 0%  |
|                        | <i>Part-time</i> | 0                    | 0%  | 0%    | 0%  | 0%  | 0%  | 0%  | 0%  |
| <b>Contract</b>        | <i>SES</i>       | 1                    | 0%  | 100%  | 100%  | 0%  | 0%  | 0%  | 0%  |
|                        | <i>Non-SES</i>   | 14                   | 43% | 57%   | 86%   | 0%  | 25%   | 17%   | 0%  |
| <b>Casual</b>          |                  | 0                    | 0%  | 0%    | 0%  | 0%  | 0%  | 0%  | 0%  |
| <b>Total</b>           |                  | 23                   | 43% | 57%   | 83%   | 0%  | 21%   | 16%   | 5%  |
| <i>Subgroup Totals</i> |                  |                      | 10  | 13    | 19  | 0   | 4   | 3   | 1   |

## Payments to consultants during 2001-02

### Fees exceeding \$30,000

| Project                               | Consultant               | Total cost \$  |
|---------------------------------------|--------------------------|----------------|
| <b>Professional &amp; technical</b>   |                          |                |
| Legal services                        | Terence Ower             | 96,254         |
| Legal services                        | Oates & Smith Solicitors | 71,594         |
| Actuarial                             | William M. Mercer        | 61,998         |
| <b>Finance &amp; accounting</b>       |                          |                |
| Tax return preparation & lodgement    | PriceWaterhouseCoopers   | 47,410         |
| Other accounting & tax advice         | PriceWaterhouseCoopers   | 47,433         |
| <b>Investment</b>                     |                          |                |
| Investment consulting                 | InTech Fiduciaries Ltd   | 365,157        |
| <b>Total</b>                          |                          | <b>689,846</b> |
| <b>Fees less than \$30,000</b>        |                          | <b>289,952</b> |
| <b>Total fees paid to consultants</b> |                          | <b>979,798</b> |

## Risk management and insurance

The Trustee Corporation's Audit and Compliance Committee comprises members of the Board and its meetings are also attended by representatives of the NSW Audit Office and the scheme administrator, Pillar Administration.

The primary objective of the Audit and Compliance Committee is to assist the Trustee Corporation in fulfilling its responsibilities for:

- ▮ financial reporting practices,
- ▮ business ethics, policies and practices,
- ▮ accounting policies,
- ▮ legislative and contractual compliance, and
- ▮ management and internal controls.

The Audit and Compliance Committee oversees and appraises the audits conducted by the administrator's internal audit group and the external auditor and serves as an independent and objective party to review the financial information presented by management to members, regulators and the NSW Government. The Audit and Compliance Committee also reviews the adequacy and the administrative, operating and accounting controls of the Trustee Corporation and the administrator and monitors actions to correct any noted deficiencies.

For the period 1 July 2001 to 30 June 2002, insurance for the Trustee Corporation was continued with the Treasury Managed Fund, which covers all the NSW Government's insurable risks. The Treasury Managed Fund provides unlimited cover for the following classes of risk:

- ▮ workers' compensation,
- ▮ motor vehicle,
- ▮ property (full replacement, new for old, including consequential loss),
- ▮ public liability (including, but not limited to, professional indemnity, directors' and officers' liability), and
- ▮ miscellaneous.

## Freedom of Information

All enquiries and requests under the *Freedom of Information Act 1989* (the Act) for the period 1 July 2001 to 30 June 2002 were handled on behalf of the Trustee Corporation by the scheme administrator, Pillar Administration (Pillar). Statistical information for FOI requests is contained in Pillar's annual report.

In accordance with section 14(1)(a) of the Act, an up to date *Statement of Affairs* was published on 30 June 2002 and appears at Appendix 10A.

In accordance with section 14(1)(b) of the Act, a *Summary of Affairs* was published in the Gazette in December 2001 and June 2002 and appears at Appendix 10B.

The *Summary* and *Statement* are also available on the STC web site at [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)



## Statement of Affairs

### of the SAS Trustee Corporation pursuant to Section 14(1)(a) and (3) of the *Freedom of Information Act 1989* at 30 June 2002

Under the *Freedom of Information Act 1989* (NSW), each New South Wales Government department or agency is required to publish an annual *Statement of Affairs*. The Statement describes the structure and function of the agency and lists the categories of documents held by the agency. It also sets out how to obtain access to available documents held by the agency. The following information satisfies the legislative requirements of the Act.

#### Structure and functions

SAS Trustee Corporation (STC) is the trustee of the NSW public sector superannuation schemes listed below. The structure of the STC Board and its Executive and the principal functions of STC are set out in STC's *Annual Report*.

#### Effect of functions on members of the public

The functions of STC affect only those members of the public who are NSW public sector employees and who are members of at least one of the following STC superannuation schemes:

- State Superannuation Scheme
- State Authorities Superannuation Scheme
- State Authorities Non-contributory Superannuation Scheme
- Police Superannuation Scheme

#### Public participation in policy and exercise of functions

Public sector employees who are members of a superannuation scheme mentioned above can participate in the policy and exercise of functions of STC through their member representatives on the STC Board.

In keeping with the principles of good corporate governance, and because of the complexity of the statutory and regulatory environment in which STC operates, a number of board committees assist STC in the performance of its functions. These committees are identified in STC's *Annual Report*, together with details of their membership and purpose.

STC and its Executive also consult with the Premier's Department and Treasury in the formulation and development of scheme policy.

#### Policy documents held

The following documents are available for inspection for a fee of \$30:

- *Policy Register* for each of the STC schemes — these contain guidelines for implementing the rules contained in the scheme legislation,
- *STC Delegated Functions under scheme legislation* — these contain the functions of STC that have been delegated and the person or entity to whom delegated,
- *Codes of Conduct for the STC Board and its Executive* — these contain a description of the principles of conduct under which STC Board members and Executive staff must conduct themselves in the performance of their functions,
- *STC Disputes Register* — the Register lists the disputes that have been considered by the STC Disputes Committee,
- *Complaints and Queries Register* — the Register records the complaints and queries received and dealt with by STC, and
- *STC Privacy Management Plan* — the Plan outlines procedures STC has in place to ensure compliance with the *Privacy and Personal Information Protection Act 1998* (NSW).

## Statement of Affairs

### Arrangements and procedures for access to documents or amendment of member records

STC has outsourced the function of providing access to documents and amending member records to the scheme administrator.

Member records contain information about individual scheme members required for the administration of the superannuation schemes. The information relates to personal details, employment history, contributions and benefits paid to a member or other person for a member and general correspondence about the superannuation entitlements. Member records are held on computer and microfiche. Member information is held on behalf of STC by the scheme administrator.

A scheme member may contact the Freedom of Information Co-ordinator if they wish to correct any personal information about them held by the scheme administrator. As any such change may directly affect contributions or benefits payable under the scheme the scheme administrator may require proof of the amended information.

By law, applications must be processed within 21 days. This time limit may be extended in special circumstances, for example, if there is a need to consult a third party. If this is the case, the applicant will be advised in writing.

An application fee of \$30 will apply for inspection of documents and access to personal records. A 50% reduction may apply if the applicant can demonstrate financial hardship. The Freedom of Information Co-ordinator can advise the correct fee in any particular case. Amendment of records is done free of charge.

In addition to the application fee, an applicant seeking access to personal documents is given the first 20 hours processing time free. However, if the application is not for personal documents or if it exceeds the first 20 hours, an hourly charge of \$30 may apply. Again, a 50% reduction may apply in certain cases of hardship.

When processing an application, every effort will be made to minimise the cost to the applicant. Where appropriate, the applicant will be contacted to discuss options for limiting the cost of processing.

### Freedom of Information contact

Requests under the *Freedom of Information Act 1989* for inspection of policy documents held by STC and access to member records can be made to:

The Freedom of Information Co-ordinator  
SAS Trustee Corporation  
Level 18  
83 Clarence Street  
Sydney NSW 2000

Telephone: (02) 9238 5064  
Facsimile: (02) 9238 5379

Applications and inquiries can be made between 10.00 am and 4.00 pm Monday to Friday.

## Summary of Affairs

### of the SAS Trustee Corporation pursuant to Section 14(1)(b) & (3) of the *Freedom of Information Act 1989* at 30 June 2002

#### Section 1: Policy Documents

SAS Trustee Corporation (STC) is the trustee of the New South Wales public sector closed defined benefit superannuation schemes.

Policy documents in respect of STC that are available for inspection are:

- ▶ *State Superannuation Scheme policy register*
- ▶ *State Authorities Superannuation Scheme policy register*
- ▶ *State Authorities Non-contributory Superannuation Scheme policy register*
- ▶ *Police Superannuation Scheme policy register*
- ▶ *STC Delegated Functions under Scheme legislation*
- ▶ *STC Board Code of Conduct*
- ▶ *STC Executive Code of Conduct*
- ▶ *Disputes Register*
- ▶ *Complaints and Queries Register*
- ▶ *STC Privacy Management Plan*

#### Section 2: Statement of Affairs

The most recent *Statement of Affairs* for STC was published in June 2002. The Statement is available on the web site at [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au) and is also published in this *Annual Report* (see Appendix 10A). A copy of the *Statement of Affairs* can be obtained (free of charge) by contacting the Freedom of Information Co-ordinator.

#### Section 3: Freedom of Information Contact Point

Requests under the *Freedom of Information Act 1989* for inspection of policy documents held by STC and access to member records should be made to:

The Freedom of Information Co-ordinator  
 SAS Trustee Corporation  
 Level 18  
 83 Clarence Street  
 Sydney NSW 2000

Telephone: (02) 9238 5064  
 Facsimile: (02) 9238 5379

Applications and inquiries can be made between 10.00 am and 4.00 pm Monday to Friday.

## APPENDIX 11

# Overseas visits

No overseas visits were undertaken by officers or employees of the Trustee Corporation during the financial year 2001-02.

## APPENDIX 12

# Ethnic Affairs Priorities Statement

The Trustee Corporation's focus for addressing the cultural and linguistic diversity of members of the public is to target the beneficiaries of the Pooled Fund schemes. The *Ethnic Affairs Priorities Statement* developed for this purpose is implemented by the scheme administrator.

Strategies implemented by the scheme administrator include translation services and the annual information forwarded to members included the following statement in Arabic, Chinese, Spanish, and Vietnamese:

"For members who have difficulty with the English language, Customer Service can make arrangements for information to be translated."

# Disability Plan

The Trustee Corporation has developed a *Disability Plan* as part of a whole-of-government disability framework. The administrator of the Pooled Fund also has a *Disability Plan* which covers the Fund's members.

The Trustee Corporation ensures that clients with disabilities can access facilities and assets, including requiring the Fund's property manager to pursue building access for people with disabilities. The Trustee Corporation also ensures that people with disabilities are considered for employment and are given training and development opportunities to suit their needs.

The Trustee Corporation revised its *Disability Plan* in 2000 in conjunction with the NSW Ageing and Disability Department to update the Plan in line with current standards. The next review of the Plan is scheduled for December 2002.

# Codes of Conduct

The *Codes of Conduct and Ethics* for the Trustee Corporation and Executive staff (the Codes) are reviewed annually.

The Codes were reviewed in 2002 against policies and guidelines released by the NSW Government and various industry bodies.

A number of amendments to the Codes resulted from the review. The amendments enhanced the effectiveness of the Codes to further address conduct in relation to, for example, the exercise of the functions of the Board, factors to be given consideration by the Board in decision making, discrimination and harassment, privacy and the use of confidential information, and restrictions on receipt of gifts and benefits.

The Codes are available on the web site at [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)

## Action plan for women

The NSW Government has initiated an action plan for women focusing on:

- ▶ reducing violence against women,
- ▶ promoting equitable and safe workplaces for women,
- ▶ maximising interests of women in economic reforms,
- ▶ promoting the position of women in society,
- ▶ promoting access to and successful outcomes for women in education and training, and
- ▶ improving health and quality of life for women in NSW.

The Trustee Corporation recognises these considerations in its corporate planning and policy development.

Policies for the Fund recognise the importance of women in the workforce and the increasingly crucial role superannuation plays for women both during their working lives and in retirement.

Other parts of this *Annual Report* show the number of women and levels of representation on the Board and on the Executive staff. The figures reflect the high recognition by the Trustee Corporation to the valuable contributions that are made by women in the field of superannuation.

## Privacy and use of member information

As a NSW Government body, the Trustee must comply with relevant legislation, including the *Privacy and Personal Information Protection Act 1998* (the Privacy Act).

The Trustee Corporation has developed a *Privacy Management Plan* (Plan) and, with the assistance of the scheme administrator, has implemented the policies and procedures set out in the Plan.

The Plan details the action to be taken to ensure compliance with the requirements of the Privacy Act. The Plan is available both on request and on the State Super web site at [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)

## Waste Reduction and Purchasing Policy

STC, as needed, has developed and implemented a *Waste Reduction and Purchasing Policy Plan* in accordance with the *Waste Avoidance and Resource Recovery Act 2001*.

The Plan focuses on reducing the generation of waste, resource recovery and the use of recycled material. Significant savings have been made in the minimisation of waste paper products by such measures as double-siding monthly board and committee papers and press clippings being circulated electronically.

A survey of past annual report recipients was carried out and determined that one-third of all those surveyed would prefer to view the annual reports over the web rather than receive a paper copy in the mail. As a consequence, STC has significantly reduced the print run of this document.

The Trustee Corporation has had in place for some time a waste paper recycling scheme whereby all waste paper is sent for recycling. All staff are made aware of this scheme and fully participate in it. All printer and photocopier toner cartridges are also recycled ie, recycled cartridges are purchased and used cartridges are sent back for recycling.



# Publications produced

at 30 June 2002

## State Superannuation Scheme

### Fact sheet topics

1. Salary for superannuation purposes
2. Unit entitlement
3. Contributions
4. Part-time employment and part-time leave without pay
5. Basic benefit
6. Break in employment
7. Normal retirement benefit
8. Early voluntary retirement benefit
9. Invalidity retirement benefit
10. Death of a scheme member before retirement
11. Death of a scheme member after retirement
12. Child pensions
13. CPI adjustment of your pension
14. Commutation of pension to lump sum
15. Resignation (withdrawal) benefit
16. Retrenchment benefit
17. Optional deferred benefit
18. Taxation
19. Replaced by STC 7
20. Contributions and benefits up to age 70
21. Replaced by STC 4
22. Contributions arrears

## State Authorities Superannuation Scheme

### Fact sheet topics

1. Overview
2. Contributions
3. Benefit points systems
4. Optional additional benefit cover
5. Retirement benefit
6. Salary for superannuation purposes
7. Invalidity retirement benefit
8. Death benefit
9. Retrenchment benefit
10. Resignation (withdrawal) benefit
11. Basic Benefit
12. Taxation
13. Optional deferred benefit
14. Replaced by STC 7

## Police Superannuation Scheme

### Fact sheet topics

1. Overview
2. Contributions and superable salary
3. Benefits on normal retirement
4. Benefits on early voluntary retirement
5. Invalidity retirement (medical discharge)
6. Death benefits
7. Resignation/Dismissal benefit and voluntary benefit deferral
8. The Basic Benefit
9. Taxation
10. Complaints, disputes & Freedom of Information

## STC All schemes

### Fact sheet topics

1. Information about the Commonwealth Contributions Surcharge tax (in the STC Defined Benefit schemes)
2. Early release of superannuation benefits on grounds of severe financial hardship
3. What is salary sacrifice?
4. When can I be paid my superannuation benefits?
5. Retiring or resigning? What you need to know for payment of your benefit.
6. Early release of superannuation benefits on compassionate grounds
7. Complaints, disputes and appeals
8. Calculation of superable salary and employer contributions oncost for members of the Chief and Senior Executive Service (SES)
9. Freedom of Information and privacy statement

## Flyers

Superannuation contacts

Information about exit statement

## Other communications

Pooled Fund Annual Report Highlights

Annual Report

Super Views newsletter

Super Update newsletter

Privacy Plan

Privacy Statement

Summary of Affairs

Statement of Affairs

A guide to FSS for top-up members and spouse members

SASS Employer Easy Reference Guide

SSS Employer Easy Reference Guide

PSS Employer Easy Reference Guide

## Web site

[www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)

# Compliance index for disclosure requirements:

## 2001–2002

In accordance with the *Annual Reports (Statutory Bodies) Regulation 2000*, this index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

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|          | Annual report                       |                    |          |                                       |                    |
|          | production details                  | Inside back cover  | <b>I</b> | Insurance arrangements                | 107                |
|          | Audited financial statements        | 25, 41             |          |                                       |                    |
|          | Auditor-General's opinion           | 26, 42             | <b>L</b> | Land disposal                         | 77                 |
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# How to contact State Super



## SAS Trustee Corporation

Level 14, 83 Clarence Street, Sydney  
PO Box N259  
Grosvenor Place NSW 1220  
Telephone: (02) 9238 5906  
Facsimile: (02) 9238 5188  
[www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)



## Pillar Administration Corporation

Level 18  
83 Clarence Street  
Sydney NSW 2000  
Telephone: (02) 9238 5555

PO Box 1229  
South Coast Mail Centre NSW 2521

## Customer Service

8.30 am – 5.30 pm (Monday to Friday) for the cost of a local call (unless from a mobile or pay phone)

State Authorities Superannuation Scheme (SASS)  
1300 130 095

State Superannuation Scheme (SSS)  
1300 130 096

Police Superannuation Scheme (PSS)  
1300 130 097

Deferred Benefits  
1300 130 094

## Interview service

For an interview appointment in Sydney, call (02) 9238 5540.

You can also arrange interviews at:

Newcastle (telephone: 1800 807 855)  
Parramatta (telephone: 1800 626 000)  
Port Macquarie (telephone: 1800 676 839)  
Wollongong (telephone: 1800 060 166)

## Facsimile

(02) 4253 1688

## Document exchange

DX: 10152 Sydney Stock Exchange

## Internet

[www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)

## Email

[enquiries@stc.nsw.gov.au](mailto:enquiries@stc.nsw.gov.au)