



STATE SUPER
SAS Trustee Corporation

2006/07 ANNUAL REPORT



www.statesuper.nsw.gov.au

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This *STC Annual Report 2006–07* is on our website, www.statesuper.nsw.gov.au. The accounts of the Pooled Fund's Controlled Entities have been separately tabled in the NSW Parliament and may be obtained on request from the STC (see outside back cover for contact details).

Report to the Minister

October 2007

The Hon. Michael Costa, MLC
Treasurer, Minister for Infrastructure
and Minister for the Hunter
Level 31, Governor Macquarie Tower
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 2006 to 30 June 2007.

The annual report contains the report for the SAS Trustee Corporation, the SAS Trustee Corporation Division of the Government Service of NSW 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*, associated regulations and Treasurer's Directions.

We look forward to working with you during the coming year and wish to note our appreciation for the support and interest that you have shown in our activities.

Yours sincerely



Michael Cole
Chairperson
SAS Trustee Corporation



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

Part A – About the SAS Trustee Corporation

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Charter

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

It is trustee of the STC Schemes which are:

- 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).

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.

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.

Glossary:

Executive means the executive staff of the SAS Trustee Corporation.

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

STC means the SAS Trustee Corporation.

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

Chairperson's report

The 2007 financial year was a very active year in the two major areas of the fund, investments and member services.

Investments

Continued strong global economic growth and a subdued inflation outlook underpinned excellent global and domestic equity market performance resulting in the following declared returns for members:

Declared Returns for periods ending 30 June 2007

Strategy	1 year	3 years	5 years	10 years
STC Growth	14.9%	14.6%	10.9%	8.5%
STC Balanced	11.6%	11.5%		
STC Conservative Growth	8.9%	8.8%		
STC Cash	5.4%	5.1%		

For the Growth Strategy, where over 98% of the Pooled Fund's accounts are allocated, it has resulted in the fourth consecutive year of double digit returns. The cumulative impact of the strong recent investment returns has generated double digit returns for the last 5 years. The 10 year investment return for the Growth Strategy has comfortably exceeded its goal of CPI plus 4.5% pa. Across all strategies, STC's returns are competitive with comparable funds.

STC received a significant employer contribution of over \$7 billion in the year. This necessitated a detailed review of the Strategic Asset Allocation (SAA) and refinements were made to the risk/return profile with a greater allocation of new funds to Alternative assets. The SAA implementation and the Fund's high level of liquidity resulted in some drag on the Fund's investment returns in the year.

The large level of employer funding and the strong investment performance resulted in a significant improvement in the unfunded deficit. As at 30 June 2007, the unfunded liabilities are estimated to have declined to around \$9.84 billion.

Following an extended period of outstanding investment returns, it is timely to encourage SASS members who have a choice of investment strategy for the accumulation part of their benefit to seek professional advice so that their investment portfolio selection best meets their ever changing retirement needs.

Member Services

Services to members continue to be improved with a number of major initiatives undertaken during the year:

- In conjunction with the major stakeholders a comprehensive review of the administration of the PSS scheme was undertaken. This will result in a number of new procedures being introduced in the current year which will result in greater efficiency in PSS administration;
- Working with our service provider, Pillar Administration, procedures continue to be enhanced to provide a higher level of service to members. Major initiatives included the introduction of Salary Sacrifice options for SASS and SSS members as well as the implementation of the Commonwealth's Better Super regulations;
- A member survey conducted during the year reported a high level of member satisfaction, with 80% indicating that they were Satisfied or Very Satisfied with the information and communication material provided by STC.

Chairperson's report continued

My term as Chairperson will conclude shortly after nearly 8 years in the position. When added to my prior periods as an investment professional employee and Trustee it will total 20 years service to STC in its current and past incarnations. In all my roles it has been a rewarding experience both personally and professionally. In this regard there are a large number of past and present people to whom I owe a debt of gratitude.

As a graduate trainee, I learnt my Investment craft under Michael O'Riordan and was mentored by Warren Davis. As Trustee I gained a broader insight into the Trustee's responsibilities under the Presidency of Greg Bunbury. Finally as Chairman my job has been made immeasurably easier by the energetic efforts of a number of outstanding executives, namely, CEO's Lyn Gearing and her successor Don McLean and CIO's Rod Macleod and more recently Martin Drew.

Finally I would like to thank my fellow Trustees for the diligence and professional commitment over my term as Chair. Together with the efforts of the Executive we have endeavoured to manage the investment assets and member liabilities in the best interests of all stakeholders in a manner consistent with our fiduciary responsibility.



Michael Cole
Chairperson
September 2007

Board members' profiles

Michael Cole Chairperson, 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, 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 the New South Wales Treasury Corporation. Michael is the Chairman of Platinum Asset Management Limited and is also the Chairman of Ironbark Capital Limited and a Board Member of IMB Ltd.

Ian Blair (Employer Representative) is a Chartered Accountant and a Company Director, holding a Master of Management degree from Macquarie University. Before joining the Trustee Board, Ian completed a long career with accounting firm Deloitte Touche Tohmatsu, including a five year term as CEO of the firm. He is the Chairman of IOOF Holdings Ltd, and a Director of Capral Aluminium Ltd. He was formally a Director of the Sisters of Charity Health Service Ltd and Melbourne Business School Ltd. 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) is the full-time employee representative on the Trustee Board, a position he has held since 1 January 2002. Ron was previously a Valuation Manager with the State Valuation Office. 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 Unions NSW'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 the Chair of ASFA's NSW Division Executive Committee. He is also a Director of State Super Financial Services Australia Limited.

Anne De Salis (Employer Representative) is on the boards of the NSW TAFE Commission and the Superannuation Funds Management Corporation of South Australia, as well as acting as an advisor to the Vet Science Foundation of Sydney University. Anne has a diverse career spanning both the public and private sectors, which has included experience as a non-executive director since 1996. For more than 12 years, Anne worked in senior executive/director positions with AMP Limited and MBF Australia Limited. Prior to this, she enjoyed several years as Senior Adviser to the then Prime Minister, Rt Hon Paul Keating. She joined the Keating office from the Commonwealth Treasury, where she worked as an economic adviser in Canberra.

Rod Harty (Employee Representative) is an Advocate and Legal Advisory Officer for the Police Association of NSW and a consultant to the Police Federation of Australia. Rod also represents Police as a delegate to Unions NSW's Public Sector Employees' Superannuation Committee. Rod has post-graduate qualifications in Workplace Relations and Labor Law and has a broad public sector background in human resource management and business services.

Michael Lambert (Employer Representative) is an Executive Director in the Corporate Finance Department of the global investment bank, ABN AMRO. Previous to that, Michael was the Secretary of the New South Wales Treasury and held various other senior positions. He has extensive experience and expertise in financial analysis and advising governments and clients on financial and strategic issues. In addition, Michael is also a non-executive Director of Energy Australia, Queensland Racing, the Sax Institute, Racing Information Services Australia and Asylum Seekers Centre of NSW. Michael has a Bachelor of Economics (Honours) and Master of Economics from Sydney University.

Nick Lewocki (Employee Representative) is Secretary of the Rail, Tram and 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 Unions NSW for 6 years as an Industrial Officer responsible for a range of industries. Nick is a Director of the NSW Trades Hall Association, Australian Industrial Skills Futures Pty Ltd and the Transport and Logistic Centre Pty Ltd. As Secretary of the Union, he has overall responsibility for industrial agreements and their certification before the industrial tribunals which affect over 15,000 members.

Board members' profiles continued

Maree O'Halloran (Employee Representative) is the President of the NSW Teachers Federation and was appointed to the Trustee Board on 1 September 2002. Her union experience includes numerous roles in the Teachers Federation as well as being an Executive member of Unions NSW. Her teaching career spans city and country schools as well as TAFE and Corrective Services. She is admitted as a legal practitioner in NSW and has practised as a solicitor. She is currently a Board Member of the legal firm, MacMahon Associates and of Teachers Federation Health. She was previously a Board Member of the Blue Mountains Community Legal Centre. Maree is also a contributing author of an HSC Legal Studies textbook.

Paul Scully (Employer Representative) is a Director of Decision Horizons, a consulting enterprise through which he offers his services based on 30 years of experience in financial services and investment management. Paul is an actuary by training and was until July 2003 Chief Executive Officer for the Asia Pacific region of ING Investment Management and a member of its global board. Paul has held executive positions in life insurance and retail funds management. He now maintains a portfolio of non-executive directorships and consulting assignments.

Executive management team

Details of STC's senior management team as at 30 June 2007 are set out below:

Don McLean – Chief Executive Officer

Mr McLean's main focus is to ensure that the Trustee Board receives expert professional advice on which to make its decisions. He joined STC as Chief Executive Officer in January 2003. Before that, he worked in the financial services industry for over 30 years, both as a senior executive in major retail fund management organisations and in consulting roles.

Lyn Collingridge – General Counsel and Company Secretary

Ms Collingridge joined STC in October 1998. Having worked in the superannuation industry since 1989, she is a superannuation lawyer with extensive experience in both the public sector and private practice. She is responsible for providing the Trustee Board and the Executive with legal services and oversees the compliance and secretariat services.

Martin Drew – Chief Investment Officer

Mr Drew manages STC's investment advisory team that monitors all aspects of the investment management and performance of the Pooled Fund. This includes liaison with investment service providers, such as the asset consultant, investment managers and the custodian. Martin has a diverse career both in the public and private sectors spanning almost 10 years.

Karen Faulconbridge – Operations Manager

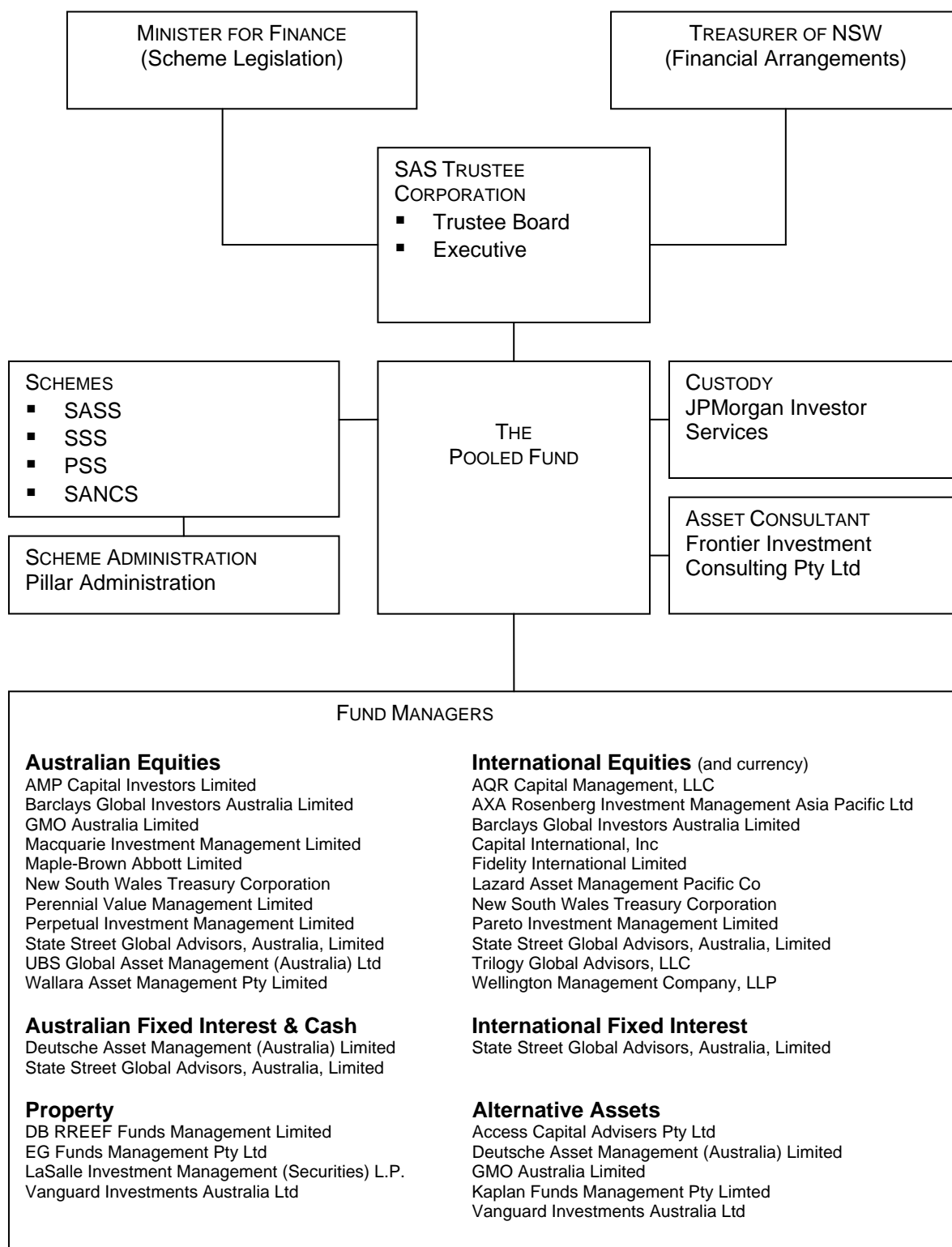
Ms Faulconbridge joined STC in March 2000 as Manager, Policy Advice. She took on the broader role of Operations Manager in July 2004 following a restructure of the Executive. Prior to her appointment to STC, she worked in the superannuation industry in the private and public sector for over 17 years. She is responsible for the management of operational areas, including administration and member communication.

Andrew Grice – Accounting and Administration Manager

Mr Grice is responsible for the accounting, actuarial and taxation functions within STC. He is a Chartered Accountant and has more than 10 years of superannuation work experience. Prior to joining STC, Andrew was an external auditor involved in the audit of several large entities, including superannuation funds.

Organisational structure

at 30 June 2007



Review of 2006-07 year

Scheme Membership

The STC schemes are all closed to new members and total membership numbers are declining as shown below:

Member Numbers

Scheme Category	As at 30 June 2003	As at 30 June 2007	% Movement in 4 years
Active Members			
- SSS	33,465	24,419	(27%)
- SASS	68,543	53,776	(22%)
- PSS	4,489	2,923	(35%)
Total Active	106,497	81,118	(24%)
Deferred Members			
- SSS	4,753	4,161	(12%)
- SASS	12,216	11,549	(5%)
- PSS	230	174	(24%)
Total Deferred	17,199	15,884	(8%)
Pensioners			
- SSS	35,378	41,151	16%
- SASS	5,615	4,381	(22%)
- PSS	4,877	5,880	21%
Total Pensioners	45,870	51,412	12%
TOTAL	169,566	148,414	(12%)

Over the last four years, active membership has fallen by around 25,000 (or 24%). Over the next four years, it is anticipated that active membership will continue to decline by about 6,000 per annum. On the other hand, pensioner numbers are increasing primarily as a result of members in SSS reaching retirement age and taking a pension. Pensioner numbers are projected to peak at around 58,000 in approximately 10 years.

Member Services

(a) Member Contacts

STC continues to provide a range of services to enable members to obtain information on the Schemes or their personal benefit entitlements. The trends in members' use of these services are set out below:

Member Usage of Services

Service	Number of users in year ending 30 June				
	2003	2004	2005	2006	2007
Telephone Calls	142,437	130,344	126,885	126,683	149,619
Personal Interviews	4,698	4,691	4,540	4,276	4,031
Seminar Attendance	N/A	5,377	4,745	5,429	6,732
Correspondence					
- postal	8,259	6,916	7,821	6,404	4,971
- email	5,215	7,647	9,744	10,418	8,400

The Commonwealth Government's "Better Super" changes have created interest in superannuation, both amongst members and in the media. In addition, the introduction of salary sacrifice for SASS and SSS members has generated significant additional telephone calls.

Interest in these superannuation issues is reflected by the 18% increase in telephone calls, which has occurred despite a 3% reduction in the total membership. Further, STC's pre-retirement seminar program has experienced a significant increase in attendances, especially in the last six months of the financial year.

Review of 2006-07 year continued

(b) SASS Member Investment Choice

Since December 2003, active and deferred SASS members have been able to choose from a range of four investment strategies for the accumulation part of their benefit. The table below illustrates the take up of these strategies:

SASS Member Account Balances at 30 June

Investment Strategy	2005 \$m	2006 \$m	2007 \$m
Growth (default)	4,679	5,373	6,062
Balanced	74	89	101
Conservative Growth	32	32	36
Cash	20	17	17
Total	4,805	5,511	6,216

To date a small minority of SASS members have switched out of the default strategy, with only 2.5% of available funds being switched to the new options.

However, investment returns from the growth oriented investment sectors have remained strong since the investment choices were introduced. In a lower return environment, a higher level of switching out of the default strategy may be expected.

(c) Commonwealth Co-contributions

In the 2005 financial year, the Commonwealth Government Co-contribution scheme was introduced. As members of the STC Schemes have paid contributions from their after tax income, eligible members of STC Schemes with taxable incomes of less than \$58,000 qualified for this Commonwealth payment in the 2006 financial year.

Overall, around 20% of contributing members have received a Co-contribution payment. In its 2007 Budget, the Commonwealth Government announced an additional Co-contribution payment in respect of the 2005-06 year. Additional payments of over \$10.5 million were received from the ATO and processed to members' accounts in June.

(d) SASS Salary Sacrifice

From April 2007, SASS members have been able to pay their compulsory member contributions from before tax rather than after tax income i.e., by salary sacrifice. The take up of this option has been quite strong with around 26% of member contributions received in June being paid by salary sacrifice.

(e) Financial Planning Advice

STC has an 80% shareholding in State Super Financial Services Australia Limited (SSFSAL), which provides financial planning advice to members of the STC Schemes and their relatives. During the year, STC has negotiated with SSFSAL the expansion of their call centre facility to provide an improved service to STC members in the future.

(f) Member Survey

Early in 2007, STC conducted a member survey to assess members' attitudes to a range of superannuation issues and to assess their level of satisfaction with the information and communication material provided to them. The response from members was particularly positive, with 80% of members surveyed indicating that they were Satisfied or Very Satisfied with member information and communication services.

Review of 2006-07 year continued

Administration

(a) Administration Services

STC's administration of member records is outsourced to Pillar Administration under a five year contract.

The Administration Agreement sets out a range of service levels for the provision of agreed services. Key service standards and the performance of the administrator for the period to June 2007 are summarised below:

Service	Standard	Year to 30 June 2007
Telephone Calls - answered within standard - calls abandoned	90% <3%	83.2% 4.0%
Correspondence - response within 15 days	95%	99.4%
Benefit Payments - lump sum payments within five days of receipt of all information - payment of pensions on due date	95% 100%	91.8% 100.0%
Member Record Adjustments - within 5 days	95%	97.7%
Contribution Processing - within 5 days	95%	99.6%

During the year, there was a substantial increase in member contacts, particularly in the telephone customer service centre. This increase reflected higher awareness of superannuation issues, as a result of the Better Super tax changes and Scheme initiatives introduced during the year. These higher volumes put pressure on existing resources and telephone centre results were below the standard for the year. However, there was no increase in complaints received from members on the service being provided. Further, it is anticipated that as the changes are implemented, call volumes will drop and services will return to being within standard.

During the 2006-07 financial year, major administration projects absorbed significant time and resources within both the STC Executive and the administrator, Pillar Administration. These were:

- *Commonwealth Government's "Better Super" taxation changes to superannuation:* In its May 2006 budget, the Commonwealth Government announced significant changes to the rules affecting the taxation of both superannuation contributions and benefits. While the objective was to simplify taxation from a member's perspective, in practice, it has resulted in wide ranging and expensive changes to the administrator's IT systems and procedures. This has especially been the case for defined benefit schemes, such as the STC Schemes, where some regulations were not finalised until the final quarter of the financial year.

Completion of system changes and procedures is expected to continue throughout the first half of the 2007-08 financial year;

- *SASS Salary Sacrifice:* In April 2007, SASS members became eligible to salary sacrifice their compulsory member contributions. In order to accommodate its introduction, systems were modified to not only record transactions correctly in the members' records but also to change and streamline the way that employers provide information to the administrator.

In June, approximately 26% of SASS member contributions were paid by salary sacrifice. This is an encouraging early take up by members;

Review of 2006-07 year continued

- *SSS Salary Sacrifice*: Legislation to permit SSS members to salary sacrifice their member contributions was passed in the NSW Parliament in late June. This enables SSS members to begin to salary sacrifice their SSS personal contributions as from 1 July or as soon as their employers are able to implement changes to their own systems and procedures.

Consequently, the administrator has had to develop IT systems for the new facility. This was achieved and the administrator was in a position to accept salary sacrifice contributions from 1 July.

These projects have all been major tasks and have been the key focus during the last year. Finalisation of "Better Super" and SSS Salary Sacrifice will continue into the new financial year. In addition, in the next six months, systems will be developed for PSS members to Salary Sacrifice.

STC has also undertaken a major review of the administration procedures for applications for invalidity benefits in the PSS. New forms and procedures were implemented as from 1 July 2007, with comprehensive documentation of the new processes being placed on the STC website.

(b) PSS Medical Expenses

From April 2007, the administration of medical expenses payable to PSS members and former members was outsourced to Allianz Insurance Australia Limited. STC has responsibility under the PSS legislation for administering these payments. Formerly, this function was undertaken by the NSW Police Force.

(c) Administration Expenses

STC administration expenses for the year reduced to \$32.9 million. However, this includes an accounting item relating to defined benefit superannuation which is required by the accounting standards. If this item is removed, expenses were \$33.6 million, compared to \$34.4 million in the 2006 financial year.

Investment Overview

(a) Economic Environment

The world economy continued to expand strongly, growing at 5.5%, compared to an average long term growth rate of 3.5%pa. Europe enjoyed accelerated economic activity led by Germany, which after some years of indifferent performance has emerged more efficient and competitive. Growth in Asia remained strong, led by the remarkable pace of growth in China. In contrast, the US economy slowed, especially in the housing sector, where falling house prices gave rise to problems in the sub-prime mortgage market.

The trends in the global economy have a major impact on Australia. The rise in resource prices has improved Australia's terms of trade to their highest levels since the 1950s. The A\$ started the year at US\$0.743, but strengthened through the year to hit an 18 year high of \$0.849, with similar strengthening against the Yen.

Australian Equities

The Australian Share Market again experienced very strong growth, with the S&P/ASX200 index producing a total return of 28.7%, which is the fourth year in a row that the return from Australian shares has exceeded 20%. The market performed strongly across all sectors, with the lowest performing sector being Energy with a 21.1% total return, while the highest returning sectors were Industrial (40.6%) and Telecommunication Services (40.1%).

International Equities

The strength in the world economy translated into solid earnings growth and strong share markets around the world. In the US, the S&P500 index rose by 18.5% during the year. As the Australian dollar strengthened during the year, the decision whether or not to hedge currency was significant. The return for the MSCI World Index on a hedged basis was 21.4%, compared to 7.8% on an unhedged basis.

Review of 2006-07 year continued

Property

Property also performed strongly during the year, with unlisted property returns of 28.3% and listed property securities achieving a 25.9% return.

Fixed Interest

With a fear of inflation and rising interest rates eroding returns, it was another poor year for fixed interest investments. Australian fixed interest (4.0%) and international fixed interest (5.2% on a hedged basis) both underperformed cash, which returned 6.4%.

(b) *Investment Returns*

The returns based on declared rates are set out below:

Declared Returns

Year End 30 June	Strategy			
	Growth	Balanced	Conservative Growth	Cash
2003	-1.7%	These strategies were introduced in December 2003. Consequently, there are no declared returns for the full year ended 30 June 2004 or earlier.		
2004	13.5%			
2005	13.0%	11.6%	9.3%	4.9%
2006	15.8%	11.4%	8.1%	4.9%
2007	14.9%	11.6%	8.9%	5.4%
Compound Returns for				
2 Years	15.4%	11.5%	8.5%	5.2%
3 Years	14.6%	11.5%	8.8%	5.1%
5 Years	10.9%	These strategies were introduced in December 2003. Consequently, there are no declared returns for the 5 or 10 year periods.		
10 Years	8.5%			

Note: The figures above are after allowance for tax and investment management expenses. Past returns are no guarantee of future returns.

These returns reflect the strong investment markets that have prevailed over the last four years.

(c) *Investment Objectives*

For each of the available investment strategies, the return objective is expressed as a margin above the rate of increase in the Consumer Price Index (CPI), as follows:

Investment Objectives

Strategy	Objective
Growth	To exceed CPI plus 4.5% over 10 year periods
Balanced	To exceed CPI plus 3.0% over 7 year periods
Conservative Growth	To exceed CPI plus 2.0% over 4 year periods
Cash	To exceed CPI plus 1.5% over 3 year periods

In each case, the measured return is the declared rate of return after tax and after investment management expenses.

The Balanced and Conservative Growth Strategies have only been in existence for 3½ years. Consequently, they are not yet able to be measured against their long term objectives over 7 and 4 years respectively.

Review of 2006-07 year continued

The table below shows the returns for the Growth and Cash Strategies relative to their long term investment objectives as well as the performance to date for the other two strategies.

Declared Returns for the period ending 30 June 2007 against Objectives

Strategy	Period	Declared Return % pa	Objective % pa
Growth	10 years	8.5%	7.2%
Cash	3 years	5.1%	4.3%
Balanced	3 years	11.5%	4.8%
Conservative Growth	3 years	8.8%	5.8%

The Growth and Cash Strategies have clearly exceeded their objectives, while the short term performance to date of the other strategies relative to their benchmarks has been particularly strong.

Over shorter time frames, up to three years, the investment returns are monitored against results achieved by comparable funds as reported in the Intech Super Survey. At 30 June 2007, the returns achieved on each strategy have been competitive with peers on this measure.

(d) Asset Allocation

The Strategic Asset Allocation is the percentage of Growth Assets and Defensive Assets for each investment strategy, as set out below:

Strategic Asset Allocation for Investment Strategies

Strategy	Growth Assets %	Defensive Assets %
Growth	74.5%	25.5%
Balanced	50.0%	50.0%
Conservative Growth	30.0%	70.0%
Cash	0.0%	100.0%

The above proportions allocated to each strategy remain within a margin of plus or minus 5% of the percentages shown.

However, the allocations that make up these broader categories may change. Asset allocations are reviewed formally at least once a year and are constantly monitored throughout the year. The actual allocation at the end of each of the last two financial years are shown in the table below:

Asset Sector Allocation at 30 June	Growth		Balanced		Conservative Growth		Cash	
	2006 %	2007 %	2006 %	2007 %	2006 %	2007 %	2006 %	2007 %
Australian Shares	37.5	33.2	25.1	24.3	13.1	13.3	0.0	0.0
International Shares	27.9	26.2	18.0	17.4	10.2	9.1	0.0	0.0
Property	8.8	10.1	7.4	6.8	7.5	7.0	0.0	0.0
Alternative Assets	4.5	7.6	0.0	3.9	0.0	2.3	0.0	0.0
Australian Fixed Interest	9.7	6.8	20.0	18.0	20.3	19.4	0.0	0.0
International Fixed Interest	6.7	6.4	20.0	17.8	20.3	19.4	0.0	0.0
Cash	4.9	9.7	9.5	11.8	28.6	29.5	100.0	100.0
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Review of 2006-07 year continued

(e) *Investment Expenses*

Investment Management expenses include fund management fees, custodial fees, asset consulting fees, performance fees and estimates of fees in unlisted units trusts, and the costs of managing the investment portfolio. These expenses are deducted from investment earnings before the declared rates are determined. The table below shows the level of investment expenses for the year ending 30 June 2007:

Strategy	Investment Expenses as % of Average Total Assets for year end 30 June 2007
Growth	0.31%
Balanced	0.22%
Conservative Growth	0.23%
Cash	0.15%

(f) *Asset Consultant*

The Trustee Board engages Frontier Investment Consulting Pty Ltd as its investment consultant advising on strategic asset allocation and fund manager selection.

(g) *Investment Managers*

All assets are managed by external fund managers who are appointed by the Trustee Board after receiving advice from the asset consultant. The performance of the various fund managers is monitored throughout the year and managers may be added or replaced.

Investment managers as at 30 June 2007 are set out on page 7 of this Report.

(h) *Custodian*

The Trustee Board engages JPMorgan Investor Services as custodian to hold Pooled Fund assets. The custodian values assets daily and monitors each fund manager's daily activity to ensure compliance with their investment mandate.

(i) *Large Investments*

During the year, there was no individual investment directly held by the Pooled Fund that exceeded 5% of the total investments. However, 5.9% of total investments were held in the Emerging Managers Trust, an unlisted unit trust managed by NSW Treasury Corporation which engages Australian equity managers.

(j) *Investment Policies*

Investment Reserves

The Trustee Board has determined that investment gains will not be placed in an investment reserve. Therefore, all available investment gains or losses, after providing for tax and investment expenses, are distributed to employers and members, based on a declared rate which is determined monthly.

When a member leaves their STC Scheme, a daily interim rate is applied, where appropriate.

Derivatives

Derivatives, including futures and options, can be used by fund managers. However, investment mandates clearly state that derivatives may only be used to facilitate efficient cash flow management or 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 2007, the managers made limited use of derivatives.

Review of 2006-07 year continued

Hedging

The Trustee Board's policy in regard to currency hedging is:

- International fixed interest: 100% hedged into Australian dollars.
- International equities: Specialist currency managers have been engaged to manage the currency exposure of international equities. The level of hedging could have varied during the year from 0% to 68% depending on the managers' position from time to time. From 1 July 2007, the level of hedging may vary from 0% up to 80%.
- Other international assets and securities: 100% hedged into Australian dollars.

Passive Rebalancing

The tradeable asset classes of the portfolio are passively rebalanced in a disciplined manner. Each day, after the portfolio is valued, the index manager, State Street Global Advisers, Australia, Limited - reviews the asset allocation for each strategy. If a sector has deviated outside a set range relative to the target allocation, the manager reallocates funds between sectors to return allocations within the agreed range. This rebalancing process may involve the use of futures or derivatives.

Staff

At 30 June 2007, STC employed 22 staff. Over the year, there was very low staff turnover.

STC continues its staff training program, which is aimed at ensuring that relevant staff maintain up to date knowledge on superannuation issues and maintain competency levels in line with ASIC's PS146 requirements.

During the year, STC staff were again offered the opportunity to have influenza prevention immunisations and 14 staff accepted.

STC's Objectives and Achievements for 2006-07

The objectives for the 2006-07 financial year are set out below along with a summary of actions taken in pursuing these objectives:

- *Achieve the long term return objectives of the Fund*

The return objective of the Pooled Fund Growth Strategy is to achieve a return, after tax and fees, which exceeds the increase in the Consumer Price Index plus 4.5% over ten year periods. For the ten year period ending 30 June 2007, the return achieved was 8.5% per annum which was comfortably in excess of the target of 7.2%.

During the year, STC implemented a number of investment initiatives, including:

- the introduction of exposure to global listed infrastructure;
- the introduction of managers focussed on the emerging markets;
- a small exposure to absolute return managers;
- an increase in the funds invested in mature infrastructure assets;
- development of a strategy to invest in unlisted global property, with the actual investment to take place over the next two years.

STC has continued to increase the diversification in the Pooled Fund, both in asset sectors and management styles, with the objective of improving the overall risk/return characteristics of the portfolios.

Review of 2006-07 year continued

- *Work with the Fund's Administrator to improve services to members.*

STC maintains a strong working relationship with its administrator, Pillar Administration. Over the past year, STC and the administrator have worked closely on the implementation of SASS Salary Sacrifice and on the development of systems to implement SSS Salary Sacrifice as from 1 July 2007.

In addition, a major task for the administrator has been the introduction of the Commonwealth Government's "Better Super" changes. STC and Pillar have worked closely on implementation issues.

Despite these significant changes and new member facilities, costs have been contained with total administration expenses for the year being lower than the previous year.

- *Communicate to members their benefit entitlements.*

STC offers members a range of sources of information on their entitlements and the Schemes' benefits. These include:

- annual statements;
- a website, providing both general information on the Schemes and secure access to a member's details;
- seminars targeted at members approaching retirement. These are run in both metropolitan and regional centres and have been very well attended;
- personal interviews;
- Fact Sheets on the Schemes' Rules. These are available on the website or alternatively from Customer Service;
- SuperViews, which is a quarterly newsletter distributed to employers and unions;
- information in selected union publications.

During the year, increased call volumes to the telephone call centre and increased attendances at STC's pre-retirement seminars reflected the greater interest in superannuation issues, not only among STC members but the community generally.

In early 2007, STC conducted a member survey, which reported high levels of satisfaction among members of the member communication services. 80% of members reported that they were "Satisfied" or "Very Satisfied" with member information and communication services.

- *Maintain strong working relationships with key stakeholders.*

STC continues to work with both Treasury and Department of Premier and Cabinet on key superannuation issues, including the implementation of SASS Salary Sacrifice and SSS Salary Sacrifice, as well as other legislative changes.

STC also maintains close working relationships with its key service providers, notably its administrator (Pillar Administration), its custodian (JPMorgan Investor Services) and the Scheme Actuary (Mercer Human Resource Consulting).

- *Ensure that the Trustee Board and Executive operate in accordance with best practice governance principles.*

While the STC Schemes are "exempt" funds regulated by NSW State legislation and not directly by Commonwealth superannuation and corporation's legislation, STC endeavours to comply, where appropriate, with Commonwealth legislation. Consequently, developments in superannuation fund governance are monitored and incorporated, as appropriate, into STC's governance and compliance procedures.

STC carries out regular reviews of its various policies and plans. During the year, documents that were updated included Risk Management Plan and Strategy and Occupational Health and Safety Plan.

Over the last two years, STC has undertaken a major review of the processes and procedures relating to claims for invalidity benefits in PSS. New forms and procedures were introduced from July 2007.

Corporate Governance

Compliance Framework

STC's formal compliance framework has been in operation since late 2005 and the Plans and Policies are documented. The Trustee Board receives ongoing reporting and actively participates in the monitoring process to ensure the adequacy of the Plans and Policies.

All the Plans and Policies are reviewed on a two year rolling basis or sooner if required as a result of legislative change.

STC's compliance requirements include:

- Policies and Plans that are required by NSW legislation for public sector agencies to develop and maintain;
- Plans and Statements that comply with APRA and ASIC requirements for regulated and licensed superannuation funds, the spirit of which STC attempts to conform with APRA and ASIC practices to ensure best practice;
- A comprehensive compliance checklist that identifies all STC's legislative (both Commonwealth and NSW) and contractual obligations is completed quarterly and annually and the results are reported to the Trustee Board;
- Formal annual verification from STC's outsourced service providers that they have complied with their contractual and legislative obligations during the year in relation to their services to STC;
- Periodic audits of a number of STC's Plans and Policies to ensure compliance with best practice measures.

During the year, the Trustee undertook the following compliance reviews:

- Audit of STC's Risk Management documentation to ensure compliance with the requirements of Section 113(3)(c) of the *Superannuation Industry Supervision (SIS) Act 1993*;
- Audit of STC's premises for compliance with the Occupational Health and Safety Policy; and
- Review of STC's Business Continuity Plan and Disaster Recovery Plan to ensure compliance with industry best practice.

Prudential Governance

STC Schemes are exempt public sector superannuation schemes under the Commonwealth *Superannuation Industry (Supervision) Act 1993* (SIS). The SIS legislation treats exempt public sector superannuation schemes as complying funds for concessional taxation and superannuation guarantee purposes.

In May 1996 the NSW Premier and the Commonwealth Treasurer signed a Heads of Government Agreement under which the New South Wales Government undertakes to ensure that STC Schemes conform with the principles of the Commonwealth Government's Retirement Incomes Policy relating to preservation, vesting, reporting to members, and adequate protection of members' benefits.

The *Superannuation Administration Act 1996* enables the New South Wales Government to prudentially monitor and audit the STC Schemes and Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Retirement Incomes Policy.

Corporate Governance continued

Investment Governance

The Trustee Board has formally adopted a Proxy Voting Policy in relation to its Australian shareholdings. This policy acknowledges that, in view of the limitation of STC's investment powers contained in the *Superannuation Administration Act 1996*, STC must delegate the voting function to its active Australian equities managers. Under the policy, managers are required to:

- vote on all resolutions at all meetings;
- lodge a copy of their voting policy with STC at least annually;
- report quarterly to STC on how they voted;
- where required, explain the reasons for the way they voted; and
- consult with STC when a potentially sensitive or controversial issue arises.

Legislative and policy review

2007 NSW Legislative Amendments

SSS and PSS Salary Sacrifice

The *Superannuation Legislation Amendment Act 2007* included amendments to the SSS legislation to enable members to pay their compulsory personal contributions as salary sacrifice contributions, effective 1 July 2007.

All SSS members were sent an information kit by mail explaining how SSS salary sacrifice works and the effects of the new Concessional Contributions Cap.

The *Police Superannuation Legislation Amendment Act 2007* also included provisions for members to be able to salary sacrifice their compulsory personal contributions to PSS. This option will be introduced for PSS members in 2008.

All PSS members will be mailed an information kit shortly explaining how salary sacrifice works and the effects of the new Concessional Contributions Cap.

Other changes were made to the relevant scheme Acts to effect the following:

PSS

- STC will only provide a certificate of incapacity where a police officer or former police officer is incapable, on medical grounds, of exercising the functions of a police officer referred to in section 14(1) of the *Police Act 1990*. The functions referred to in that section are those conferred or imposed on a constable by or under any law, including the common law, of the State.
- members' medical expenses in connection with hurt on duty injuries may be paid by an entity other than STC and from sources other than the Pooled Fund.

SASS, SSS & PSS

- enable senior executive service members to transfer their accrued scheme benefit to a complying superannuation fund without leaving employment.

The *Superannuation Administration Act 1996* was also amended to permit STC, with the written approval of the Minister, to:

- Indemnify an Officer of STC (Trustee Board Members and CEO) against any liability incurred as a consequence of holding or having held office as an Officer; or
- Enter into an indemnity agreement with an Officer.

5 years at a glance — to 30 June

	2003	2004	2005	2006	2007
Member statistics					
Active Members — SASS	68,543	64,968	60,776	57,168	53,776
Active Members — SSS	33,465	31,151	28,593	26,614	24,419
Active Members — PSS	4,489	4,143	3,706	3,280	2,923
Total active members	106,497	100,262	93,075	87,062	81,118
Pensioners — SASS	5,615	5,312	5,012	4,569	4,381
Pensioners — SSS	35,378	36,872	38,548	39,795	41,151
Pensioners — PSS	4,877	5,096	5,377	5,697	5,880
Total pensioners	45,870	47,280	48,937	50,061	51,412
Deferred Benefits — SASS	12,216	12,080	11,843	11,809	11,549
Deferred Benefits — SSS	4,753	4,638	4,539	4,347	4,161
Deferred Benefits — PSS	230	202	192	179	174
Total deferred benefits	17,199	16,920	16,574	16,335	15,884
Gender ratios – active members					
Females — SASS	53%	52%	53%	52%	52%
Males — SASS	47%	48%	47%	48%	48%
Females — SSS	32%	33%	33%	33%	33%
Males — SSS	68%	67%	67%	67%	67%
Females — PSS	11%	11%	11%	11%	11%
Males — PSS	89%	89%	89%	89%	89%
Contributions — \$M					
Employer contributions	316	326	332	274	262
Employee contributions	464	474	494	507	516
Crown Contribution	-	-	-	-	7,176
Total contributions	780	800	826	781	7,954
Benefits Paid — \$M	2,071	2,038	2,398	2,458	2,759
Net Contributions — \$M	-1,291	-1,238	-1,572	-1,677	5,195
Investment Revenue — \$M	-523	3,251	3,354	4,372	4,941
Assets/Liabilities — \$M					
Accrued Benefits — SASS	8,903	9,824	10,566	11,600	12,705
Net assets to pay benefits	5,278	5,779	6,105	8,590	9,282
Over/under funding	-3,625	-4,045	-4,461	-3,010	-3,423
Accrued Benefits — SSS	23,661	24,888	26,203	26,143	27,384
Net assets to pay benefits	15,431	16,866	18,409	17,881	24,031
Over/under funding	-8,230	-8,022	-7,794	-8,262	-3,353
Accrued Benefits — PSS	4,318	4,761	5,065	5,673	5,807
Net assets to pay benefits	1,126	1,096	1,020	963	4,107
Over/under funding	-3,192	-3,665	-4,045	-4,710	-1,700
Accrued Benefits — SANCS	1,888	2,097	2,231	2,354	2,531
Net assets to pay benefits	471	474	366	1,144	1,168
Over/under funding	-1,417	-1,623	-1,865	-1,210	-1,363
Total Accrued Benefits \$M	38,770	41,570	44,065	45,770	48,427
Total Net assets to pay benefits	22,306	24,215	25,900	28,578	38,588
Total Over/under funding	-16,464	-17,355	-18,165	-17,192	-9,839
Total Investments — \$M	22,092	24,231	25,980	28,699	38,938
Net Returns – 1 year	-1.7%	13.5%	13.0%	15.8%	14.9%

PART B

**Financial Statements
of the
SAS Trustee Corporation**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation and controlled entities

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the SAS Trustee Corporation (STC) and the STC and controlled entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated entity comprises the STC and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the STC and the consolidated entity as of 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Board's Responsibility for the Financial Report

The Board of the STC is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the STC's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of the STC, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the STC or Consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat
Auditor-General

26 September 2007
SYDNEY

SAS TRUSTEE CORPORATION

ABN 29 239 066 746

Statement by Members of the Trustee Board
for the year ended 30 June 2007

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 financial position of the SAS Trustee Corporation at 30 June 2007 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 2005* 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 26th day of September 2007.



Michael Cole
Chairperson
SAS Trustee Corporation



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

SAS TRUSTEE CORPORATION

Income Statement

for the year ended 30 June 2007

	NOTE	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Revenue from Continuing Operations	2	33,595	34,025	32,939	34,025
Expenses from Continuing Operations	2	(33,595)	(34,025)	(32,939)	(34,025)
Result for the year		-	-	-	-

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

SAS TRUSTEE CORPORATION

Balance Sheet
as at 30 June 2007

	NOTE	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Current Assets					
Cash and cash equivalents	9(a)	1,586	2,213	1,586	2,213
Receivables	3	3,039	4,880	2,760	4,772
Other Current Assets		43	22	43	22
Total Current Assets		4,668	7,115	4,389	7,007
Total Assets					
		4,668	7,115	4,389	7,007
Current Liabilities					
Payables	4	3,849	5,408	4,389	7,007
Provisions	5	672	1,403	-	-
Total Current Liabilities		4,521	6,811	4,389	7,007
Non-Current Liabilities					
Provisions	5	147	304	-	-
Total Non-current Liabilities		147	304	-	-
Total Liabilities					
		4,668	7,115	4,389	7,007
Net Assets					
		-	-	-	-
Total Equity					
		-	-	-	-

The accompanying notes form an integral part of the above Balance Sheet.

SAS TRUSTEE CORPORATION

Cash Flow Statement

for the year ended 30 June 2007

	NOTE	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Cash Flows from Operating Activities					
Receipts from Associated Schemes		35,359	30,951	34,702	30,951
Interest Received		198	198	198	198
Payments to Suppliers and Employees		(36,184)	(32,517)	(35,527)	(32,517)
Net Operating Cash Flows	9(b)	(627)	(1,368)	(627)	(1,368)
Net Increase/(Decrease) in Cash & Cash Equivalents					
		(627)	(1,368)	(627)	(1,368)
Cash & Cash Equivalents at the Beginning of the Financial Year		2,213	3,581	2,213	3,581
Cash & Cash Equivalents at the End of the Financial Year	9(a)	1,586	2,213	1,586	2,213

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

SAS TRUSTEE CORPORATION

Statement of Recognised Income and Expense for the year ended 30 June 2007

	NOTE	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Net Income recognised directly in equity		-	-	-	-
Result for Year	2	-	-	-	-
Total recognised income and expense		-	-	-	-
Effect of change in accounting policies		-	-	-	-

The accompanying notes form an integral part of the above Statement of Recognised Income and Expense.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

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 economically dependent on the Pooled Fund.

STC is, for the purpose of any Acts, a statutory body. It is domiciled in NSW Australia. Its registered address is Level 17, 83 Clarence Street, Sydney, NSW, 2000.

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.

Custodial activities for the Pooled Fund are performed by JPMorgan Investor Services.

The Pooled Fund is a separate reporting entity for accounting and taxation purposes.

The SAS Trustee Corporation is the parent entity of an Economic Entity comprising –

- SAS Trustee Corporation (referred to as the “Statutory Corporation” in the above statements) and,
- SAS Trustee Corporation Division of the Government Service of NSW. The principles of consolidation of these entities is described at note 1(b) below.

(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 2005*
- the Treasurer’s Directions
- applicable Australian Accounting Standards and other professional reporting requirements including Australian Accounting Interpretations.

The financial statements comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). Both the Economic Entity and the Parent Entity are not-for-profit entities and A-IFRS have been applied as applicable to not-for-profit entities.

The financial statements have been prepared on an historical cost basis using the accrual method of accounting and do not reflect the 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.

All amounts are expressed in Australian dollars.

The financial statements were authorised for issue by the Trustee Board on 26 September 2007.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

The consolidated financial report incorporates the assets and liabilities of STC (the "Statutory Corporation") and its controlled entity as at 30 June 2007 and the results of the Statutory Corporation and the controlled entity for the year then ended. The Statutory Corporation and its controlled entity is referred to in this financial report as the "Economic Entity". The effects of all transactions within the Economic Entity are eliminated in full. There are no outside equity interests.

As the controlled entity was created and control commenced during 2005-06, its results are included in the consolidated Income Statement, Balance Sheet, Cash Flow Statement and Statement of Recognised Income & Expense from the date of creation (17 March 2006).

The accounting policies adopted in preparing the financial reports are consistently applied by the Statutory Corporation, the Economic Entity and the controlled entity.

The controlled entity also prepares a separate financial report. This financial report is audited by the Auditor-General of NSW.

(c) Administration Expenses and Revenue

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

Under the terms of the Act, the Statutory Corporation must recover the costs it incurs from the Pooled Fund. Consequently it recognises an amount equal to the costs incurred at the time the services are delivered.

Lease expenses are recognised on a straight line basis over the lease term, including incentives and contingent rentals.

(d) Employee Benefits

Wages, salaries and annual leave

The provision for employee benefits relating to wages, salaries and annual leave represents the amount which the Economic Entity has a present obligation to pay resulting from employees' services provided up to the balance date. These provisions are expected to be settled within 12 months and are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. Such measurement provides a reliable estimate of the liability.

Long service leave

The liability for employee benefits relating to long service leave is measured at their discounted value using the risk free rate mandated by NSW Treasury. Such measurement provides a reliable estimate of the liability.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES

(d) Employee Benefits (Continued)

Superannuation

Any unfunded superannuation liability is recognised as a liability in the Balance Sheet and amounts representing pre-paid superannuation contributions are recognised as an asset. The Economic Entity is meeting in full the total superannuation liabilities for its employees. The contributions made to superannuation funds are charged against the operating result. Any actuarial gains and losses are recognised immediately in the result in the year in which the gain or loss occurs.

(e) Roundings

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

(f) 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 the Statutory Corporation are transacted through the Statutory Corporation's 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.

All transactions of the SAS Trustee Corporation Division of the Government Service of NSW are conducted through Statutory Corporation's bank account.

(g) Financial Instruments

Financial Instruments give rise to positions that are financial assets or liabilities. These include Cash at Bank, Receivables and Payables. All classes of instruments are initially recorded at cost and are subsequently carried at amortised cost. Such measurement provides a reliable estimate of liability. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

(h) Accounting standards issued but not yet effective

The following accounting standards issued but not yet effective have not been applied –

- AASB 7 – *Financial Instruments Disclosures* (potentially more substantial risk related disclosures relating to credit, liquidity and market risk). AASB 7 will be implemented for the year ending 30 June 2008 and will include comparative information for the year ended 30 June 2007.
- AASB 101 – *Presentation of Financial Statements* as issued in October 2006 will be implemented for the year ended 30 June 2008.

(i) Comparative Figures

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

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

2. RESULT

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
--	--	--------------------------------------	--	--

The result includes the following items of revenue and expense:

Management Fees	33,254	33,681	32,598	33,681
Other Income	341	344	341	344
Total Revenue	33,595	34,025	32,939	34,025

Trustee Expenses

Board Member Fees	577	566	577	566
Other Administration Expenses	47	24	47	24
Total Trustee Expenses	624	590	624	590

Executive Expenses

Employee Related Expenses	2,103	1,771	-	1,132
Superannuation	(355)	(331)	-	(238)
Personnel Services Expenses	-	-	1,270	546
Accommodation	265	276	265	276
Other Administration Expenses	488	276	310	276
Total Executive Expenses	2,501	1,992	1,845	1,992

Fund Expenses

Fees for Services	2,328	2,617	2,328	2,617
Other Administration Expenses	488	310	488	310
Pillar Administration Fees	27,654	28,516	27,654	28,516
Total Fund Expenses	30,470	31,443	30,470	31,443

Total Administration Expenses	33,595	34,025	32,939	34,025
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Contained within Administration Expenses are fees paid to consultants of \$363,112 (2006: \$426,448) and audit fees of \$13,200 for the Statutory Corporation and \$3,300 for the SAS Trustee Corporation Division of the Government Service of NSW (2006 \$12,815 and \$3,300).

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

2. RESULT (Continued)

Lease payments made during the year comprised –

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Minimum lease payments	232	246	232	246
Contingent rentals	-	-	-	-
	232	246	232	246

The Statutory Corporation uses operating leases to provide its office space, certain office equipment and a motor vehicle. Contingent rentals and the existence of renewal options are applicable only to office space. Contingent rentals have been included to the extent the amounts are calculable.

3. RECEIVABLES

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Current				
Amounts Receivable – Pooled Fund	2,341	4,244	2,341	4,244
Other Receivables	420	528	419	528
Superannuation (refer Note 7)	278	108	-	-
	3,039	4,880	2,760	4,772

4. PAYABLES

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Current				
Amount Payable – Pillar (Administration Fees)	2,302	2,503	2,302	2,503
Other Payables	1,547	2,905	1,546	2,905
Amounts Payable – SAS Trustee Corporation Division of the Government Service of NSW	-	-	541	1,599
	3,849	5,408	4,389	7,007

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

5. PROVISIONS

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Current				
Employee Benefits	672	784	-	-
Superannuation (refer Note 7)	-	619	-	-
	672	1,403	-	-
Non-current				
Employee Benefits	147	304	-	-
	147	304	-	-

6. EXECUTIVES' REMUNERATION

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Income received or due and receivable by executive officers of Statutory Corporation whose income is \$100,000 or more	1,703	1,645	-	732
The number of executive officers whose income is \$100,000 or more are shown below in their relevant income bands:				
	Economic Entity 2007 Number	Economic Entity 2006 Number	Statutory Corporation 2007 Number	Statutory Corporation 2006 Number
Remuneration (including superannuation contributions) of:				
\$110,000 - \$119,999	-	1	-	1
\$120,000 - \$129,999	1	3	-	2
\$130,000 - \$139,999	-	1	-	-
\$140,000 - \$149,999	2	-	-	-
\$150,000 - \$159,999	-	1	-	-
\$160,000 - \$169,999	1	1	-	-
\$170,000 - \$179,999	-	-	-	1
\$180,000 - \$189,999	2	1	-	-
\$190,000 - \$199,999	-	-	-	1
\$210,000 - \$219,999	1	-	-	-
\$240,000 - \$249,999	1	1	-	-
\$250,000 - \$259,999	-	1	-	-
\$270,000 - \$279,999	1	-	-	-
	9	10	-	5

The 2006 Statutory Corporation remuneration is for the period prior to the transfer of staff to SAS Trustee Corporation Division of Government Service of NSW – 1 July 2005 to 17 March 2006.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION

The Economic Entity participates in the following closed defined benefit superannuation schemes for some of its staff –

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

The following information has been prepared by the scheme actuary.

From 1 July 2005 to 17 March 2006 the superannuation liability rested with the Statutory Corporation. On 17 March 2006 it was transferred to the SAS Trustee Corporation Division of the Government Service of NSW. The transfer amount was actuarially determined.

Reconciliation of the present value of the defined benefit obligation:

Economic Entity

As at 30 June 2007	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	720	231	5,077
Current service cost	30	13	18
Interest cost	41	13	294
Contributions by fund participants	15	-	46
Actuarial (gains)/losses	44	46	(855)
Benefits paid	(32)	(55)	386
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	818	248	4,966

Statutory Corporation

As at 30 June 2007	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	-	-	-
Current service cost	-	-	-
Interest cost	-	-	-
Contributions by fund participants	-	-	-
Actuarial (gains)/losses	-	-	-
Benefits paid	-	-	-
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the present value of the defined benefit obligation (Continued):

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	648	265	4,735
Current service cost	31	15	58
Interest cost	38	13	263
Contributions by fund participants	15	-	59
Actuarial (gains)/losses	5	(6)	(46)
Benefits paid	(17)	(56)	8
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	720	231	5,077

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	648	265	4,735
Current service cost	22	11	41
Interest cost	27	9	187
Contributions by fund participants	11	-	42
Actuarial (gains)/losses	3	(4)	(33)
Benefits paid	(12)	(40)	6
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Transfer out on 17 March 2006	(699)	(241)	(4,978)
<i>Present value of partly funded defined benefit obligation at end of year</i>	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets:

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	801	258	4,458
Expected return on fund assets	59	19	335
Actuarial gains/(losses)	85	19	650
Employer contributions	31	14	84
Contributions by fund participants	15	-	46
Benefits paid	(32)	(54)	385
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	959	256	5,958

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	-	-	-
Expected return on fund assets	-	-	-
Actuarial gains/(losses)	-	-	-
Employer contributions	-	-	-
Contributions by fund participants	-	-	-
Benefits paid	-	-	-
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	-	-	-

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	639	264	3,762
Expected return on fund assets	48	19	282
Actuarial gains/(losses)	75	18	266
Employer contributions	41	13	81
Contributions by fund participants	15	-	59
Benefits paid	(17)	(56)	8
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	801	258	4,458

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets (Continued):

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	639	264	3,762
Expected return on fund assets	34	14	200
Actuarial gains/(losses)	53	13	189
Employer contributions	29	9	57
Contributions by fund participants	11	-	42
Benefits paid	(12)	(40)	6
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
Transfer out on 17 March 2006	(754)	(260)	(4,256)
<i>Fair value of fund assets at end of the year</i>	-	-	-

Reconciliation of the assets and liabilities recognised in the Balance Sheet.

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	818	248	4,966
Fair value of fund assets at end of the year	(959)	(256)	(5,958)
	(141)	(8)	(992)
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	107	6	750
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	(34)	(2)	(242)

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the assets and liabilities recognised in the Balance Sheet (Continued):

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	-	-	-
Fair value of fund assets at end of the year	-	-	-
	-	-	-
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	-	-	-

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	720	231	5,077
Fair value of fund assets at end of the year	(801)	(258)	(4,458)
	(81)	(27)	619
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	(81)	(27)	619

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	-	-	-
Fair value of fund assets at end of the year	-	-	-
	-	-	-
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2007

7.SUPERANNUATION (Continued)

Components recognised in Income Statement:

Economic Entity	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2007			
Current Service Cost	30	13	18
Interest cost	40	13	293
Expected return on fund assets (net of expenses)	(59)	(19)	(334)
Actuarial losses/(gains) recognised in year	(41)	27	(1,504)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	107	6	750
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	77	40	(777)
Statutory Corporation			
As at 30 June 2007			
	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Current Service Cost	-	-	-
Interest cost	-	-	-
Expected return on fund assets (net of expenses)	-	-	-
Actuarial losses/(gains) recognised in year	-	-	-
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Components recognised in Income Statement (Continued):

Economic Entity	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2006			
Current Service Cost	31	15	58
Interest cost	38	13	263
Expected return on fund assets (net of expenses)	(48)	(19)	(281)
Actuarial losses/(gains) recognised in year	(69)	(23)	(312)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	(48)	(14)	(272)

Statutory Corporation

	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2006			
Current Service Cost	22	10	41
Interest cost	27	9	187
Expected return on fund assets (net of expenses)	(34)	(13)	(200)
Actuarial losses/(gains) recognised in year	(49)	(16)	(221)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	(34)	(10)	(193)

Amounts recognised in the Statement of Recognised Income and Expense:

Economic Entity	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2007			
Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

Statutory Corporation

	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2007			
Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Amounts recognised in the Statement of Recognised Income and Expense (Continued):

Economic Entity	SASS	SANCS	SSS
	\$'000	\$'000	\$'000

As at 30 June 2006

Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

Statutory Corporation

As at 30 June 2006

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000

Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

Cumulative amount recognised in the Statement of Recognised Income and Expense:

Economic Entity	SASS	SANCS	SSS
	\$'000	\$'000	\$'000

As at 30 June 2007	-	-	-
As at 30 June 2006	-	-	-

Statutory Corporation

As at 30 June 2007	-	-	-
As at 30 June 2006	-	-	-

The percentage of fund assets invested in each asset class at the balance sheet date:

Economic Entity and Statutory Corporation	2007	2006
Australian equities	34%	37%
Overseas equities	26%	27%
Australian fixed interest securities	7%	10%
Overseas fixed interest securities	6%	7%
Property	10%	9%
Cash	10%	5%
Other	7%	4%

Expected rate of return on assets:

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment taxes and investment fees.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Actual return on fund assets:

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	116	38	655

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	-	-	-

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	101	37	608

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	72	26	432

Valuation method and principal actuarial assumptions at the balance sheet date:

(a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(b) Economic Assumptions

	2007	2006
Salary increase rate (2008:3.5% thereafter)	4.0%	4.0%
Rate of CPI increase	2.5%	2.5%
Expected rate of return on assets backing current pension liabilities	7.6%	7.6%
Expected rate of return on assets backing other liabilities	7.6%	7.6%
Discount rate	6.4%	5.9%

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Valuation method and principal actuarial assumptions at the balance sheet date (Continued):

(c) Demographic Assumptions

Demographic assumptions reflect those adopted by the scheme actuary in its triennial review of the schemes.

Historical Information:

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	818	248	4,966
Fair value of fund assets	(959)	(256)	(5,958)
(Surplus)/Deficit in fund	(141)	(8)	(992)
Experience adjustments – fund liabilities	44	46	(854)
Experience adjustments – fund assets	(85)	(19)	(650)

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	-	-	-
Fair value of fund assets	-	-	-
(Surplus)/Deficit in fund	-	-	-
Experience adjustments – fund liabilities	-	-	-
Experience adjustments – fund assets	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Historical Information (Continued):

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	720	231	5,077
Fair value of fund assets	(801)	(258)	(4,458)
(Surplus)/Deficit in fund	(81)	(27)	619
Experience adjustments – fund liabilities	5	(5)	(46)
Experience adjustments – fund assets	(74)	(18)	(266)

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	-	-	-
Fair value of fund assets	-	-	-
(Surplus)/Deficit in fund	-	-	-
Experience adjustments – fund liabilities	4	(4)	(33)
Experience adjustments – fund assets	(53)	(12)	(189)

Economic Entity

As at 30 June 2005	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	426	265	3,700
Fair value of fund assets	(417)	(264)	(2,727)
(Surplus)/Deficit in fund	9	1	973

Statutory Corporation

As at 30 June 2005	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	426	265	3,700
Fair value of fund assets	(417)	(264)	(2,727)
(Surplus)/Deficit in fund	9	1	973

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Expected contributions:

Economic Entity

	SASS \$'000	SANCS \$'000	SSS \$'000
Expected contributions for year to 30 June 2007	29	13	74
Expected contributions for year to 30 June 2006	28	15	94

Statutory Corporation

Expected contributions for year to 30 June 2007	-	-	-
Expected contributions for year to 30 June 2006	20	11	67

Funding arrangements for employer contributions – surplus/deficit

The following is a summary of the 30 June financial position of the schemes calculated in accordance with AAS25 – *Financial Reporting by Superannuation Plans*.

30 June 2007

	SASS \$'000	SANCS \$'000	SSS \$'000
Economic Entity			
Accrued benefits	809	246	4,491
Net market value of fund assets	(959)	(256)	(5,958)
<i>Net (surplus)/deficit</i>	(150)	(10)	(1,467)

Statutory Corporation

Accrued benefits	-	-	-
Net market value of fund assets	-	-	-
<i>Net (surplus)/deficit</i>	-	-	-

30 June 2006

	SASS \$'000	SANCS \$'000	SSS \$'000
Economic Entity			
Accrued benefits	696	223	4,297
Net market value of fund assets	(801)	(258)	(4,458)
<i>Net (surplus)/deficit</i>	(105)	(35)	(161)

Statutory Corporation

Accrued benefits	-	-	-
Net market value of fund assets	-	-	-
<i>Net (surplus)/deficit</i>	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates:

Economic Entity

As at 30 June 2007	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	1.9	2.5	1.6
As at 30 June 2006	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	1.9	2.5	1.6

Statutory Corporation

As at 30 June 2007	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-
As at 30 June 2006	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-

Funding arrangements for employer contributions – Funding Method:

The method used to determine employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the *Aggregate Funding* method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Economic Assumptions:

Weighted average assumptions –

	2006 and following
Expected rate of return on fund assets backing current pension liabilities	7.7%
Expected rate of return on fund assets backing other liabilities	7.0%
Expected salary increase rate	4.0%
Expected rate of CPI increase	2.5%

Funding arrangements for employer contributions – Nature of asset/liability:

If a surplus exists in the Economic Entity's interest in the fund, the Economic Entity may be able to take advantage of it in the form of a reduction in required contribution rate. The Statutory Corporation in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction.

If a deficiency exists the Economic Entity is responsible for any difference between its share of scheme assets and the defined benefit obligation.

8. RELATED PARTY INFORMATION

(a) **Board Members and Remuneration Received or Due and Receivable by the following:**

	2007	2006
	\$	\$
The names of the Board Members of STC in office during the year ended 30 June and up to the date of signing these accounts, are as follows:		
Mr I Blair	47,088	47,088
Mr M Cole	71,976	70,523
Mr R Davis	149,771	137,200
Ms A De Salis (term commenced 1 February 2006)	44,908	18,348
Mr R Harty	40,548	44,908
Mr M Lambert	40,548	40,548
Mr N Lewocki	44,908	44,908
Ms M O'Halloran	44,908	44,908
Ms O Sananikone (term completed 31 January 2006)	-	26,196
Mr P Scully	44,908	44,908
	529,563	519,535

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

8. RELATED PARTY INFORMATION (Continued)

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

	2007 \$'000	2006 \$'000
Fees paid to the Statutory Corporation by State Super Financial Services Australia Limited (SSFSAL), a company in which Mr R Davis is a director, on normal commercial terms and conditions.	50	50
Rental payments and outgoings received by the Pooled Fund from SSFSAL, a company in which Mr R Davis is a director, on normal commercial terms and conditions.	960	904

- (c)** On 17 March 2006 the NSW Government created the SAS Trustee Corporation Division of the Government Service of NSW. This entity is a special purpose entity providing personnel services to the Statutory Corporation. Its activities are conducted on behalf of the Statutory Corporation according to the Statutory Corporation's specific business needs. Day to day control of this entity is vested in the CEO of the Statutory Corporation.

9. CASH FLOW INFORMATION

(a) Reconciliation of Cash

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Cash and Cash Equivalents	1,586	2,213	1,586	2,213

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

The Economic Entity's cash at bank is held with a major trading bank and attracts a floating interest rate which is subject to change at the discretion of the bank. At 30 June 2007 the rate was 5.0% (2006: 4.29%).

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

9. CASH FLOW INFORMATION (Continued)

(b) Reconciliation of Net Result to Net Cash Used in Operating Activities

	Economic Entity 2007 \$'000 Inflows/ (Outflows)	Economic Entity 2006 \$'000 Inflows/ (Outflows)	Statutory Corporation 2007 \$'000 Inflows/ (Outflows)	Statutory Corporation 2006 \$'000 Inflows/ (Outflows)
Result	-	-	-	-
<u>Changes in Assets and Liabilities: (Increase)/Decrease in Assets</u>				
Prepayments	(21)	19	(21)	19
Receivables -				
Pooled Fund	1,903	(2,451)	1,903	(2,343)
FTC	-	425	-	425
Other	(63)	(128)	109	(128)
<u>Increase/(Decrease) in Liabilities</u>				
Payables -				
Pillar	(201)	20	(201)	20
Other	(1,357)	1,231	(2,417)	2,830
Provisions	(888)	(484)	-	(2,191)
Net Cash From/(Used) in Operating Activities	(627)	(1,368)	(627)	(1,368)

10. SEGMENT REPORTING

The Economic Entity operates in the superannuation and investment management industry in New South Wales. All revenue, expenses, assets and liabilities are as shown in the Income Statement and Balance Sheet.

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2007

11. COMMITMENTS FOR EXPENDITURE

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Lease Commitments				
Commitments in relation to non-cancellable operating leases contracted for at balance date but not provided for in the accounts, including goods and services tax:				
Payable not later than 1 year	241	238	241	238
Payable later than 1 year and not later than 5 years	979	957	979	957
Payable greater than 5 years	103	360	103	360
	1,323	1,555	1,323	1,555

Administration Expenses

Commitments in relation to fixed administration fees for the Pooled Fund payable to Pillar included in the services contract dated 1 October 2005 but not provided for in the accounts, including goods and services tax:

Payable not later than 1 year	8,272	8,479	8,272	8,479
Payable later than 1 year and not later than 5 years	18,612	27,556	18,612	27,556
	26,884	36,035	26,884	36,035

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

The administration expenses noted above qualify for a reduced input tax credit of 75% of the goods and services tax included therein.

12. CONTINGENT LIABILITIES

Broadly, two classes of contingent liabilities potentially exist in relation to either the Trustee in its capacity as Trustee of the Pooled Fund, or the Fund itself:

- (i) Legal Costs and additional benefit amounts in relation to member benefit entitlement disputes, notified, but not resolved.
- (ii) Legal Costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases it is impractical to estimate the financial effect or the amount of any possible recovery from third parties relating to these contingent liabilities. The Trustee is indemnified out of the assets of the Fund.

End of Audited Financial Report

PART B

**Financial Statements
of the
SAS Trustee Corporation Division
of the Government Service of NSW**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation Division of the Government Service of NSW

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the SAS Trustee Corporation Division of the Government Service of NSW (the STC Division), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the STC Division as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer of the STC Division is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

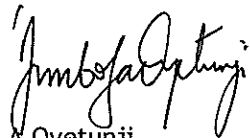
My opinion does *not* provide assurance:

- about the future viability of the STC Division,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



A Oyetunji
Director, Financial Audit Services

26 September 2007
SYDNEY

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

ABN 31 683 571 255

Statement by Chief Executive Officer
for the year ended 30 June 2007

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983* I declare that in my opinion:

1. the financial statements present a true and fair view of the financial position of the SAS Trustee Corporation Division of the Government Service of NSW at 30 June 2007 and transactions for the period 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 2005* and the Treasurer's Directions.

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

Signed at Sydney this 18th day of September 2007.



Don McLean
Chief Executive Officer

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Income Statement

for the year ended 30 June 2007

		2007	2006
		\$'000	\$'000
	NOTE		
Revenue from Continuing Operations			
Personnel Services		1,926	546
Expenses from Continuing Operations			
Salaries		1,874	548
Defined contribution superannuation		(512)	42
Defined benefit superannuation		156	(135)
Annual and long service leave		230	36
Other Payroll Related		178	55
Total Expenses		1,926	546
Operating Result for the Year/Period	2	-	-

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

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Balance Sheet
as at 30 June 2007

		2007	2006
		\$'000	\$'000
	NOTE		
Current Assets			
Receivables	3	819	1,707
Total Current Assets		819	1,707
Total Assets		819	1,707
Current Liabilities			
Payables	4	-	-
Provisions	5	672	1,403
Total Current Liabilities		672	1,403
Non-Current Liabilities			
Provisions	5	147	304
Total Non-Current Liabilities		147	304
Total Liabilities		819	1,707
Net Assets		-	-
Total Equity		-	-

The accompanying notes form an integral part of the above Balance Sheet.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Cash Flows Statement

for the year ended 30 June 2007

		2007	2006
		\$'000	\$'000
	NOTE	Inflows/ (Outflows)	Inflows/ (Outflows)
		<hr/>	<hr/>
Cash Flows from Operating Activities			
Receipts		1,926	546
Interest Received			
Payments to Suppliers and Employees		(1,926)	(546)
Net Operating Cash Flows	9 (b)	<hr/>	<hr/>
		-	-
Net Increase/(Decrease) in Cash & Cash Equivalents		-	-
Cash & Cash Equivalents at the Beginning of the Financial Year/Period		-	-
Cash & Cash Equivalents at the End of the Financial Year/Period	9 (a)	<hr/>	<hr/>
		-	-

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

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Statement of Recognised Income and Expense
for the year ended 30 June 2007

		2007	2006
		\$'000	\$'000
	NOTE		
Net Income recognised directly in equity		-	-
Result for Year/Period	2	-	-
Total recognised income and expense		-	-
Effect of change in accounting policies		-	-

The accompanying notes form an integral part of the above Statement of Recognised Income and Expense.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES

A. Reporting entity

The SAS Trustee Corporation Division of the Government Service of NSW is a Division of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in NSW Australia and its office is at Level 17, 83 Clarence Street, Sydney.

The objective of the SAS Trustee Corporation Division of the Government Service of NSW is to provide personnel services to the SAS Trustee Corporation (STC).

The SAS Trustee Corporation Division of the Government Service of NSW commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the SAS Trustee Corporation. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employer.

The financial report was authorised for issue by the Chief Executive Officer of STC on 18 September 2007. The report will not be amended and reissued as it has been audited.

B. Basis for preparation

This is a general purpose financial report in accordance with the requirements of Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value (see note 1 G).

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

C. Comparative information

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been adjusted to conform to these changes. Because the entity began operations on 17 March 2006, amounts in the Income Statement, Cash Flow Statement and Statement of Recognised Income and Expense are not directly comparable.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

D. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

E. Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at period end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored during the period and bad debts written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the income statement.

F. Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short-term payable with no stated interest rate is measured at historical cost as the effect of discounting is immaterial.

G. Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provision when the obligations arise, which is usually through the rendering of service by employees.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

1 STATEMENT OF ACCOUNTING POLICIES (Continued)

G. Employee benefit provision and expenses (Continued)

Long-term annual leave (i.e. that is not expected to be taken within twelve months) is measured at present value using a discount rate equal to the market yield of government bonds.

Superannuation and long service leave provisions are actuarially assessed prior to each reporting date and are measured at the present value of expected future payments.

All other employee benefit liabilities (i.e. for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of expected future payments.

The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the income statement for superannuation and long service leave is the net total of current service cost, interest cost, the expected return on plan assets and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

H. Accounting standards issued but not yet effective

The following accounting standards issued but not yet effective have not been applied –

- AASB 7 – *Financial Instruments Disclosures* (potentially more substantial risk related disclosures relating to credit, liquidity and market risk). AASB 7 will be implemented for the year ending 30 June 2008 and will include comparative information for the year ended 30 June 2007.
- AASB 101 – *Presentation of Financial Statements* as issued in October 2006 will be implemented for the year ending 30 June 2008.

2. RESULT

The SAS Trustee Corporation Division of the Government Service of NSW did not make any payments to consultants in the year ended 30 June 2007 or the period ended 30 June 2006.

The audit fee for the entity of \$3,300 (2006 \$3,300) is met by STC. The auditor provided no other services other than the audit of this financial report.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2007

3. RECEIVABLES

	2007	2006
	\$'000	\$'000
Current		
Amounts Receivable – STC	541	1,599
Superannuation (refer Note 7)	278	108
	819	1,707

4. PAYABLES

	2007	2006
	\$'000	\$'000
Current		
Amount Payable - STC	-	-
Other Payables	-	-
	-	-

5. PROVISIONS

	2007	2006
	\$'000	\$'000
Current		
Employee Benefits	672	784
Superannuation (refer Note 7)	-	619
	672	1,403
Non-current		
Employee Benefits	147	304
	147	304

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

6. EXECUTIVES' REMUNERATION

	2007 \$'000	2006 \$'000
Income received or due and receivable during the period 1 July to 30 June by executive officers of the SAS Trustee Corporation Division of the Government Service of NSW whose income is \$100,000 or more.	1,703	1,645

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

	2007 Number	2006 Number
Remuneration (including superannuation contributions) of:		
\$110,000 - \$119,999	-	1
\$120,000 - \$129,999	1	3
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	2	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	1
\$180,000 - \$189,999	2	1
\$210,000 - \$219,999	1	-
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	-	1
\$270,000 - \$279,999	1	-
	9	10

7. SUPERANNUATION

The SAS Trustee Corporation Division of the Government Service of NSW participates in the following closed defined benefit superannuation schemes for some of its staff –

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

The following information has been prepared by the scheme actuary.

From 1 July 2005 to 17 March 2006 the superannuation liability rested with STC. On 17 March 2006 it was transferred to the SAS Trustee Corporation Division of the Government Service of NSW. The transfer amount was actuarially determined.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the present value of the defined benefit obligation:

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	720	231	5,077
Current service cost	30	13	18
Interest cost	41	13	294
Contributions by fund participants	15	-	46
Actuarial (gains)/losses	44	46	(855)
Benefits paid	(32)	(55)	386
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	818	248	4,966

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	-	-	-
Current service cost	9	4	17
Interest cost	11	4	76
Contributions by fund participants	4	-	17
Actuarial (gains)/losses	2	(2)	(13)
Benefits paid	(5)	(16)	2
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Transferred I on 17 March 2006	699	241	4,978
<i>Present value of partly funded defined benefit obligation at end of year</i>	720	231	5,077

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets:

As at 30 June 2007	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
<i>Fair value of fund assets at beginning of the year</i>	801	258	4,458
Expected return on fund assets	59	19	335
Actuarial gains/(losses)	85	19	650
Employer contributions	31	14	84
Contributions by fund participants	15	-	46
Benefits paid	(32)	(54)	385
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	959	256	5,958

As at 30 June 2006	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
<i>Fair value of fund assets at beginning of the year</i>	-	-	-
Expected return on fund assets	14	5	82
Actuarial gains/(losses)	22	5	77
Employer contributions	12	4	23
Contributions by fund participants	4	-	17
Benefits paid	(5)	(16)	3
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
Transfer in on 17 March 2006	754	260	4,256
<i>Fair value of fund assets at end of the year</i>	801	258	4,458

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the assets and liabilities recognised in the Balance Sheet.

As at 30 June 2007	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Present value of funded defined benefit obligations at end of the year	818	248	4,966
Fair value of fund assets at end of the year	(959)	(256)	(5,958)
	(141)	(8)	(992)
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	107	6	750
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	(34)	(2)	(242)
As at 30 June 2006	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Present value of funded defined benefit obligations at end of the year	720	231	5,077
Fair value of fund assets at end of the year	(801)	(258)	(4,458)
	(81)	(27)	619
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	(81)	(27)	619

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Components recognised in Income Statement:

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2007			
Current Service Cost	30	13	18
Interest cost	40	13	293
Expected return on fund assets (net of expenses)	(59)	(19)	(334)
Actuarial losses/(gains) recognised in year	(41)	27	(1,504)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	107	6	750
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	77	40	(777)
	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2006			
Current Service Cost	9	4	17
Interest cost	11	4	77
Expected return on fund assets (net of expenses)	(14)	(5)	(82)
Actuarial losses/(gains) recognised in year	(20)	(7)	(91)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	(14)	(4)	(79)

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Amounts recognised in the Statement of Recognised Income and Expense:

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-
As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

Cumulative amount recognised in the Statement of Recognised Income and Expense:

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2006	-	-	-

The percentage of fund assets invested in each asset class at the balance sheet date:

	2007	2006
Australian equities	34%	37%
Overseas equities	26%	28%
Australian fixed interest securities	7%	10%
Overseas fixed interest securities	6%	7%
Property	10%	9%
Cash	10%	5%
Other	7%	4%

Expected rate of return on assets:

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment taxes and investment fees

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Actual return on fund assets:

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	116	38	655

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	29	11	177

Valuation method and principal actuarial assumptions at the balance sheet date:

(a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(b) Economic Assumptions

	2007	2006
Salary increase rate (2008 : 3.5% thereafter)	4.0%	4.0%
Rate of CPI increase	2.5%	2.5%
Expected rate of return on assets backing current pension liabilities	7.6%	7.6%
Expected rate of return on assets backing other liabilities	7.6%	7.6%
Discount rate	6.4%	5.9%

Valuation method and principal actuarial assumptions at the balance sheet date:

(c) Demographic Assumptions

Demographic assumptions reflect those adopted by the scheme actuary in its triennial review of the schemes.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Historical Information:

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	818	248	4,966
Fair value of fund assets	(959)	(256)	(5,958)
(Surplus)/Deficit in fund	(141)	(8)	(992)
Experience adjustments – fund liabilities	44	46	(854)
Experience adjustments – fund assets	(85)	(19)	(650)

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	720	231	5,077
Fair value of fund assets	(801)	(258)	(4,458)
(Surplus)/Deficit in fund	(81)	(27)	619
Experience adjustments – fund liabilities	1	(2)	(13)
Experience adjustments – fund assets	(22)	(5)	(77)

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Expected contributions:

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Expected contributions for year to 30 June 2007	29	13	74
Expected contributions for year to 30 June 2006	20	11	67

Funding arrangements for employer contributions – surplus/deficit

The following is a summary of the 30 June financial position of the schemes calculated in accordance with AAS25- *Financial Reporting by Superannuation Plans*.

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
30 June 2007			
Accrued benefits	809	246	4,491
Net market value of fund assets	(959)	(256)	(5,958)
<i>Net (surplus)/deficit</i>	(150)	(10)	(1,467)

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
30 June 2006			
Accrued benefits	696	223	4,296
Net market value of fund assets	(801)	(258)	(4,458)
<i>Net (surplus)/deficit</i>	(105)	(35)	(162)

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates:

As at 30 June 2007	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	1.9	2.5	1.6
As at 30 June 2006	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	1.9	2.5	1.6

Funding arrangements for employer contributions – Funding Method:

The method used to determine employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the *Aggregate Funding* method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

Funding arrangements for employer contributions – Economic Assumptions:

Weighted average assumptions –

	2006 and following
Expected rate of return on fund assets backing current pension liabilities	7.7%
Expected rate of return on fund assets backing other liabilities	7.0%
Expected salary increase rate	4.0%
Expected rate of CPI increase	2.5%

Funding arrangements for employer contributions – Nature of asset/liability:

If a surplus exists in the Economic Entity's interest in the fund, the Economic Entity may be able to take advantage of it in the form of a reduction in required contribution rate. The Statutory Corporation (STC) in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction.

If a deficiency exists the SAS Trustee Corporation Division of the Government Service of NSW is responsible for any difference between its share of scheme assets and the defined benefit obligation.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

8. RELATED PARTY INFORMATION

Transactions entered into during the period with Parent Entity	2007	2006
	\$'000	\$'000
Staff services provided at cost to STC		
• Revenue	1,926	546
• Expenses	(1,926)	(546)

The SAS Trustee Corporation Division of the Government Service of NSW receives the following services from STC at no charge –

- administration support
- accounting support
- payment of external audit fees.

9. CASH FLOW INFORMATION

(a) Reconciliation of Cash	2007	2006
	\$'000	\$'000
Cash at Bank	-	-

The SAS Trustee Corporation Division of the Government Service of NSW does not have a bank account. All transactions are transacted through the bank account of STC.

The SAS Trustee Corporation Division of the Government Service of NSW does not have any credit standby arrangements or loan facilities.

(b) Reconciliation of Net Result to Net Cash Used in Operating Activities	2007	2006
	\$'000	\$'000
	Inflows/ (Outflows)	Inflows/ (Outflows)
Net Result after income tax		
Changes in Assets and Liabilities		
(Increase)/Decrease in Assets		
Prepayments	-	-
Receivables	888	1,707
Increase/(Decrease) in Liabilities		
Payables	-	-
Provisions	888	1,707
Net Cash From/(Used) in Operating Activities	-	-

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements

for the year ended 30 June 2007

10. SEGMENT REPORTING

The SAS Trustee Corporation Division of the Government Service of NSW operates to provide staff to STC. It operates solely in New South Wales. All revenue, expenses, assets and liabilities are as shown in the Income Statement and Balance Sheet.

11. COMMITMENTS FOR EXPENDITURE

There are no commitments for expenditure at 30 June 2007 or at 30 June 2006.

12. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2007 or at 30 June 2006.

End of Audited Financial Report

PART B

**Financial Statements
of the
SAS Trustee Corporation
Pooled Fund**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation - Pooled Fund

To the Treasurer

I have audited the accompanying financial report of the SAS Trustee Corporation - Pooled Fund (the Fund), which comprises the statement of net assets as at 30 June 2007, and the statement of changes in net assets for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the statement of net assets as of 30 June 2007, and of its statement of changes in net assets for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Trustees' Responsibility for the Financial Report

The members of the Board of the SAS Trustee Corporation, as trustee of the Fund are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee Board, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the Fund,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat
Auditor-General

26 September 2007
SYDNEY

SAS TRUSTEE CORPORATION POOLED FUND

ABN 29 239 066 746

Statement by Members of the Trustee Board
for the year ended 30 June 2007

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 financial position of the Pooled Fund at 30 June 2007 and transactions for the year 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 2005* 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 26th day of September 2007.



Michael Cole
Chairperson
SAS Trustee Corporation



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

SAS TRUSTEE CORPORATION POOLED FUND

Statement of Changes in Net Assets
for the year ended 30 June 2007

	Note	2007 \$'m	2006 \$'m
Net Assets Available to Pay Benefits at Beginning of Financial Year		28,578.1	25,899.9
Contribution Revenue			
Employer Contributions		7,437.5	273.7
Member Contributions		515.9	507.2
	2	7,953.4	780.9
Transfers			
Scheme Mobility Transfer	4	0.4	(0.4)
Investment Revenue			
Short Term Securities		34.0	32.4
Australian Fixed Interest		176.1	179.9
International Fixed Interest		86.0	81.3
Australian Equities		738.5	497.8
International Equities		254.7	123.7
Property		153.5	139.5
Alternatives		110.6	70.7
		1,553.4	1,125.3
Changes in Net Market Values of Investments		3,387.4	3,246.2
	5	4,940.8	4,371.5
Investment Expenses		(81.0)	(60.1)
Net Investment Revenue		4,859.8	4,311.4
Other Revenue		6.0	3.8
Total Revenue		12,819.6	5,095.7
Benefits Paid	12(b)	(2,758.9)	(2,457.8)
Scheme Administration Expenses	6	(32.6)	(33.7)
Superannuation Contributions Surcharge		9.3	(12.9)
Other Expenses		(0.9)	(0.7)
Total Expenses		(2,783.1)	(2,505.1)
Change in Net Assets Before Income Tax		10,036.5	2,590.6
Income Tax (Expense)/Benefit	7(a)	(27.6)	87.6
Change in Net Assets Available to Pay Benefits After Income Tax		10,008.9	2,678.2
Net Assets Available to Pay Benefits at End of Financial Year	8	38,587.0	28,578.1

The accompanying notes form an integral part of the above Statement of Changes in Net Assets.

SAS TRUSTEE CORPORATION POOLED FUND

Statement of Net Assets
as at 30 June 2007

	Note	2007 \$'m	2006 \$'m
INVESTMENTS			
Short Term Securities		4,699.5	1,271.9
Australian Fixed Interest		3,038.3	2,996.7
International Fixed Interest		2,409.6	1,413.2
Australian Equities		13,042.5	11,148.0
International Equities		9,334.7	7,923.3
Property		3,397.1	2,524.8
Alternatives		3,016.7	1,421.5
		38,938.4	28,699.4
OTHER ASSETS			
Cash at Bank		0.2	3.4
Receivables	9	264.2	290.3
Plant and Equipment		0.2	0.1
Current Tax Asset	7(a)	61.3	120.4
		325.9	414.2
TOTAL ASSETS		39,264.3	29,113.6
LIABILITIES			
Reserve Units	10	4.6	4.6
Payables	11	342.9	328.3
Deferred Tax Liabilities	7(b)	329.8	202.6
		677.3	535.5
NET ASSETS AVAILABLE TO PAY BENEFITS	8	38,587.0	28,578.1

The accompanying notes form an integral part of the above Statement of Net Assets.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are a general purpose financial report for the SAS Trustee Corporation 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.

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 of a defined benefit component and a defined contribution component. All Schemes in the Fund are closed to new members. The Fund is domiciled in NSW Australia. Its registered address is Level 17, 83 Clarence Street Sydney, NSW, 2000.

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 during the year ended 30 June 2007 are:

- Access Capital Advisors Pty Limited
- AMP Capital Investors Limited
- AQR Capital Management, LLC
- AXA Rosenberg Investment Management Asia Pacific Ltd.
- Barclays Global Investors Australia Limited
- Capital International, Inc
- DB RREEF Funds Management Limited
- Deutsche Asset Management (Australia) Limited
- EG Funds Management Pty Ltd
- Fidelity International Limited
- GMO Australia Limited
- Kaplan Funds Management Pty Limited
- LaSalle Investment Management (Securities) L.P.
- Lazard Asset Management Pacific Co.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Macquarie Investment Management Limited
- Maple-Brown Abbott Limited
- New South Wales Treasury Corporation
- Pareto Investment Management Limited
- Perennial Value Management Limited
- Perpetual Investment Management Limited
- State Street Global Advisors, Australia, Limited
- Trilogy Global Advisors, LLC (via Orion Asset Management Limited)
- UBS Global Asset Management (Australia) Ltd
- Vanguard Investments Australia Ltd
- Wallara Asset Management Pty Ltd
- Wellington Management Company, LLP

Each manager is required to invest the assets managed by it in accordance with the terms of a written investment mandate. The investment managers and custodians charge management fees for the services provided.

The following explains the significant accounting policies which have been adopted in the preparation of the financial statements. Unless otherwise stated, such accounting policies were also adopted in the corresponding preceding reporting period.

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 2005*
- the Treasurer's Directions.
- applicable Australian Accounting Standards and other professional reporting requirements (for example, Australian Accounting Interpretations).

The financial statements have been drawn up in accordance with the Statements of Accounting Concepts, Australian Accounting Standard AAS 25 – *Financial Reporting by Superannuation Plans* (AAS 25) and relevant legislative requirements.

The financial statements comply with Australian equivalents to International Financial Reporting Standards (A-IFRS) to the extent such standards are not inconsistent with AAS 25. The Pooled Fund is a not-for-profit entity.

The financial statements were authorised for issue by the Trustee Board on 26 September 2007.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accrual method of accounting is used and the financial statements are also prepared in accordance with the historic cost convention, except for assets stated in Note 1(b).

In accordance with the criteria set out in the Australian Accounting Standard AASB 3 – *Business Combinations* and AASB 127 – *Consolidated and Separate Financial Statements*, the Fund is the parent entity of the economic entity. Entities in the economic entity are shown in Note 14. Consolidated financial statements have not been prepared in accordance with these standards on the grounds that the controlled entities are not material to these financial statements. Investments in subsidiaries are carried at net market value.

All amounts are presented in Australian Dollars unless otherwise stated.

b) Assets and Liabilities

Assets and liabilities of the Fund are valued at reporting date at net market values. Net market values comprise market values less estimated costs of disposal. Changes in net market values, representing gains or losses, are recognised in the Statement of Changes in Net Assets in the period in which they occur.

The valuation of each class of asset at 30 June 2007 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 or manager 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.
Plant and Equipment:	Valued at net fair values; where assets are not material and for which fair values are not readily available, the assets are shown at their written down values. During the year the fair value of plant and equipment declined by \$23,130 (30 June 2006: \$32,151).
Others:	e.g. Sundry Assets and Receivables, where net market values are not applicable, the assets are shown at net fair values. Assets are reviewed annually to ensure they are not recognised at amounts exceeding the value of the economic benefits to be provided by continued use.

The transactions relating to financial instruments are accounted for using trade date accounting.

The Trustees have concluded that the above measurement bases are appropriate. The nature of the assets and liabilities is that measurement amounts may change over time.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Assets and Liabilities (Continued)

Assets and liabilities are recognised when the Fund becomes party to the instrument's contractual provisions.

Assets are derecognised when the contractual rights to cash flows from the asset expire or are transferred to another party.

Liabilities are derecognised when the contractual obligation relating to the liability is discharged, cancelled or expires.

(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. Resulting exchange differences are included in the change in net assets for the year.

(d) Income Tax

The Fund is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1936*. Accordingly, the concessional tax rate of 15% has been applied.

Income tax on the Change in Net Assets for the year comprises current and deferred tax. Income tax is reflected in the Statement of Changes in Net Assets.

Current Tax is the expected tax payable or recoverable on the taxable income for the year using the concessional tax rate of 15% and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax provided uses the tax rate applicable at balance date.

A deferred tax asset is only recognised to the extent it is probable that future taxable surpluses will be available against which the asset can be used.

(e) 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.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Superannuation Contributions Surcharge Tax

The Superannuation Contributions Surcharge tax 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.

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* as the assessments received to date are not considered to be indicative of future assessments. The liability shown in the Statement of Net Assets is calculated using assessments received up to 30 June 2007 from the ATO advising of surcharge accrued before abolition of the Act. The *Superannuation Contributions Tax (Assessment and Collections) Act 1997* was abolished with effect from 1 July 2005.

g) 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.

h) Comparative Figures

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

i) 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 to which they relate.

Interest

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

Dividends

Dividends are recognised on the ex-date.

j) Standards Issued but not yet effective

The Trustee has elected not to early adopt

- AASB 7 – *Financial instruments: Disclosures*. The key variation between AASB 7 and current accounting standards is that AASB 7 requires more substantial risk related disclosures relating to credit, liquidity and market risk. AASB 7 will be implemented for the year ending 30 June 2008 and will include comparative information for the year ended 30 June 2007.
- AASB 101 – *Presentation of Financial Statements* as issued in October 2006 will be implemented for the year ended 30 June 2008.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

2. EMPLOYER AND MEMBER CONTRIBUTIONS

	2007				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Employer Contributions	131.0	39.6	4,191.5	3,075.4	7,437.5
Salary Sacrifice Contributions	12.7	-	-	-	12.7
Member Contributions	191.3	20.8	273.9	17.2	503.2
Total Contributions	335.0	60.4	4,465.4	3,092.6	7,953.4
	2006				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Employer Contributions	145.8	17.5	109.8	0.6	273.7
Salary Sacrifice Contributions	-	-	-	-	-
Member Contributions	207.0	13.1	270.6	16.5	507.2
Total Contributions	352.8	30.6	380.4	17.1	780.9

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. Member contributions for the SANCS represent the co-contributions received from the Commonwealth Government.

Contributions made by the Crown vary from year to year depending upon government liability management priorities.

The Government's objective is to fully fund its superannuation liabilities by 2030. This objective requires that employer contributions be periodically reassessed to ensure that they remain sufficient to achieve full funding by 2030.

A non-superannuation investment fund (the General Government Liability Management Fund (GGLMF)) was established by the Crown to accumulate Crown Employer superannuation contributions. The net assets held in the GGLMF at 30 June 2007 was \$nil (30 June 2006: \$6.7 billion) as \$7.2 billion was transferred from the GGLMF to the Fund during the year.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

2. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

a) State Authorities Superannuation Schemes (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 two 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 of 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, while other employers contribute on a fully funded basis.

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.

Contributions made by the Crown vary from year to year depending upon government liability management priorities.

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

Member Contributions

As the Scheme is 100% employer funded, there are no member contributions. As noted above, any member contribution recognised represent co-contributions received from the Commonwealth Government.

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 range from 0% to 3%.

Contributions made by the Crown vary from year to year depending upon government liability management priorities.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

2. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

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 fully fund the employer liability for past services.

Contributions made by the Crown vary from year to year depending upon government liability management priorities.

d) Police Superannuation Scheme (PSS)

Member Contributions

Members contribute 6% of their salary.

Employer Contributions

Employer contributions vary from year to year.

3. SASS – MEMBER INVESTMENT CHOICE

Effective from November 2003, SASS members have been given the option to choose the investment strategy for their member contributions. The option is also offered to the SASS members who have deferred their benefits. Any election applies to both their contributor financed benefits and their employer financed benefits.

4. SCHEME MOBILITY TRANSFER

During the year, some employers and their associated members that were governed under the *Local Government Act 1993* left the State Authorities Superannuation Scheme and State Superannuation Scheme. The total amount transferred out was \$3.9 million at 30 June 2007 (30 June 2006: \$2.4 million).

At the same time, there were Local Government and Energy Industries members who had previously left SASS and SSS but elected to return under the mobility provisions. The total amount transferred in was \$4.3 million at 30 June 2007 (30 June 2006: \$2.0 million).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

5. INVESTMENT REVENUE

	2007			
	Changes in Net Market Values			
	Income	Held at Reporting Date	Realised During the Year	Total
	\$'m	Unrealised Gain/(Loss) \$'m	Gain/(Loss) \$'m	\$'m
Short Term Securities	34.0	27.7	93.2	154.9
Australian Fixed Interest	176.1	(74.5)	(4.8)	96.8
International Fixed Interest	86.0	(187.6)	193.4	91.8
Australian Equities	738.5	1,861.1	226.9	2,826.5
International Equities	254.7	442.6	149.2	846.5
Property	153.5	201.0	98.5	453.0
Alternatives	110.6	333.4	27.3	471.3
Total Investment Revenue	1,553.4	2,603.7	783.7	4,940.8

	2006			
	Changes in Net Market Values			
	Income	Held at Reporting Date	Realised During the Year	Total
	\$'m	Unrealised Gain/(Loss) \$'m	Gain/(Loss) \$'m	\$'m
Short Term Securities	32.4	5.7	58.0	96.1
Australian Fixed Interest	179.9	(95.0)	(5.2)	79.7
International Fixed Interest	81.3	(64.4)	(2.7)	14.2
Australian Equities	497.8	1,468.5	166.6	2,132.9
International Equities	123.7	1,045.5	175.2	1,344.4
Property	139.5	277.2	17.4	434.1
Alternatives	70.7	123.1	76.3	270.1
Total Investment Revenue	1,125.3	2,760.6	485.6	4,371.5

Interest Revenue

Within Short Term Securities, Australian Fixed Interest and International Fixed Interest is interest revenue received of \$262.3 million (2006: \$251.9 million).

Royalty Revenue

Within Australian Equities is royalty revenue received of \$13.1 million (2006: \$14.1 million).

Dividend Revenue

Within Australian Equities and International Equities is dividend revenue of \$1,007.2 million (2006: \$651.8 million).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

5. INVESTMENT REVENUE (Continued)

Property Lease Revenue

The Fund's property portfolio comprises interests in property trusts and several directly owned properties. These properties are leased commercially to various tenants.

The Fund engaged in the following transactions –

	2007 \$'m	2006 \$'m
Rental income derived	141.3	137.3
Direct property operating expenses	(40.9)	(39.5)
Contractual obligations to purchase, construct or develop properties	(40.6)	(14.8)
Contractual obligations for repairs, maintenance or enhancements to properties	-	-

The future minimum lease payments receivable by the Fund are –

	2007 \$'m	2006 \$'m
No later than one year	107.3	103.6
Later than one year but not later than five years	297.4	280.8
Later than five years	116.0	116.2
	520.7	500.6

6. SCHEME ADMINISTRATION EXPENSES

Included in Scheme Administration Expenses are the following items:

	2007 \$'m	2006 \$'m
Audit Fees – The Auditor-General of New South Wales (audit of the financial statements and no other services)	0.4	0.4
Triennial Actuarial Fees	-	0.3

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

7. INCOME TAX

Income tax expenses and assets and liabilities arising from the levying of income tax (including capital gains tax) on the Fund have been determined in accordance with the provisions of Australian Accounting Standard AASB 112 – *Income Taxes*.

a. Income Tax recognised in the Statement of Changes in Net Assets	2007	2006
	\$'m	\$'m
Current tax expense/(benefit)		
Provision attributable to current year	(61.3)	(120.4)
Adjustments for prior years	(38.3)	(22.0)
 Deferred tax expense		
Increase in deferred tax expense	127.2	54.8
 Total income tax expense/(benefit) in Statement of Changes in Net Assets	27.6	(87.6)
 Reconciliation between tax expense/(benefit) and pre-tax Change in Net Assets before Tax		
Change in Net Assets before income tax	10,036.5	2,590.6
Income tax expense using the superannuation fund tax rate of 15%	1,505.5	388.6
Increase in tax expense due to:		
Non-deductible benefit payments and contribution surcharges	412.4	370.6
Decrease in tax expense due to:		
Tax exempt revenues	(1,768.8)	(745.3)
Notional death and disability insurance premium and anti-detriment	(83.2)	(79.5)
Under provision of tax benefit in prior year	(38.3)	(22.0)
 Income tax expense/(benefit) on Change in Net Assets Before Tax	27.6	(87.6)
 b. Deferred Tax Liabilities	2007	2006
	\$'m	\$'m
Dividends Receivable	5.1	3.6
Interest Receivable	0.2	3.3
Unrealised Loss on Traditional Securities and Foreign Exchange	(21.8)	(10.9)
Unrealised Capital Gains	343.9	205.0
Contributions Receivable	2.4	1.6
	329.8	202.6

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

7. INCOME TAX (Continued)

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 the tax associated with pre 1 July 1988 Funding Credits (PJFC) against the tax payable on applicable employer contributions received. During the year the Fund's remaining PJFC balance was \$7,173.0 million. The Fund's actuary determined that the Fund's pre 1 July 1988 liabilities exceeded this amount. As the Trustee determined that employer contributions during the year in respect of pre 1 July 1988 liabilities were \$7,173.0 million, the Fund was able to use the tax credit associated with the PJFC to offset contributions tax on these amounts. The resulting tax credit was \$1,076.0 million. All calculations and determinations were in accordance with the requirements of the *Income Tax Amendment Regulation 2006 (No. 5)*.

8. NET ASSETS

	2007				Total \$'m
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	
Member Reserves (1)					
Balance at Beginning of Financial Year	4,371.6	-	4,970.1	407.6	9,749.3
Increase/(Decrease) in Net Assets	520.5	-	362.4	33.2	916.1
Balance at End of Financial Year	4,892.1	-	5,332.5	440.8	10,665.4
Employer Reserves (2)					
Balance at Beginning of Financial Year	3,059.4	883.7	12,910.6	554.9	17,408.6
Increase/(Decrease) in Net Assets	3.8	(19.1)	5,787.6	3,110.7	8,883.0
Balance at End of Financial Year	3,063.2	864.6	18,698.2	3,665.6	26,291.6
Death or Invalidity Reserves (3)					
Balance at Beginning of Financial Year	20.0	-	-	-	20.0
Increase/(Decrease) in Net Assets	(16.4)	-	-	-	(16.4)
Balance at End of Financial Year	3.6	-	-	-	3.6
Deferred Benefits Reserves (4)					
Balance at Beginning of Financial Year	1,139.3	260.9	-	-	1,400.2
Increase/(Decrease) in Net Assets	183.8	42.4	-	-	226.2
Balance at End of Financial Year	1,323.1	303.3	-	-	1,626.4
Net Assets Available to Pay Benefits	9,282.0	1,167.9	24,030.7	4,106.4	38,587.0

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

8. NET ASSETS (Continued)

	2006				Total \$'m
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	
Member Reserves (1)					
Balance at Beginning of Financial Year	3,850.7	-	4,571.9	388.4	8,811.0
Increase/(Decrease) in Net Assets	520.9	-	398.2	19.2	938.3
Balance at End of Financial Year	4,371.6	-	4,970.1	407.6	9,749.3
Employer Reserves (2)					
Balance at Beginning of Financial Year	1,283.5	147.0	13,836.4	631.8	15,898.7
Increase/(Decrease) in Net Assets	1,775.9	736.7	(925.8)	(76.9)	1,509.9
Balance at End of Financial Year	3,059.4	883.7	12,910.6	554.9	17,408.6
Death or Invalidity Reserves (3)					
Balance at Beginning of Financial Year	16.8	-	-	-	16.8
Increase/(Decrease) in Net Assets	3.2	-	-	-	3.2
Balance at End of Financial Year	20.0	-	-	-	20.0
Deferred Benefits Reserves (4)					
Balance at Beginning of Financial Year	954.3	219.1	-	-	1,173.4
Increase/(Decrease) in Net Assets	185.0	41.8	-	-	226.8
Balance at End of Financial Year	1,139.3	260.9	-	-	1,400.2
Net Assets Available to Pay Benefits	8,590.3	1,144.6	17,880.7	962.5	28,578.1

- (1) The Member Reserve represents members' accounts that comprise the balance of members' contributions and net investment income earned less benefits paid that are attributed to contributor-financed benefits. Only the contributors under the *State Authorities Superannuation Scheme* are required to pay scheme administration fees.
- (2) The Employer Reserve represents employers' accounts that comprise the balance of employers' contributions and net investment income earned less benefits paid and scheme administration fees. In addition, the employers are also responsible for the tax liabilities levied on the employers' contributions.
- (3) 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.
- (4) 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 and PSS members has been included in the employer reserve of the respective Schemes.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

8. NET ASSETS (Continued)

As described at Note 3 SASS and SASS Deferred members are able to elect an investment strategy for their member contributed balances.

Balances of the SASS Member Reserve and the Deferred Benefit Reserve in the various investment strategies at the reporting date are:

	2007				
	Growth \$'m	Conservative Growth \$'m	Balanced \$'m	Cash \$'m	Total \$'m
SASS Member	4,778.3	27.1	73.8	12.9	4,892.1
Deferred Benefit	1,283.6	8.5	27.0	4.0	1,323.1
	6,061.9	35.6	100.8	16.9	6,215.2

	2006				
	Growth \$'m	Conservative Growth \$'m	Balanced \$'m	Cash \$'m	Total \$'m
SASS Member	4,267.1	24.8	66.6	13.1	4,371.6
Deferred Benefit	1,105.5	7.0	22.8	4.0	1,139.3
	5,372.6	31.8	89.4	17.1	5,510.9

9. RECEIVABLES

	2007 \$'m	2006 \$'m
Contributions Receivable	32.4	31.5
Accrued Income	87.5	88.8
Margin Call Deposits	53.5	76.7
Investment Sales	88.5	90.6
Other Receivables	2.3	2.7
	264.2	290.3

Within receivables is an impairment allowance of \$84,457 (2006: \$148,865).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

10. 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 SSS at any future date. On conversion they are no longer recognised as a liability but as a part of member funds.

11. PAYABLES

	2007	2006
	\$'m	\$'m
Superannuation Benefits	47.2	40.2
Investment Purchases	127.6	112.4
Investment – Other Creditors	58.8	54.5
Provision for Contribution Surcharges	105.6	115.0
Amount Payable – STC	2.3	4.2
Other Payables	1.4	2.0
	342.9	328.3

Movements in the Provision for Contribution Surcharge were as follows –

	2007	2006
	\$'m	\$'m
Opening Balance	115.0	102.2
Add -		
Assessment Received	(2.7)	16.5
Annual indexation	5.1	6.1
Less -		
Payments made to the Australian Taxation Office	(11.8)	(9.8)
Closing Balance	105.6	115.0

SAS TRUSTEE CORPORATION POOLED FUND

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for the year ended 30 June 2007

12. ACCRUED BENEFITS

a) Liability for Accrued Benefits

The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of accrued benefits was undertaken by the actuary as part of a comprehensive actuarial review undertaken during 2006. The financial assumptions that have been applied for the calculations are:

**Accrued
Benefits
2006 and
following years
% pa.**

Valuation Assumptions

Investment Return Rate	
- asset backing current pension liabilities	7.7
- other	7.0
Salary Increase Rate	4.0
CPI Increase Rate	2.5

The valuation at 30 June 2006 indicated that the unfunded liability of the Fund was \$17,164.7 million, excluding the GGLMF balance of \$6,729.0 million.

In addition to the Triennial Actuarial investigation, the actuary also provides yearly estimates at the reporting date. The following table does not include amounts held in the GGLMF.

	2007			Accrued Benefits \$'m	2006	
	Net Assets Available To Pay Benefits \$'m	Over/ (Under) Funded \$'m	Accrued Benefits \$'m		Net Assets Available To Pay Benefits \$'m	Over/ (Under) Funded \$'m
State Authorities Superannuation Scheme	12,704.5	9,282.0	(3,422.5)	11,600.0	8,590.3	(3,009.7)
State Authorities Non-contributory Superannuation Scheme	2,531.2	1,167.9	(1,363.3)	2,354.2	1,144.6	(1,209.6)
State Superannuation Scheme	27,383.8	24,030.7	(3,353.1)	26,142.7	17,880.7	(8,262.0)
Police Superannuation Scheme	5,806.6	4,106.4	(1,700.2)	5,672.9	962.5	(4,710.4)
	48,426.1	38,587.0	(9,839.1)	45,769.8	28,578.1	(17,191.7)

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

12. ACCRUED BENEFITS (Continued)

(a) Liability for Accrued Benefits (Continued)

Benefits are guaranteed by the participating employers and ultimately the Crown. The relevant statutes require that all benefits be paid in full as and when they fall due.

As noted at Note 2 a non-superannuation investment fund (the General Government Liability Management Fund (GGLMF)) was established by the Crown to accumulate Crown employer superannuation contributions. Following transfers during the year to the Pooled Fund, the net assets held in the GGLMF at 30 June 2007 were \$nil (2006: \$6.7 billion).

b) Movement in the Liability for Accrued Benefits

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 will not start to decline until after 2015.

	2007				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Balance at Beginning of Financial Year	11,600.0	2,354.2	26,142.7	5,672.9	45,769.8
Benefits Paid	(836.7)	(199.4)	(1,359.7)	(363.1)	(2,758.9)
	10,763.3	2,154.8	24,783.0	5,309.8	43,010.9
Increase in Accrued Benefits	1,941.2	376.4	2,600.8	496.8	5,415.2
Balance at End of Financial Year	12,704.5	2,531.2	27,383.8	5,806.6	48,426.1

	2006				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Balance at Beginning of Financial Year	10,566.5	2,230.7	26,203.1	5,065.4	44,065.7
Benefits Paid	(728.7)	(177.4)	(1,259.6)	(292.1)	(2,457.8)
	9,837.8	2,053.3	24,943.5	4,773.3	41,607.9
Increase in Accrued Benefits	1,762.2	300.9	1,199.2	899.6	4,161.9
Balance at End of Financial Year	11,600.0	2,354.2	26,142.7	5,672.9	45,769.8

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

13. VESTED BENEFITS

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership at the reporting date.

	2007			2006		
	Vested Benefits \$'m	Net Assets Available To Pay Benefits \$'m	Over/ (Under) Funded \$'m	Vested Benefits \$'m	Net Assets Available To Pay Benefits \$'m	Over/ (Under) Funded \$'m
State Authorities Superannuation Scheme	9,952.0	9,282.0	(670.0)	8,584.9	8,590.3	5.4
State Authorities Non-contributory Superannuation Scheme	3,040.3	1,167.9	(1,872.4)	2,866.4	1,144.6	(1,721.8)
State Superannuation Scheme	24,964.3	24,030.7	(933.6)	23,374.4	17,880.7	(5,493.7)
Police Superannuation Scheme	4,256.7	4,106.4	(150.3)	3,902.1	962.5	(2,939.6)
	42,213.3	38,587.0	(3,626.3)	38,727.8	28,578.1	(10,149.7)

Vested benefits exceed net assets at 30 June 2007 and 30 June 2006. The Trustee is working with the NSW Treasury and the Actuary to facilitate the Government's stated objective to fully fund the schemes by 2030.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

14. CONTROLLED ENTITIES

The following entities comprise the Pooled Fund economic entity:

Parent Entity

Pooled Fund

	Activity	Ownership Interest	
		2007	2006
		%	%
Controlled Entities			
State Super Financial Services Australia Limited (SSFSAL) [incorporated in Australia]	Financial planning and funds management	79.9	82.4
The following entities are managed by Deutsche Asset Management (Australia) Ltd –			
Valley Commerce Pty Limited [incorporated in Australia]	Dormant	100.0	100.0
Buroba Pty Limited [incorporated in Australia]	Dormant	100.0	100.0
The following entity is managed by Access Capital Advisors Pty Limited –			
Duquesne Utilities Pty Ltd [incorporated in Australia]	Dormant	100.0	-

Voting power held in the above entities is the same as the ownership interest.

During the year the Controlled Entities paid dividends and trust distributions to the Parent Entity of \$16.8 million (2006: \$12.0 million).

The controlled entities are all audited by the NSW Auditor-General.

15. RELATED PARTY INFORMATION

The Trustee of the Fund is STC. The names of the Board members of STC in office during the year ended 30 June 2007 and up to date of signing these accounts are as follows:

- Mr I Blair
- Mr M Cole
- Mr R Davis
- Ms A De Salis
- Mr R Harty
- Mr M Lambert
- M N Lewocki
- Ms M O'Halloran
- Mr P Scully

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

15. RELATED PARTY INFORMATION (Continued)

(a) Board Members' Remuneration

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

(b) Remuneration received or due and receivable by Board Members and Directors of the Economic Entity from Controlled Entities (refer Note 14 Controlled Entities)

All income received is disclosed in the financial report 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 report of STC.

(d) Transactions with Other Related Parties

Property rental of \$1.0 million (2006: \$0.9 million) was received from SSFSAL on normal commercial terms and conditions.

16. SEGMENT REPORTING

The Fund operates in the superannuation and investment management industry in New South Wales. All revenue, expenses, assets and liabilities are as shown in the Statement of Changes in Net Assets and the Statement of Net Assets.

17. 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.

Two other classes of contingent liabilities potentially exist in relation to either the Trustee in its capacity as Trustee of the Pooled Fund, or the Fund itself:

- (i) Legal Costs in relation to member benefit entitlement disputes, notified, but not resolved.
- (ii) Legal Costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases it is impractical to estimate the financial effect or the amount of any possible recovery from third parties relating to these contingent liabilities. The Trustee is indemnified out of the assets of the Fund.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

18. SECURITIES LENDING PROGRAM

The Fund participates in a Securities Lending Program managed by the custodian, JP Morgan Investor Services. The Fund received \$6.5 million (2006: \$5.4 million) additional fee income from this program, which adds to the Fund's overall yearly return.

At 30 June 2007, the total value of the loaned securities was \$3.7 billion (2006: \$3.5 billion) while the total value of the collateral was \$4.0 billion (2006: \$3.6 billion). The lent securities represented about 9.5% of the Fund's total investments, which was within the allowable limit of 25%.

19. FINANCIAL INSTRUMENTS

For the purpose of this financial report, 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 is invested in a variety of financial instruments, as shown below. The investments are in accordance with a carefully determined investment strategy. The investment strategy is subject to regular review to ensure its continued relevance to the Fund's activities and to prevailing investment markets. An objective of the investment strategy is to avoid undue concentrations of risk.

(i) Accounting Policies

Recognised instruments	Accounting policies	Terms and conditions
1. Receivables	Receivables include income receivable and unsettled sales of securities. They are carried at 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.
2. Futures	Futures are stated at market value using the daily closing price.	The futures are share price index futures and fixed interest futures.
3. Unlisted Trusts	The Net Market Value of Unlisted Trusts is determined on the basis of the withdrawal unit prices as advised by the relevant fund manager.	The terms and conditions are set out in the applicable trust constitution.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(i) Accounting Policies (Continued)

Recognised instruments	Accounting policies	Terms and conditions
4. Listed Shares	Listed shares are carried at market value, less an amount for selling costs which would be incurred if the investments were sold. The basis for valuation of listed securities is the last sale price quoted at close of business on the last day of the period on the relevant securities exchange. Certain costs incurred in acquiring the investment, such as brokerage and stamp duty, are capitalised in the cost of the investments. Dividend income is recognised on the ex-date.	N/A
5. Bills of exchange and other discount securities	Carried as net market value using market rates as at 30 June.	Average maturity of 48 days with effective interest rates in the range of 6.28% to 6.52%.
6. Promissory Notes	Carried at net market value as at 30 June.	Average maturity of 50 days with effective interest rates in the range of 6.33% to 6.45%.
7. Mortgages	Mortgages are stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	Mortgages have an average effective interest rate of 8.07%.
8. Bank Deposits	Stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	Bank deposits represent 11AM call deposits and uninvested cash and has no fixed maturity dates. Deposits have effective interest rates in the range of 0% to 6.50%.
9. Government Bonds	Carried at net market value based on discounted cash flow.	Government bonds on average mature on 17/10/2012 and have effective interest rates in the range of 6.25% to 6.68%.
10. Semi Government Bonds	Carried at net market value based on discounted cash flow.	Semi Government bonds on average mature on 28/10/2012 and have effective interest rates in the range of 6.34% to 6.78%.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
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19. FINANCIAL INSTRUMENTS (Continued)

(i) Accounting Policies (Continued)

Recognised instruments	Accounting policies	Terms and conditions
11. International Bonds	Carried at net market value based on discounted cash flow.	International Bonds on average mature on 28/03/2018 and have effective interest rates in the range of 0.86% to 5.78%.
12. Leasehold Property Investments	Carried at net market value based on discounted cash flow.	Leasehold Property Investments on average mature on 05/12/2013 and have effective interest rates in the range of 6.68% to 6.71%.
13. Direct Property	Reported at net market value based on independent valuations.	N/A
14. Options	Options are stated at market value using the daily closing price.	The options are all Australian Exchange Traded options.
15. Investment Purchases	Liabilities are recognised for amounts to be paid for under investment commitments.	Settlement for securities is made in accordance with investment agreements between counterparties.
16. Foreign exchange forward contracts	Foreign exchange forward contracts are undertaken to hedge against adverse foreign exchange movements. Gains or losses on these contracts are recognised through the translation of underlying transactions and/or instruments at hedge rates.	At balance date the Fund has various forward exchange contracts open in its international portfolios.
17. Payables	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 receipt of invoices in accordance with terms thereof.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(ii) Use of Derivative Financial Instruments

The Fund uses derivatives to hedge its various exposures to foreign exchange fluctuations, interest rates and equity market movements. Changes in the derivatives' net market value are highly correlated with changes in the net market value of the underlying hedged item. Derivatives used for hedging purposes may include foreign exchange forward contracts, interest rate futures, share price index futures, forward rate agreements and options. These derivative instruments involve credit risk and market risk.

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

The following table summarises the aggregate notional amounts of the futures, options and forward foreign exchange contracts, their net market values and fair values at 30 June.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(ii) Use of Derivative Financial Instruments (Continued)

Type of Contract	2007			2007			2006			2006		
	Fair Value		Net Market Value	Fair Value		Net Market Value	Fair Value		Net Market Value	Fair Value		Net Market Value
	Contract/ Notional A\$m	Assets A\$m		Liabilities A\$m	Contract/ Notional A\$m		Assets A\$m	Liabilities A\$m		Contract/ Notional A\$m	Assets A\$m	
Buy												
Futures												
Money market securities futures	-	-	-	-	-	-	-	-	-	-	-	-
Australian share price index futures	70.7	-	0.8	70.7	-	0.8	102.8	-	-	-	-	-
International share price index futures	717.8	-	11.0	719.7	-	9.2	6.6	-	-	-	-	-
Australian fixed interest futures	-	-	-	-	-	-	90.4	-	-	-	-	0.4
International fixed interest futures	-	-	-	-	-	-	461.6	-	-	-	-	2.8
Options												
Australian exchange traded options	-	-	-	-	-	-	-	-	-	-	-	-
International exchange traded options	-	-	-	-	-	-	-	-	-	-	-	-
Over the counter options	-	-	-	-	-	-	-	-	-	-	-	-
Fixed interest options	-	-	-	-	-	-	-	-	-	-	-	-
Money market options	-	-	-	-	-	-	-	-	-	-	-	-
Options on futures	-	-	-	-	-	-	-	-	-	-	-	-
Swaps												
Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
FFX												
Forward foreign exchange	6,786.3	112.9	-	6,786.3	112.9	-	2,228.6	32.9	-	2,228.6	32.9	-
Total Buys	7,574.8	112.9	11.8	7,576.7	112.9	10.0	2,890.0	32.9	2,890.1	32.9	3.2	3.2
Sell												
Futures												
Money market securities futures	-	-	-	-	-	-	-	-	-	-	-	-
Australian share price index futures	11.8	-	-	11.8	-	-	562.4	-	562.4	-	-	18.2
International share price index futures	-	-	-	-	-	-	41.0	-	41.0	-	-	1.4
Australian fixed interest futures	-	-	-	-	-	-	-	-	-	-	-	-
International fixed interest futures	-	-	-	-	-	-	-	-	-	-	-	-
Options												
Australian exchange traded options	11.0	-	0.4	11.0	-	0.4	3.2	-	3.2	-	0.3	0.3
International exchange traded options	-	-	-	-	-	-	-	-	-	-	-	-
Over the counter options	-	-	-	-	-	-	-	-	-	-	-	-
Fixed interest options	-	-	-	-	-	-	-	-	-	-	-	-
Money market options	-	-	-	-	-	-	-	-	-	-	-	-
Options on futures	-	-	-	-	-	-	-	-	-	-	-	-
Swaps												
Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
FFX												
Forward foreign exchange	3,071.1	-	23.4	3,071.1	-	23.4	2,631.0	-	2,631.0	-	-	32.6
Total Sells	3,093.9	-	23.8	3,093.9	-	23.8	3,237.6	-	3,237.6	-	-	52.5
	10,668.7	112.9	35.6	10,670.6	112.9	33.8	6,127.6	32.9	6,127.7	32.9	55.7	55.7

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk

Credit (or counterparty) risk is the risk that counterparty will fail to perform contractual obligations to a financial instrument 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 2007 this amount was \$4,692.2 million (2006: \$2,627.3 million). During the year the average maximum credit risk exposure for foreign exchange forward contracts was \$3,646.1 million (2006: \$3,504.0 million).

Credit risk is monitored and controlled through credit approval procedures and the setting of forward and daily limits for each counterparty.

The Fund does not have significant concentrations of credit risk that arises from an exposure to a single counterparty. Furthermore, the Fund does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(iv) Currency Risk

The Fund's exposure at 30 June 2007 to foreign exchange rate movements on international investments is shown below. As discussed in Section (ii) *Use of derivative financial instruments*, the Fund enters into foreign exchange forward contracts to hedge investment in foreign currency denominated financial assets. These foreign exchange forward contracts are carried at their net market values. The obligations arising under these contracts will be realised between 2 July 2007 to 14 December 2007 for the International Portfolios.

YEAR ENDED 30 JUNE 2007 FOREIGN EXCHANGE RISK DISCLOSURE

Net Market Value 2007

	USD A\$m	CAD A\$m	JPY A\$m	CHF A\$m	SEK A\$m	EUR A\$m	GBP A\$m	AUD A\$m	Other A\$m	TOTAL A\$m
Assets										
Cash and cash equivalents	26.0	1.0	3.9	0.8	0.8	10.1	12.4	492.0	1.2	548.2
Financial assets held at net market value	4,329.4	295.8	1,338.9	199.8	94.8	2,143.5	1,242.2	28,519.0	220.6	38,384.0
Derivative financial instruments – Futures & Options	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments – FFX	1.0	0.1	-	0.2	0.1	1.5	0.8	109.1	0.1	112.9
Receivables	19.5	0.6	1.4	2.0	-	4.0	6.8	143.7	0.4	178.4
Total Assets	4,375.9	297.5	1,344.2	202.8	95.7	2,159.1	1,262.2	29,263.8	222.3	39,223.5
Liabilities										
Cash and cash equivalents	-	-	-	-	-	0.1	-	1.2	0.1	1.4
Financial liabilities held at net market value	-	-	-	-	-	-	-	18.0	-	18.0
Derivative financial instruments – Futures & Options	5.3	0.2	0.4	0.4	-	1.6	1.2	1.2	0.1	10.4
Derivative financial instruments – FFX	0.3	0.4	0.1	-	0.2	2.1	4.7	15.3	0.3	23.4
Payables	14.0	2.2	1.8	0.5	0.2	1.4	6.6	160.5	-	187.2
Total Liabilities	19.6	2.8	2.3	0.9	0.4	5.2	12.5	196.2	0.5	240.4
Net Assets	4,356.3	294.7	1,341.9	201.9	95.3	2,153.9	1,249.7	29,067.6	221.8	38,983.1

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(iv) Currency Risk (Continued)

Year Ended 30 June 2006
Foreign Exchange Risk Disclosure

Net Market Value 2006

	USD A\$m	CAD A\$m	JPY A\$m	CHF A\$m	SEK A\$m	EUR A\$m	GBP A\$m	AUD A\$m	Other A\$m	TOTAL A\$m
Assets										
Cash and cash equivalents	18.0	2.2	0.8	0.2	0.2	3.5	3.4	447.1	1.0	476.4
Financial assets held at net market value	3,505.5	242.9	1,055.3	187.5	72.1	1,471.1	690.6	20,959.0	138.3	28,322.3
Derivative financial instruments – Futures & Options	0.1	-	-	-	-	-	-	-	-	0.1
Derivative financial instruments – FFX	9.3	0.1	1.4	-	0.1	0.9	0.5	20.6	-	32.9
Other assets	32.9	1.2	5.6	1.1	1.1	8.9	10.1	118.0	3.0	181.9
Total Assets	3,565.8	246.4	1,063.1	188.8	73.5	1,484.4	704.6	21,544.7	142.3	29,013.6
Liabilities										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Financial liabilities held at net market value	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments – Futures & Options	1.2	0.1	0.4	0.2	-	1.8	0.4	18.9	-	23.0
Derivative financial instruments – FFX	7.6	-	0.2	-	-	0.2	-	24.6	-	32.6
Other liabilities	25.9	1.0	5.0	1.6	1.0	5.2	5.0	119.2	3.0	166.9
Total Liabilities	34.7	1.1	5.6	1.8	1.0	7.2	5.4	162.7	3.0	222.5
Net Assets	3,531.1	245.3	1,057.5	187.0	72.5	1,477.2	699.2	21,382.0	139.3	28,791.1

The currency risk disclosure has been prepared on the Fund's direct investments and not on a look through basis for investments held indirectly through unit trusts. Therefore the disclosure of the currency risk above does not represent the full currency risk profile of the Fund, as the Fund has significant investments in unit trusts that have exposure to currency markets. Currency risks in these unit trusts are managed by the respective managers of the trusts.

The tables above summarise the exposure of the Fund to the currency risks. The tables do not take into account the effect of forward currency contracts entered into by the Fund which are detailed in Section (ii).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(v) Interest Rate Risk

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.

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 these financial instruments as at 30 June, are shown in the tables below. All other financial assets and liabilities are non-interest bearing.

The interest risk disclosure has been prepared on the Fund's direct investments and not on a look through basis for investments held indirectly through unit trusts. Therefore the disclosure of the interest risk below does not represent the full interest rate risk profile of the Fund, where the Fund has significant investments in unit trusts that have exposure to interest rate movements. Interest rate risks in these unit trusts are managed and disclosed by the respective managers of these trusts.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(v) Interest Rate Risk (Continued)

YEAR ENDED 30 JUNE 2007 – INTEREST RATE RISK DISCLOSURE

	Floating Interest A\$m	Fixed Interest – Time to Maturity			Non Interest Bearing A\$m	Total (per Statement of Net Assets) A\$m	Weighted Average Effective Interest Rate (%pa)
		Less than 12 months A\$m	1 – 5 years A\$m	Over 5 years A\$m			
Assets							
Cash and cash equivalents	548	-	-	-	-	548	5.22%
Financial assets held at net market value	-	-	-	-	-	-	
Equities	-	-	-	-	18,014	18,014	N/A
Unlisted Unit Trusts	-	-	-	-	7,116	7,116	N/A
Direct Property	-	-	-	-	3,401	3,401	N/A
Short Term Securities	4,444	-	-	-	-	4,444	6.37%
Fixed Interest	-	-	-	-	-	-	
Government Bonds - Domestic	-	73	581	570	-	1,224	6.36%
Semi Government Loans	-	218	672	454	-	1,344	6.64%
Mortgaged Backed Securities	-	50	6	426	-	482	6.46%
International Fixed Interest	-	-	1,159	1,198	-	2,357	3.85%
Other Fixed Interest	-	-	-	2	-	2	6.70%
Derivative Financial Instruments	-	-	-	-	-	-	
Futures and Options	-	-	-	-	113	113	N/A
FFX	-	-	-	-	211	211	N/A
Receivables	-	-	-	-	61	61	N/A
Current Tax Asset	-	-	-	-	-	-	
Total Assets	4,992	341	2,418	2,650	28,916	39,317	
Liabilities							
Cash and cash equivalents	1	-	-	-	-	1	5.96%
Financial liabilities held at net market value	-	-	-	-	-	-	
Equities	-	-	-	-	-	-	N/A
Unlisted Unit Trusts	-	-	-	-	-	-	N/A
Direct Property	-	-	-	-	18	18	N/A
Discount Securities	-	-	-	-	-	-	N/A
Fixed Interest	-	-	-	-	-	-	
Derivative Financial Instruments	-	-	-	-	-	-	
Futures and Options	-	-	-	-	10	10	N/A
FFX	-	-	-	-	23	23	N/A
Superannuation Contribution Surcharge	105	-	-	-	-	105	6.26%
Payables	-	-	-	-	238	238	N/A
Reserve Units	-	-	-	-	5	5	N/A
Deferred Tax	-	-	-	-	330	330	N/A
Total Liabilities	106	-	-	-	624	730	
Net Assets	4,886	341	2,418	2,650	28,292	38,587	

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(v) Interest Rate Risk (Continued)

	YEAR ENDED 30 JUNE 2006 – INTEREST RATE RISK DISCLOSURE						Weighted Average Effective Interest Rate (%pa)	
	Floating Interest A\$m	Fixed Interest – Time to Maturity				Non Interest Bearing A\$m		Total (per Statement of Net Assets) A\$m
		Less than 12 months A\$m	1 – 5 years A\$m	Over 5 years A\$m				
Assets								
Cash and cash equivalents	476	-	-	-	-	-	476	
Financial assets held at net market value	-	-	-	-	-	-	-	
Equities	-	-	-	-	-	-	-	
Unlisted Unit Trusts	-	-	-	-	-	-	-	
Direct Property	-	-	-	-	-	-	-	
Short Term Securities	-	-	-	-	-	-	-	
Fixed Interest	1,044	-	-	-	-	-	1,044	
Government Bonds - Domestic	-	109	695	505	-	-	1,309	
Semi Government Loans	-	78	825	434	-	-	1,337	
Mortgaged Backed Securities	-	68	51	230	-	-	349	
International Fixed Interest	-	-	574	843	-	-	1,417	
Other Fixed Interest	-	-	-	2	-	-	2	
Derivative Financial Instruments	-	-	-	-	-	-	-	
Futures and Options	-	-	-	-	-	-	-	
FFX	-	-	-	-	-	33	33	
Receivables	-	-	-	-	-	215	215	
Cash at Bank	-	3	-	-	-	-	3	
Current Tax Asset	-	-	-	-	-	120	120	
Total Assets	1,520	258	2,145	2,014	23,232	29,169		
Liabilities								
Cash and cash equivalents	-	-	-	-	-	-	-	
Financial liabilities held at net market value	-	-	-	-	-	-	-	
Equities	-	-	-	-	-	-	-	
Unlisted Unit Trusts	-	-	-	-	-	-	-	
Direct Property	-	-	-	-	-	-	-	
Discount Securities	-	-	-	-	-	-	-	
Fixed Interest	-	-	-	-	-	-	-	
Derivative Financial Instruments	-	-	-	-	-	-	-	
Futures and Options	-	-	-	-	23	23	23	
FFX	-	-	-	-	33	33	33	
Superannuation Contribution Surcharge	-	-	-	-	-	-	-	
Payables	115	-	-	-	-	-	115	
Reserve Units	-	-	-	-	212	212	212	
Deferred Tax	-	-	-	-	5	5	5	
Total Liabilities	115	-	-	-	203	203		
Net Assets	1,405	258	2,145	2,014	22,756	28,578		

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(vi) Liquidity Risk Management

The Fund manages liquidity risk by maintaining adequate banking facilities and through continuous monitoring of forecast and actual cash flows.

(vii) Net Fair Value Disclosures

The Statement of Net Assets is prepared in accordance with AAS 25 – *Financial Reporting by Superannuation Plans*. All investment assets are valued at net market values at 30 June 2007. All other assets and other liabilities are recorded at historical cost which, in the opinion of the Trustees, approximates their net market value.

The following table states the net market values and fair values of assets and liabilities at 30 June.

Disclosure of Financial Assets held at Fair Value Comparable to Net Market Value

Assets	Fair Value 30-Jun-07 \$'m	Net Market Value 30-Jun-07 \$'m	Fair Value 30-Jun-06 \$'m	Net Market Value 30-Jun-06 \$'m
Held for trading				
Derivative Financial Instruments				
Futures and Options	-	-	-	-
Swaps	-	-	-	-
FFX	113	113	33	33
Total held for trading	<u>113</u>	<u>113</u>	<u>33</u>	<u>33</u>
Designated assets through profit or loss				
Equities	17,981	18,037	14,376	14,401
Unlisted Unit Trusts	7,112	7,003	5,943	5,910
Short Term Securities	4,443	4,927	1,044	1,420
Fixed Interest Securities	5,407	5,461	4,412	4,410
Direct Property	3,397	3,397	2,526	2,525
Total designated assets through profit or loss	<u>38,340</u>	<u>38,825</u>	<u>28,301</u>	<u>28,666</u>
Total financial assets held through profit or loss	<u>38,453</u>	<u>38,938</u>	<u>28,334</u>	<u>28,699</u>

Disclosure of Financial Liabilities held at Fair Value Comparable to Net Market Value

Liabilities	Fair Value 30-Jun-07 \$'m	Net Market Value 30-Jun-07 \$'m	Fair Value 30-Jun-06 \$'m	Net Market Value 30-Jun-06 \$'m
Held for trading				
Derivative Financial Instruments				
Futures and Options	12	10	23	23
Swaps	-	-	-	-
FFX	24	24	33	33
Total held for trading	<u>36</u>	<u>34</u>	<u>56</u>	<u>56</u>
Designated liabilities through profit or loss				
Equities	-	-	-	-
Unlisted Unit Trusts	-	-	-	-
Short Term Securities	-	-	-	-
Fixed Interest Securities	-	-	-	-
Direct Property	18	18	-	-
Total designated liabilities through profit or loss	<u>18</u>	<u>18</u>	<u>-</u>	<u>-</u>
Total financial assets held through profit or loss	<u>54</u>	<u>52</u>	<u>56</u>	<u>56</u>

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

20. EVENT AFTER REPORTING DATE

The Fund's custodian has advised that as at 31 August 2007 the net investment assets of the Fund were \$37,256.6 million. Since 30 June 2007 the Fund's investments have made a return of approximately –

- Growth 0.8%
- Conservative Growth 1.2%
- Balanced 1.1%
- Cash 0.9%

End of Audited Financial Report

PART C

TRIENNIAL ACTUARIAL VALUATION

The triennial actuarial valuation of the Pooled Fund and each of the individual Schemes at 30 June 2006 was carried out by Martin Stevenson, FIA, FIAA of Mercer Human Resource Consulting Pty Ltd. A summary of this valuation as provided by Martin Stevenson follows.

Triennial Actuarial Valuation

Introduction

As requested by the SAS Trustee Corporation (the Corporation) I have carried out an actuarial valuation of the following Schemes as at 30 June 2006 in accordance with the relevant legislation governing each of the Schemes:

- the State Authorities Superannuation Scheme (SASS)
- the State Authorities Non-Contributory Superannuation Scheme (SANCS)
- the State Superannuation Scheme (SSS)
- the Police Superannuation Scheme (PSS).

The previous actuarial investigation of SASS, SANCS, SSS and PSS was carried out by myself as at 30 June 2003 and the results were set out in a report dated December 2003.

This report conforms to the requirements of Professional Standard 400 of the Institute of Actuaries of Australia.

For funding purposes and in accordance with legislation distinctions are made between groups of employers as set out in the following table.

Scheme	Employers
SASS	Employers are separated into Parts 1 and 3 in accordance with legislation. Part 1 includes the Crown and other employers, Part 3 includes Hospitals and other bodies.
SANCS	Employers are subdivided in the same manner as SASS above.
SSS	Employers under SSS are essentially equivalent to Part 1 employers under SASS.
PSS	No subdivision necessary.

The General Government Liability Management Fund (GGLMF) was established with effect from 10 July 2002. The GGLMF accepts monies paid by the Crown Entity and these monies were transferred to the Pooled Fund during the financial year 2006/2007. We have presented results both with and without the value of the GGLMF as at 30 June 2006 being included as an asset of the Pooled Fund.

The **number of contributors** in each of the Schemes at the current and previous investigation dates is set out below:

Contributors	SASS	SANCS	SSS	PSS	Total
30 June 2006	56,986	86,875	26,616	3,297	173,774
30 June 2003	68,272	106,263	33,536	4,489	212,560

Pensioners	SASS	SANCS	SSS	PSS	Total
30 June 2006	4,653	n/a	39,754	5,697	50,104
30 June 2003	5,617	n/a	35,354	4,877	45,848

The **Pooled Fund assets** at 30 June 2006 totalled \$28,578.1 million compared to \$22,305.5 million at the last valuation. The assets were allocated to each Scheme as follows:

Assets (\$millions)	SASS	SANCS	SSS	PSS	Total
30 June 2006	8,590	1,145	17,881	962	28,578
30 June 2003	5,278	471	15,431	1,126	22,306

Triennial Actuarial Valuation cont.

The **Employer Reserves** as at 30 June 2006 in respect of each Scheme are as follows:

\$millions	SASS	SANCS	SSS	PSS	Total
Assets	8,590	1,145	17,881	962	28,578
Less,					
➤ Member Reserves	5,511	261	4,970	407	11,149
➤ Death/ Disability Reserves	20	-	-	-	20
Adjustments	-	21	-	-	21
Employer Reserve	3,059	863	12,911	555	17,388

The adjustments noted above represent differences between the employer records (which are required for subdivision by Scheme, Part and employer) and the accounts.

As at 30 June 2006, the assets of the GGLMF amounted to \$6,729 million.

For all Schemes the key **long term economic assumptions** are as follows:

Long-term assumptions	This valuation % per annum	Last valuation % per annum
Rate of investment return	7.7% for current pensioners, 7.0% other members	7.0%
Rate of general salary escalation	4.0%	4.0%
Rate of increase in CPI	2.5%	2.5%

The rate of investment return assumption is higher for current pensioners because no tax is payable in respect of assets backing Current Pension Liabilities. The investment return assumption has been increased from 7.0% at the previous valuation to a weighted average long term rate of 7.3% per annum. In the intervalation period a very comprehensive investigation was carried out in respect of the likely tax payable by the Pooled Fund, and a reduction in the rate of tax was anticipated. This change in the expected rate of tax accounts for the increase in the rate of investment return assumption.

No special short term assumptions have been adopted with the long term assumptions applying over all time periods.

A comprehensive analysis was carried out in respect of all demographic assumptions used in the investigations of the Pooled Fund Schemes. The analysis related mainly to the three years 1 July 2002 to 30 June 2005.

This analysis led to changes in relation to the rates of resignation, preservation, mortality, disability, retirement and early retirement and proportions choosing lump sums or pensions on retirement.

Changes in pensioner mortality and deferral of retirement have offset the effect of increased disability rates in respect of the PSS and the assumed rate of people taking pensions with the result that the demographic basis changes have produced only a marginal strengthening of the basis and hence a small source of deficiency to the Schemes overall.

Triennial Actuarial Valuation cont.

Results

When the GGLMF is taken into account, the unfunded liability for the Pooled Fund has reduced from \$15,006.6m to \$10,435.7m over the three years to 30 June 2006. Excluding the GGLMF, the unfunded liability is \$17,164.7m as at 30 June 2006.

The unfunded liabilities of each of the Schemes or sub-divisions within schemes are as follows:

\$millions	SASS	SANCS	SSS	PSS	Total before GGLMF	GGLMF	Total
Employer Accrued Benefits							
➤ Contributors	5,888.2	2,094.6	6,487.9	1,846.7	16,317.4	-	16,317.4
➤ Deferreds	-		830.6	20.4	851.0	-	851.0
➤ Pensioners	258.8		13,744.2	3,380.5	17,383.5	-	17,383.5
Total Employer Accrued Liability	6,147.0	2,094.6	21,062.7	5,247.6	34,551.9	-	34,551.9
Less, Employer Reserve Account	3,059.0	862.7	12,910.6	554.9	17,387.2	6,729.0	24,116.2
Employer Unfunded Liability	3,088.0	1,231.9	8,152.1	4,692.7	17,164.7	(6,729.0)	10,435.7
Unfunded Liability at 30 June 2003	3,621.9	1,450.7	8,099.4	3,489.0	16,661.0	(1,654.4)	15,006.6

The employer unfunded liabilities shown above have not been grossed up for contributions tax.

Employer contributions towards meeting unfunded liabilities must be grossed up to allow for tax on contributions. Wherever employer contribution rates have been calculated in this report, the contribution rates have been grossed up accordingly.

Triennial Actuarial Valuation cont.

If the current balance in the GGLMF is allocated to each section of the Fund in proportion to current unfunded liability and allowing for future tax on employer contributions the theoretical required contribution rates (over the expected working life-time of contributors) are:

		Contribution rate required	As % members' salaries
SASS	Part 1	2.58 times contributor contributions	14.5%
SASS	Part 3	3.88 times contributor contributions	24.1%
SANCS	Part 1	4.8% of members' salaries	4.8%
SANCS	Part 3	4.0% of members' salaries	4.0%
SSS		4.8 times members' contributions	65.8%
PSS		251% of members' salaries	251%

Sensitivity runs were carried out, and the results are set out in the following table:

Basis	Unfunded liability under varying assumptions (\$million)					
	SASS	SANCS	SSS	PSS	GGLMF	Total
Standard	3,088.0	1,231.9	8,152.1	4,692.7	(6,729.0)	10,435.7
Investment return plus 1%	2,627.9	1,083.3	5,416.5	4,132.7	(6,729.0)	6,531.4
Investment return minus 1%	3,622.4	1,401.3	11,531.0	5,478.0	(6,729.0)	15,303.7
Salary increases plus 1%	3,564.2	1,402.3	8,604.6	4,851.2	(6,729.0)	11,693.3
Salary increases minus 1%	2,666.0	1,079.9	7,733.5	4,593.4	(6,729.0)	9,343.8
CPI increases plus 1%	3,146.6	1,231.9	11,090.3	5,157.8	(6,729.0)	13,897.6
CPI increases minus 1%	3,038.0	1,231.9	5,687.0	4,347.0	(6,729.0)	7,574.8

The above table demonstrates that the rate of investment return has the major impact on the financial condition of the Pooled Fund.

Triennial Actuarial Valuation cont.

Major items contributing to current results

The major items of surplus and deficiency which have affected the Schemes over the period since the last actuarial investigation are as follows:

Item	Comment	Amount of deficiency / (surplus) \$ billion
Unfunded liability as at 1 July 2003 (before GGLMF)		16.7
Investment Earnings	Investment Earnings of the Pooled Fund were significantly higher than assumed and this resulted in an item of surplus.	-5.1
Contributions	Contributions to the Crown funded employer reserves were less than the accruals over the period resulting in a deficiency.	1.6
Change of actuarial basis	The overall impact of the changes in the valuation basis was an item of surplus.	-1.2
Impact of disability experience in PSS	The impact of the higher actual than expected disabilities in the PSS was an item of deficiency.	0.2
Other exits	Generally fewer other exits was a further item of deficiency.	0.1
Salary Increases	Higher than expected salary increases led to a deficiency.	1.2
CPI Increases	Lower than anticipated CPI increases led to a surplus.	-0.1
Interest on the previous Unfunded Liability.	Interest on the previous unfunded liability at 1 July 2003 resulted in a deficiency.	3.7
Other		0.1
Unfunded liability as at 30 June 2006 before GGLMF		17.2
Effect of GGLMF	The GGLMF balance.	-6.7
Unfunded liability as at 30 June 2006 after GGLMF		10.4

The major items of surplus were investment earnings being higher than anticipated, and the change in the actuarial basis while interest on the opening unfunded liability and higher than anticipated salary increases were the major items of deficiency. The effect of lower contributions than benefit accruals continued to be off-set by contributions to the GGLMF.



MA Stevenson
Fellow of the Institute of Actuaries of Australia

PART D

SAS Trustee Corporation Statutory Information

SAS Trustee Corporation Statutory Information

The following information is provided in accordance with the *Annual Reports (Statutory Bodies) Regulation 2005*.

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

Trustee Board membership and frequency of meetings

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

Trustee 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 nine ordinary meetings were held during the period from 1 July 2006 to 30 June 2007.

In line with the requirements of the *Annual Reports (Statutory Bodies) Act 1984*, Trustee Board meeting attendance is notified below.

	Appointed	Termination date	Meetings attended	Possible attendance
Chairperson				
Mr M Cole	1 Apr 2000	30 Sep 2007	9	9
Employer Representatives				
Mr I Blair	1 Sep 1998	31 Jan 2008	9	9
Mr P Scully	1 Feb 2004	31 Jan 2010	9	9
Mr M Lambert	1 Feb 2004	31 Jan 2010	8	9
Ms A De Salis	1 Feb 2006	31 Jan 2008	9	9
Employee Representatives				
Mr R Davis	1 Jul 1996	31 Dec 2009	9	9
Mr R Harty	1 Jan 2002	31 Aug 2010	9	9
Ms M O'Halloran	1 Sep 2002	31 Aug 2010	7	9
Mr N Lewocki	1 Sep 1998	31 Aug 2010	8	9

Trustee Board Committees

The Committees and details of their functions and membership at 30 June 2007 are outlined below:

Actuarial Committee

Members	Messrs Scully (chairperson), Davis, Harty and Lambert; Mr Cole is ex officio member; also attended by members of the Executive and the Scheme Actuary.
Role	To issue tasks and projects to the Scheme Actuary and monitor their progress; monitor the progress of the triennial review of the Pooled Fund; conduct a tender, select and appoint a Scheme Actuary (when necessary); monitor the performance of the Scheme Actuary against their contractual requirements; monitor the compliance of the administrator in relation to actuarial requirements; monitor any asset/liability matching issues that might affect the Fund's investment strategies; and identify any special projects that may require actuarial investigation and direct those projects as required.

Audit and Compliance Committee

Members	Messrs Blair (chairperson) and Davis, Ms De Salis and Ms O'Halloran; Mr Cole is ex officio member; also attended by members of the Executive, the Audit Office of New South Wales and the administrator.
Role	To monitor and recommend ways of improving the effectiveness of STC's risk management and compliance system and ensure this is well documented; assist the Trustee Board in promoting a culture of compliance within STC; determine the timetable for the completion of the annual statutory accounts of STC and the Pooled Fund; review and report on the annual statutory accounts and management accounts; ensure that the external auditor is invited to attend each meeting and has the opportunity to address the Committee in camera; review the fees, effectiveness and independence of the external auditor and investigate any disputes between STC management and the external auditor; review and report on the scope of the audit functions performed for the Administrator and Custodian; review industry accounting changes; monitor and report annually on internal management processes of STC and service providers, statutory compliance issues, third party contractual compliance issues, 'best practice' standards as determined by the relevant industry bodies and the risk management policies and processes of STC.

Disputes Committee

Members	Messrs Lewocki (chairperson), Davis and Blair and Ms De Salis; Mr Cole is ex officio member; also attended by members of the Executive.
Role	To consider and make recommendations on disputes received from persons under section 67 of the <i>Superannuation Administration Act 1996</i> (the Act); monitor and authorise settlement of appeals under s85 of the Act and report to the Trustee Board; monitor death and disability benefit decisions made by the administrator; and appoint and review medical consultants.

Trustee Board Committees continued

Investment Committee*

Members	Messrs Cole (chairperson), Davis, Harty, Lambert and Scully; also attended by members of the Executive and investment advisers and managers.
Role	To review investment portfolio objectives and strategies of the Pooled Fund, the asset allocation for each investment strategy and appoint, review the performance of and terminate the Fund's asset consultant, investment managers and custodian; review the Fund's investment portfolio results, monitor the reporting arrangements of investment managers and monitor and deal with breaches of investment mandates; and monitor investment governance issues.

* *The Investment Committee was discontinued in January 2005 at which time the functions of the Committee were absorbed by the Trustee Board. The Committee was reinstated in January 2007 and from July 2007 consists of all members of the Trustee Board.*

Remuneration Committee

Members	Messrs Cole (chairperson), Blair and Harty (also attended, by invitation, by the Chief Executive Officer of STC).
Role	To review the salary structure of the Executive of STC; to determine the salary structure of the contract staff and the Chief Executive having regard to appropriate benchmarks; and review the performance of the Chief Executive Officer.

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 Davis as nominee of STC. Other members are the chairperson appointed by the Minister, three nominees of the Police Association of New South Wales, a nominee of the Commissioned Officers' Branch of the Police Association of New South Wales, a nominee of WorkCover NSW and a nominee of the Minister for Police.
Functions	To determine invalidity benefit entitlements in the Police Superannuation Scheme and to advise STC on such matters relating to the <i>Police Regulation (Superannuation) Act 1906</i> .

Trustee Board member attendance at STC Committee meetings

During 2006-07

	Meetings Attended	Possible Attendance
Actuarial Committee		
R Davis	3	3
M Cole (<i>ex officio</i>)	3	3
P Scully	3	3
M Lambert	3	3
R Harty	3	3
Audit and Compliance Committee		
I Blair	4	4
R Davis	4	4
M Cole (<i>ex officio</i>)	4	4
M O'Halloran	4	4
A De Salis	4	4
Disputes Committee		
N Lewocki	7	7
R Davis	6	7
A De Salis	2	3
P Scully	6	6
I Blair	5	7
Investment Committee		
M Cole	2	2
R Davis	2	2
R Harty	1	2
M Lambert	1	2
P Scully	2	2
Remuneration Committee		
M Cole	2	2
I Blair	2	2
R Harty	2	2
Police Superannuation Advisory Committee		
R Davis	11	12

Consumer response — disputes and appeals

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

At 30 June 2006, 19 disputes were current. During the year ending 30 June 2007, the Trustee Corporation received 34 new disputes and 38 disputes were concluded (including disputes carried over from the previous year). Of those disputes:

- 14 were determined in favour of the disputant;
- 5 were determined against the disputant; and
- 19 were withdrawn.

At the end of the reporting year, 15 disputes were current.

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

- Nil were decided in favour of the appellant;
- 2 were decided against the appellant;
- 2 were settled; and
- 3 were withdrawn or discontinued.

At the end of the reporting year, 2 appeals remained to be concluded.

The Police Superannuation Scheme provides for appeals to the District 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. During the financial year 2006-07, these appeals resulted as follows:

- 2 were decided against the appellant,
- 9 were decided in favour of the appellant,
- 13 were withdrawn or discontinued, and
- 40 were settled.

At the end of the reporting year, 61 appeals remained to be concluded.

2006-07 Legislation changes

Schemes:

SASS — State Authorities Superannuation Scheme

SSS — State Superannuation Scheme

PSS — Police Superannuation Scheme

SANCS — State Authorities Non-contributory Superannuation Scheme

Notes:

- 1) where there are multiple new or amended provisions, the section(s) listed is the major or 'primary' provision affected;
- 2) legislation (chiefly Orders and Regulations) that amends the various schedules listing participating Scheme employers are not shown in this schedule; nor are any minor technical changes made by way of statute law revision.

Effective Date	Scheme	Principal Act or Regulation	Amending Act or Regulation	Section	Description
4.7.07	SANCS	<i>State Authorities Non-contributory Superannuation Act 1987</i>	<i>Superannuation Legislation Amendment Act 2007</i>	4, 4A	Salary sacrifice contributions The cost of any salary sacrifice contributions made under relevant STC schemes is to be included in the calculation of superable salary for SANCS benefit entitlement purposes.
4.7.07	SASS	<i>State Authorities Superannuation Act 1987</i>	<i>Superannuation Legislation Amendment Act 2007</i>	4, 4A, 12, 19A	Salary sacrifice provisions Miscellaneous amendments to existing salary sacrifice provisions to make them consistent with proposed amendments to the other STC scheme Acts, including the treatment of salary sacrifice contributions as forming part of superable salary for SASS benefit entitlement purposes.
4.7.07	SSS	<i>Superannuation Act 1916</i>	<i>Superannuation Legislation Amendment Act 2007</i>	3A, 3AA, 10U	Salary sacrifice contributions New provisions introduce the facility for SSS members to pay their personal (employee) contributions to the scheme by way of salary sacrifice contributions, subject to the member meeting the tax costs of such before-tax contributions. A member's superable salary for benefit entitlement purposes is not affected by salary sacrifice contributions.
4.7.07	SASS/ SSS	<i>State Authorities Superannuation Act 1987</i> <i>Superannuation Act 1916</i>	<i>Superannuation Legislation Amendment Act 2007</i>	30A 20AB	Transfer rights of senior executive service members Miscellaneous amendments clarify the right of senior executive service members to transfer their accrued scheme benefit to First State Super or another complying superannuation fund without first exiting their employment.

2006-07 Legislation changes continued

Effective Date	Scheme	Principal Act or Regulation	Amending Act or Regulation	Section	Description
4.7.07	PSS	<i>Police Regulation (Superannuation) Act 1906</i>	<i>Police Superannuation Legislation Amendment Act 2007</i>	5AD 3	Salary sacrifice provisions New provisions introduce the facility for PSS members (including PSS members employed by the Police Association) to pay their personal (employee) contributions to PSS by way of salary sacrifice contributions, subject to the member meeting the tax costs of such before-tax contributions. A member's superable salary for benefit entitlement purposes is not affected by salary sacrifice contributions.
4.7.07	PSS	<i>Police Regulation (Superannuation) Act 1906</i>	<i>Police Superannuation Legislation Amendment Act 2007</i>	8, 10B	Certificate of incapacity The amendments clarify that a certificate of incapacity is to be provided by STC only where a police officer or former police officer is incapable, on medical grounds, of exercising the functions of a police officer referred to in section 14(1) of the <i>Police Act 1990</i> . The functions referred to in that section are those conferred or imposed on a constable by or under any law, including the common law, of the State.
4.7.07	PSS	<i>Police Regulation (Superannuation) Act 1906</i>	<i>Police Superannuation Legislation Amendment Act 2007</i>	12D	Payment of medical expenses The amendment formalises the long standing practice under which members' medical expenses in connection with hurt on duty injuries may be paid by an entity other than STC and from sources other than the Pooled Fund.
4.7.07	PSS	<i>Police Regulation (Superannuation) Act 1906</i>	<i>Police Superannuation Legislation Amendment Act 2007</i>	5B	Transfer rights of senior executive service members Miscellaneous amendments clarify the right of senior executive service members to transfer their accrued PSS benefit to First State Super or another complying superannuation fund without first exiting their employment.

Account payment performance

Aged analysis at end of each quarter

Quarter	Current	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
September 2006	0	0	0	0	0
December 2006	0	0	0	0	0
March 2007	0	0	0	0	0
June 2007	0	0	0	0	0

Accounts paid on time within each quarter

Quarter	Total accounts paid on time			Total amount paid \$
	Target %	Actual %	\$	
September 2006	100%	100%	\$9,179,483.00	\$9,179,483.00
December 2006	100%	100%	\$8,591,438.00	\$8,591,438.00
March 2007	100%	100%	\$8,535,434.00	\$8,535,434.00
June 2007	100%	100%	\$8,529,806.00	\$8,529,806.00
Total				\$34,836,161.00

Payments to consultants during 2006-07

Fees exceeding \$30,000

Area	Consultant	Total Cost \$
Legal	Minter Ellison Consulting	292,244
Investment Consulting	Mercer Investment Consulting	46,219
Total Fees Exceeding \$30,000		338,463

Fees Less Than \$30,000

Area	Consultant	Total Cost \$
CEO	Pricewaterhouse Coopers	22,462
Legal	Dr Clifford Boland	1,760
CEO	McGuirk Management Consultants	428
Total Fees Less Than \$30,000		24,650

Human resource management

Following the proclamation of the *Public Sector Employment Legislation Amendment Act 2006*, all executive staff are employed by the SAS Trustee Corporation Division of the Government Service of NSW.

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 by salary band at 30 June 2007.

Salary Range	Men	Women	Total staff (number)
< \$30,146	0	0	0
\$30,146 - \$39,592	0	0	0
\$39,593 - \$44,264	0	1	1
\$44,265 - \$56,012	0	3	3
\$56,013 - \$72,434	0	1	1
\$72,435 - \$90,543	2	4	6
> \$90,543 (non SES)	6	4	10
> \$90,543 (SES)	1	0	1
Totals	9	13	22
	40.9%	59.1%	

Senior Executive Service (SES)

STC employs one SES officer, the CEO, Mr Don McLean, at Grade 5 level. The total annual remuneration package for this position at 30 June 2007 was \$247,300, plus a retention allowance of \$27,000. The criteria used for assessing the CEO's remuneration package is set out in *Premier's Memorandum no. 99-25*.

During the year, the staff of the Executive, under Mr McLean's leadership, achieved a number of significant goals agreed at the start of the year with the Trustee Board.

Salary movement

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 June 2002) Award*. Staff under this award received an incremental salary increase of 4% on 14 July 2006.

Industrial relations

The Public Service Association of New South Wales provided industrial coverage for staff of the Executive. No time was lost during 2006-07 through industrial action.

Training and development

The Trustee recognises the need for the ongoing development of staff and has developed a training program to enable all appropriate members to meet PS146 training requirements. In addition, staff may attend training designed by external providers and they may keep up-to-date with changes in the superannuation industry by attending seminars, short courses and conferences.

Occupational health and safety

During the reporting period, the STC experienced one work related injury. There were no work related illnesses, or prosecutions under the *Occupational Health and Safety Act 1993*.

Representation of Equal Employment Opportunity (EEO) target groups

STC is an equal opportunity employer that has integrated EEO practices into all areas of the workplace, thereby creating an environment where staff are valued and have the opportunity to contribute and develop. The merit principle is applied to all recruitment, selection, promotion, training and other employment related opportunities.

EEO data is requested from all STC staff on commencement of employment.

Table A: Trends in the Representation of EEO Groups¹

EEO GROUP	Benchmark or target	% of total staff ²			
		2004	2005	2006	2007
Women	50%	67%	64%	62%	59%
Aboriginal people and Torres Strait Islanders	2%	0%	0%	0%	0%
People whose first language was not English	19%	18%	23%	24%	26%
People with a disability	12%	0%	0%	0%	0%
People with a disability requiring work related adjustment	7%	0%	0%	0%	0%

Table B: Trends in the Distribution of EEO Groups

EEO GROUP	Benchmark or target	Distribution Index ³			
		2004	2005	2006	2007
Women	100%	N/A	N/A	N/A	N/A
Aboriginal people and Torres Strait Islanders	100%	N/A	N/A	N/A	N/A
People whose first language was not English	100%	N/A	N/A	N/A	N/A
People with a disability	100%	N/A	N/A	N/A	N/A
People with a disability requiring work related adjustment	100%	N/A	N/A	N/A	N/A

1. Staff numbers as at 30 June 2007.

2. Excludes casual employees.

3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by Employment Equity Diversity Branch, Premier's Department. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Risk management and insurance

Audit and Compliance Committee

STC's Audit and Compliance Committee comprises members of the Trustee 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 advise and assist the Trustee Board on matters relating to auditing and processes, risk management and compliance issues, taking into account best practice principles. In particular the Committee assists with:

- the annual statutory accounts, including determining the timeframe for completion of the accounts to meet regulatory requirements;
- monitoring STC management accounts against budget and reporting to the Trustee Board;
- the external auditor functions, including the review of fees, effectiveness and independence of the external auditor;
- the functions performed by the internal auditor for the administrator and custodian and the relevant internal audit reports;
- industry accounting changes;
- the internal processes of the Executive and the service providers; and
- statutory, third party and contract compliance.

The Audit and Compliance Committee oversees and appraises the audits conducted by the administrator's internal auditor 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 provides the external auditor with the opportunity to address the Committee without any other attendees being present.

Additionally during the 2006-07 year, the Committee reviewed reports on the internal audit of STC (the Executive) and the audit of STC's Risk Management Documentation and Business Continuity and Disaster Recovery Plan.

Insurance

During the financial year 2006-07, insurance for STC was continued with the NSW Self Insurance Corporation (SI Corp), which covers all the NSW Government's insurable risks. SI Corp provides unlimited cover for the following classes of risk:

- workers' compensation;
- motor vehicle;
- property (full replacement, new for old, including consequential loss);
- liability (including, but not limited to, professional indemnity, directors' and officers' liability); and
- miscellaneous (e.g. personal accident and protection for overseas travel).

Freedom of information

All enquiries and requests under the *Freedom of Information Act 1989* (the Act) for the period 1 July 2006 to 30 June 2007 were handled on behalf of STC 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* is published as at 30 June 2007 as part of this Annual Report and appears on page 41.

In accordance with s14(1)(b) of the Act, a *Summary of Affairs* was published in the Gazette in December 2006 and June 2007 and is published as part of this Annual Report on page 43.

The Summary and Statement are also available on the STC website at 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 2007

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 functions of the agency and lists the categories of 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 Trustee 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, and
- 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 Trustee 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 Trustee 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 role.

STC and its Executive also consult with the Department of Premiers and Cabinet Office 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 Ethnic Affairs Priority Statement* – this shows how STC addresses the needs of a culturally and linguistically diverse society; and
- *STC Disability Action Plan* – this outlines how STC addresses the needs of disabled staff members as well as members of the public who have recourse to its services.

The following documents are available upon request or through the State Super website at no cost:

- *Codes of Conduct* for the Board and the Executive — these contain a description of the principles of conduct under which Trustee Board members and Executive staff must conduct themselves in the performance of their functions;
- *STC Privacy Statement* — the Statement outlines procedures STC has in place to ensure compliance with the *Privacy and Personal Information Protection Act 1998 (NSW)* and the *Health Records Information Privacy Act 2002 (NSW)*.

Statement of Affairs continued

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, Pillar Administration.

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 in respect of 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 view or correct any personal information about them held by the scheme administrator. Requests to amend personal information may directly affect contributions or benefits payable under the scheme, therefore 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
PO Box 1229
Wollongong NSW 2500

Telephone: (02) 4253 1478
Facsimile: (02) 4253 1467

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 2007

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 Board Code of Conduct and Ethics,*
- *STC Executive Code of Conduct and Ethics,*
- *STC Privacy Statement,*
- *Ethnic Affairs Priority Statement,*
- *Disability Action Plan, and*
- *Equal Employment Opportunity Management Plan.*

Section 2: Statement of Affairs

The most recent *Statement of Affairs* for STC is published annually in STC's Annual Report (see page 41). The Statement is available on the website at www.statesuper.nsw.gov.au. A copy of the *Statement of Affairs* can also 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 requests by members to access their member records should be made to:

The Freedom of Information Co-ordinator
SAS Trustee Corporation
PO Box 1229
WOLLONGONG NSW 2500

Telephone: (02) 4253 1478
Facsimile: (02) 4253 1467

Applications and inquiries can be made between 10:00am and 4:00pm Monday to Friday.

Ethnic Affairs Priorities statement

STC is committed to the principles outlined in the *Community Relations Commission and Principles of Multiculturalism Act 2000* and ensures that delivery of services by the Trustee to members of the STC Schemes responds to the culturally and linguistically diverse groups of members and their special needs.

STC has developed an *Ethnic Affairs Priorities Statement* for the purpose of addressing the needs of the Schemes' culturally diverse membership and aims to improve STC's management and delivery of services.

An ongoing strategy is to arrange, at a member's request, for any Scheme communication material to be translated by accredited interpreters into languages other than English at no cost to members. Interpreter services may also be provided for members for whom English is not their first language. During the year, STC had no requests for any of the member communication materials to be translated to another language. With respect to interpreter services, the Administrator would, on average, receive approximately 5 requests per year.

To ensure members are provided with an opportunity to access the services offered by STC, consideration is given to member's location within the state when developing a communication strategy for the coming year. Member education seminars are conducted in Sydney as well as other areas outside the metropolitan region. The Trustee aims to reach a wider range of members by adopting this strategy as it is recognised that not all members have the ability to travel in order to receive these services.

In addition, STC promotes the employment of culturally and linguistically diverse people. All employees are made aware, on appointment, of STC's commitment to the Ethnic Affairs Priority Statement. The Staff Code of Conduct and Ethics, signed annually by all employees, reinforces this commitment.

Disability plan

STC has developed a *Disability Plan* as part of a whole-of-government disability framework. The administrator of the STC Schemes, Pillar Administration, also has a *Disability Plan* which covers the Fund's members.

STC 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. STC also ensures that people with disabilities are considered for employment and are given training and development opportunities to suit their needs.

STC last revised its *Disability Plan* in January 2007 taking into consideration the guidelines issued by the NSW Ageing and Disability Department to update the Plan in line with current standards. Another review of the Plan is scheduled to be conducted in 2009.

Overseas visits

No overseas visits were undertaken by the Executive or Trustee Board Members of STC during the financial year 2006-07.

Privacy and use of member information

As a NSW Government body, STC must comply with relevant legislation, including the *Privacy and Personal Information Protection Act 1998* (the Privacy Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act).

STC 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. A Privacy Statement is available to members which explains how STC deals with members' personal and health information collected and used in the course of administering the Schemes.

The Statement details the action to be taken to ensure compliance with the requirements of the Privacy and HRIP Acts and is available both on request and on the State Super website at www.statesuper.nsw.gov.au.

During the year, STC received one privacy complaint under Part 6 of the HRIP Act. The Office of the NSW Privacy Commissioner advised STC that the member was satisfied in the manner in which the review was conducted and that the complaint had been withdrawn by the member.

Codes of conduct

The *Codes of Conduct and Ethics* for the Board members and Executive (the Codes) are periodically reviewed against policies and guidelines released by the NSW Government and various industry bodies.

The Codes of Conduct and Ethics were last revised in June 2006 with a view to simplifying and clearly explaining the obligations of both Trustee Board members and the Executive Staff.

The Codes are available on the State Super website at www.statesuper.nsw.gov.au.

Property transactions

Properties acquired during the year for investment portfolio purposes

Details	Vendor	Settlement Date	Purchase Price
9/48 Kirkwood, Tweed Heads	Clara Florence Winch	5 Jul 06	\$300,000
8/48 Kirkwood, Tweed Heads	John & Dorothy Brooks	18 Aug 06	\$290,000
TOTAL			\$590,000

Properties sold during the year

Details	Vendor	Settlement Date	Purchase Price
Nil			

Action plan for women

The NSW Government has initiated an action plan for women focussing 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.

STC recognises these considerations in its corporate planning and policy development and supports these initiatives.

STC appreciates 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 Trustee Board and on the Executive staff. The figures reflect the high recognition by STC to the valuable contributions that are made by women in the field of superannuation.

The Executive recruitment program ensures women applying for position at STC are considered on merit for senior positions for which they are qualified.

Waste reduction and purchasing policy

STC 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 sided monthly board and committee papers. As printers in the office are replaced, they are replaced with printers that have a capacity for double sided printing.

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 report 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 over the past few years.

STC 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, i.e. recycled cartridges are purchased and used cartridges are sent back for recycling.

STC continues to report its progress on waste reduction to the Department of Environment and Conservation (NSW), formerly Resource NSW, every two years. The next report which is required to cover a continuous 12 month period between July 2005 and June 2007 was submitted in August 2007.

Annual report production details

150 copies of this publication have been printed at an estimated maximum cost of \$3,000. This cost includes artwork and print production costs. This publication is available on the State Super website at www.statesuper.nsw.gov.au (see under *Publications*).

Publications produced

at 30 June 2007

SASS Scheme Fact Sheets

1. Overview
2. Contributions
3. Benefit Points System
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
12. Taxation
13. Optional Deferred Benefit
15. Choosing an investment strategy
16. SASS Concessional Contributions Cap

SSS Scheme Fact Sheets

1. Salary for Superannuation Purposes
2. Unit Entitlement
3. Contributions
4. Part Time Employment and Part Time Leave Without Pay
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. Exchanging your pension for a Lump Sum
15. Resignation (Withdrawal) Benefit
16. Retrenchment Benefit
17. Optional Deferred Benefit
18. Taxation
20. Contributions and Benefits up to age 70
22. Contributions Arrears
23. SSS Concessional Contributions Cap

PSS Scheme Fact Sheets

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. 2006 Amendments to PSS Legislation
9. Taxation
10. Complaints, Disputes and Freedom of Information
11. Medical discharge benefit for members of the Police Force
12. Medical discharge benefit for a former member of the Police Force
13. Partial commutation (redemption) of Hurt on Duty (HOD) invalidity pension under S10C
14. Increase for a Hurt on Duty pension
15. Pre 21 November 1979 benefits arising from work related injuries.
16. PSS Concessional Contributions Cap

Publications produced continued

All Scheme Fact Sheets

1. Information about the Commonwealth Contributions Surcharge
2. Early Release of superannuation benefit on grounds of severe financial hardship
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, Appeals and Freedom of Information (FOI)
8. Calculation of superable salary oncost liability and membership options for members of the Chief and Senior Executive Service (SES)
9. Freedom of Information and Privacy
10. Basic Benefit
11. Reasonable Benefit Limits (RBLs)
12. Payment of Surcharge Assessments received after being paid a benefit or pension commencement
13. Information about the Commonwealth Government's Superannuation Co-contributions
16. Retirement Planning

Flyers

SASS Member Investment Choice
Information About Exit Statements
Superannuation Contacts
SASS Salary Sacrifice
SSS Salary Sacrifice

Other Communications

Report to Members
Annual Report
Super Views newsletters
Quarterly Investment updates
Code of Conduct and Ethics for Staff of the Executive of the SAS Trustee Corporation
Code of Conduct and Ethics for the members of the Board of the SAS Trustee Corporation
Privacy Statement
Freedom of Information - Summary of Affairs
Freedom of Information - Statement of Affairs
SASS Employer Easy Reference Guide
SSS Employer Easy Reference Guide
PSS Employer Easy Reference Guide

Website

www.statesuper.nsw.gov.au

Compliance index for disclosure requirements 2006-07

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

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HOW TO CONTACT STATE SUPER



STATE SUPER
SAS Trustee Corporation

ABN: 29 239 066 746



pillar
administration

ABN: 80 976 223 967

CUSTOMER SERVICE

8.30 am to 5.30 pm, Monday to Friday for the cost of a local call (except 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
Pensioners	1300 652 113
Deferred Benefits	1300 130 094

PERSONAL 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)

FAX SERVICE

(02) 4253 1688

INTERNET

www.statesuper.nsw.gov.au

EMAIL

enquiries@stc.nsw.gov.au

MAILING ADDRESS

For Customer Service and Pillar Administration:
PO Box 1229 Wollongong NSW 2500

For SAS Trustee Corporation (the Trustee Board) and the Office of the Full-time Board member:
PO Box N259, Grosvenor Place NSW 1220

COMPLAINTS AND DISPUTES

If you have a question about your account or benefits, initially contact Customer Service. If you are dissatisfied with an administrative action, you may lodge a complaint with the scheme administrator (Pillar Administration).

If you feel you have been unfairly treated or are disadvantaged by a decision of the scheme administrator relating to a benefit entitlement, you may lodge a notice of dispute with the Trustee Board. Send the notice to the **Manager Disputes and Appeals, SAS Trustee Corporation (STC), PO Box N259, Grosvenor Place NSW 1220**.

You may then be requested to clarify certain details relating to your dispute and to provide additional supporting

evidence. Your dispute will then be referred to the Trustee's Disputes Committee for consideration.

You will be notified of the outcome of the Disputes Committee review.

If you are dissatisfied with the Trustee Board's review of that decision, you may lodge an appeal with the Industrial Court of NSW within 6 months of being notified of the outcome of the review, or within a further time allowed by the Court.

(The Commonwealth Superannuation Complaints Tribunal does not action STC member complaints.)

This report contains general information. Relevant information is subject to the Acts that govern the Schemes mentioned in this report and those Acts will prevail to the extent of any inconsistency. In preparing the report, SAS Trustee Corporation (STC) has not taken into account your objectives, financial situation or needs and, because of this, you should consider your personal circumstances and possibly seek professional advice before making any decision that affects your future. To the extent permitted by law, STC, its directors and employees do not warrant the accuracy, reliability or completeness of the information and exclude liability for any decision taken on the basis of information contained in or omitted from this report. STC cannot guarantee any particular rate of return and past investment performance is not a reliable guide to future investment performance.