



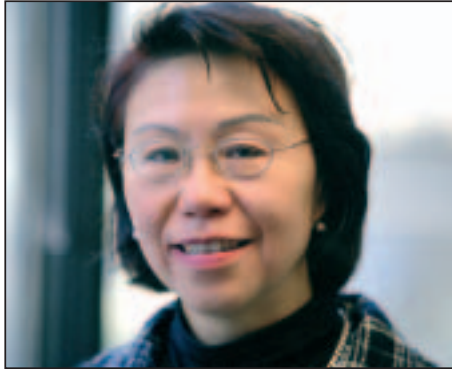
STATE SUPER
SAS Trustee Corporation

Pooled Fund 2002 – 2003



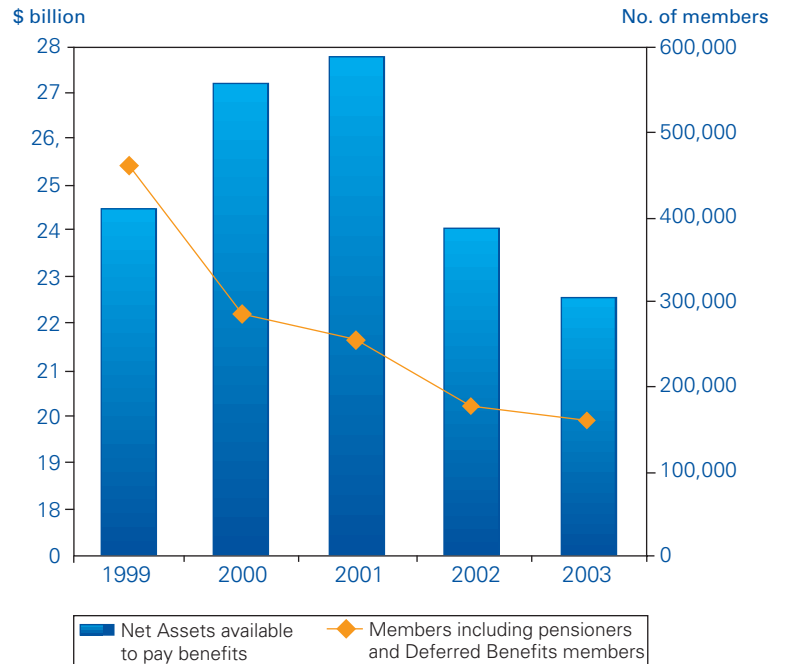
Annual Report

Highlights of the year

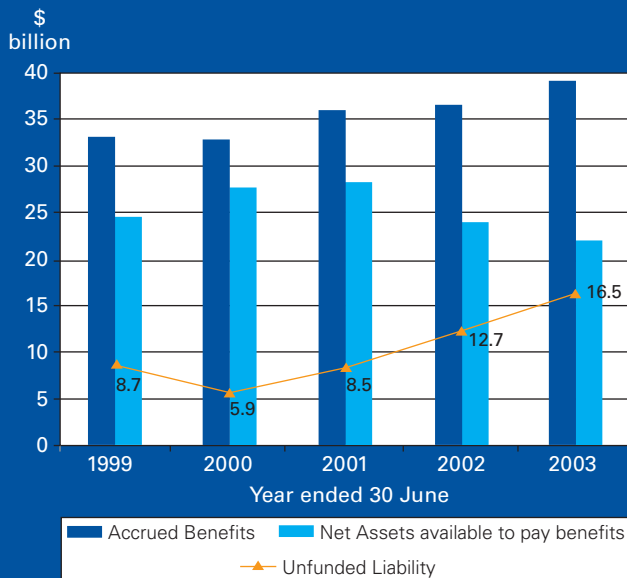


The Pooled Fund's returns are **competitive** over the past year and in the long term — see page 19.

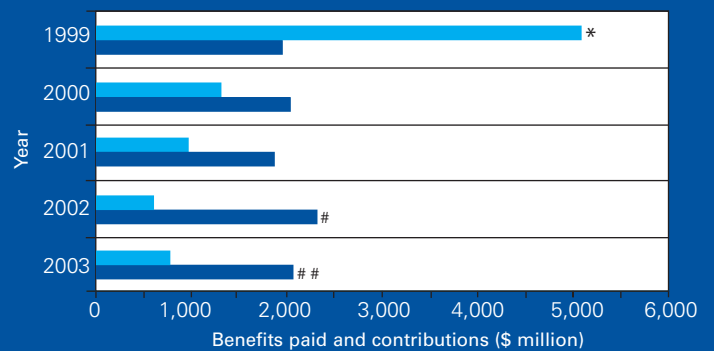
Pooled Fund assets and members at 30 June



Accrued benefits and unfunded liability



Fund contributions and payments year ended 30 June



* including Accelerated Crown contribution of \$3.261 billion.
 # including \$489.4 million SANCS transfer.
 ## including \$130.7 million Deferred SASS and SANCS transfer.

Mission

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

Charter

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

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

Its principal functions are to:

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

Note: Throughout this report:

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

Executive means the executive staff of the SAS Trustee Corporation.

FTC means the FSS Trustee Corporation.

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

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

STC means the SAS Trustee Corporation.

Trustee Corporation means the SAS Trustee Corporation.

This STC *Annual Report 2002–03* is on our web site, www.statesuper.nsw.gov.au The accounts of the Pooled Fund's Controlled Entities may be obtained on request from STC (see outside back cover for contact details). The accounts of the Controlled Entities have been separately tabled in the NSW Parliament.

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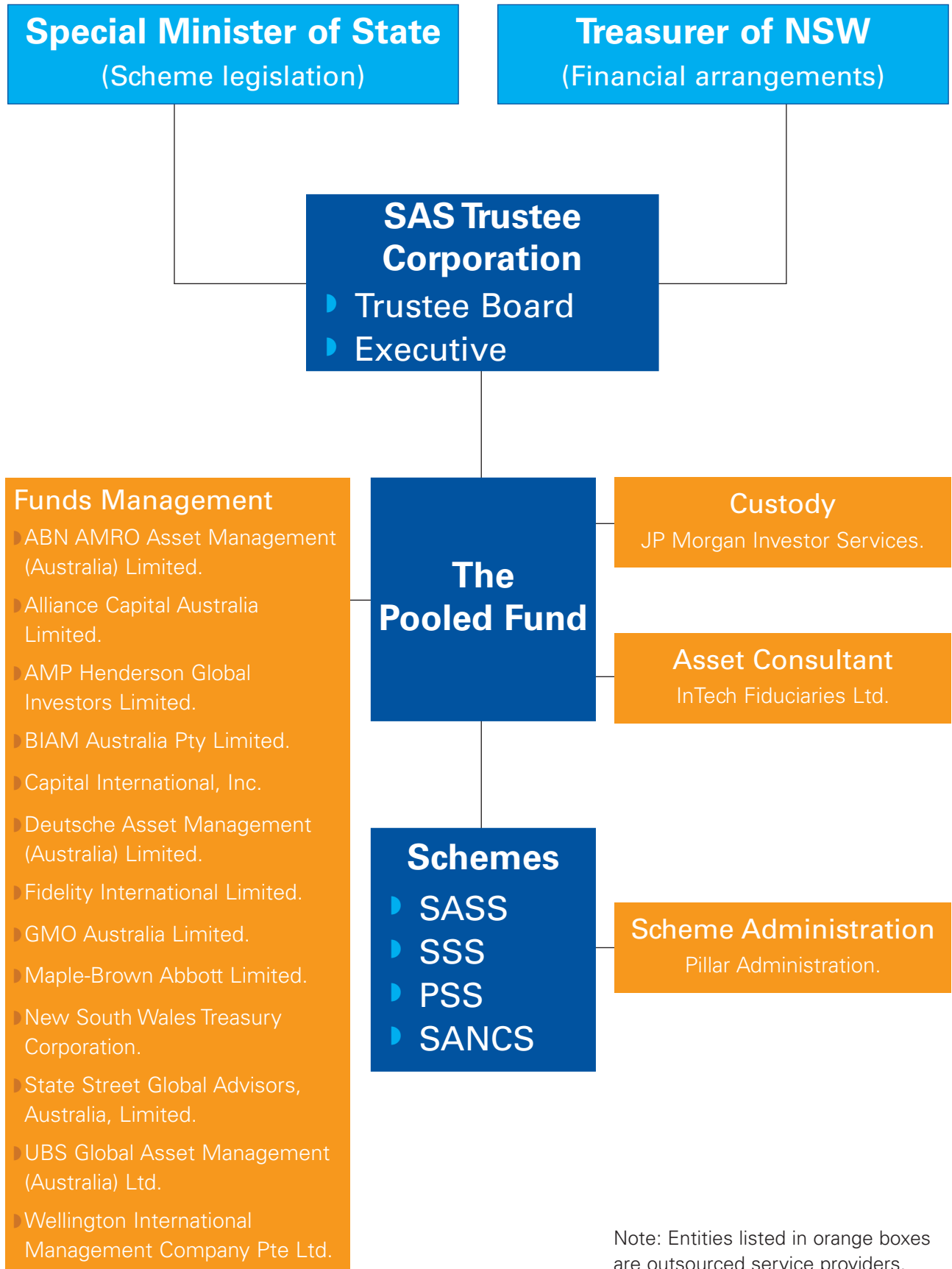
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DIRECTORY Outside back cover

Organisational structure

at 30 June 2003



Report to the Minister

October 2003

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

Dear Treasurer

We have pleasure in submitting to you for presentation to Parliament the annual report of the SAS Trustee Corporation, covering the period 1 July 2002 to 30 June 2003.

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

Major events during the year included the appointment of new fund managers to further ensure diversification, the review of the Pooled Fund's strategic asset allocation by two additional external asset consultants, and the transfer of 1,145 Deferred SASS members to First State Super.

We look forward to working with you during the coming year and wish to note our appreciation for the support and interest 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

Chairperson's report



"I am pleased to note that **services** to members continue to **improve.**"

Over the last year, investment returns from superannuation funds have again been in the spotlight. Sharemarkets have been volatile throughout the year. Financial markets have been affected by concerns about the strength of world-wide economic recovery as well as ongoing tension in the Middle East and the conflict in Iraq. These conditions are particularly testing for funds which are growth oriented. The size of the Pooled Fund dictates that a significant exposure to international shares improves the asset diversification and liquidity of the Fund but in the shorter term has adversely affected performance.

It is important in any economic environment to maintain a disciplined approach to investments. Over the past year, the Board took positive steps to confirm the appropriateness of its strategy. Firstly, the Board appointed new fund managers to further ensure diversification. Secondly, the Board selected two other external asset consultants to review the Pooled Fund's strategic asset allocation, in addition to the asset consultant retained by the Fund. These reviews confirmed the overall appropriateness of the investment strategy including the level of international share exposure. The Pooled Fund therefore continues to have a high weighting to shares and property.

I am pleased to note that services to members continue to improve. During the year, the Board re-established an active program of seminars, targeted at members nearing retirement. These seminars are designed to explain scheme benefits to members so that they may better plan their retirement. In addition, the information on the web site continues to be enhanced.

SASS and Deferred SASS members will soon be advised about the introduction of member investment choice for the investment of their personal contributions and, where applicable, deferred benefits. The choice of investment strategies will include a cash option which may assist members to undertake their retirement planning with greater certainty.

Finally, I would like to thank Lyn Gearing, who retired from her role as CEO, for her commitment to the improvement in the operations of the Fund and also John Hennessy, who retired from the Board during the year, for his contribution. I welcome their replacements, Don McLean as CEO, and Maree O'Halloran as a Board member.



Michael Cole
Chairperson
October 2003



Board members' profiles

Chairperson



Michael Cole

Michael Cole had a 17 year career with Bankers Trust Australia as a Director/ Executive Vice-president in both the Investment Bank and Funds Management divisions. At various times 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 a member of the General Government Liability Management Fund, Ministerial Corporation, Management Committee. He is also a director of Ironbark Capital Limited.

Board members

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

Ron Davis (Employee Representative), is the full-time employee representative on the STC Board, a position he has held since 1 January 2002. Ron was previously a Valuation Manager with the State Valuation Office. He is a registered Real Estate Valuer and Fellow of the Australian Property Institute. He is a Central Councillor with the Public Service Association and immediate past president of the Professional Officers' Association. He also represents members as a delegate to Labor Council's Public Sector Employees' Superannuation Committee. Ron is a member of the Australian Institute of Superannuation Trustees, a Fellow of the Association of Superannuation Funds of Australia (ASFA) and a Board member of ASFA. He is also a Director of State Super Financial Services Limited.

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

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 and New Zealand. Rod also represents Police as a delegate to the Labor Council of NSW's Public Sector Superannuation Committee. Rod has post-graduate qualifications in Workplace Relations and Labour Law and has a broad public sector background in human resource management and business services.

Nick Lewocki (Employee Representative) is Secretary of the Rail, Tram & Bus Union. Nick spent his early career with the NSW Railways Department before being elected to a full-time union official's position in 1979. From 1990 he worked with the Labor Council of NSW for 6 years as an Industrial Officer responsible for a range of industries. Nick is a Director of the NSW Trades Hall Association. As Secretary of the Union he has overall responsibility for industrial agreements and their certification before the industrial tribunals which affect over 14,000 members.



Ian Blair



Ron Davis



Bill Gillooly



Rod Harty



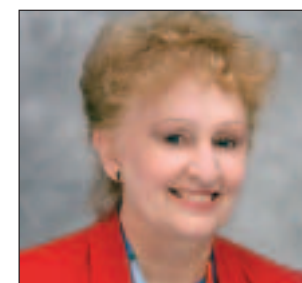
Nick Lewocki



Don Nicholls



Maree O'Halloran



Catherine Prime

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

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

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

Not pictured

John Hennessy (Employee Representative) was the former Secretary of the NSW Teachers' Federation. He was a member of the SAS Trustee Corporation (STC) Board from 1 July 1996 until he retired from the Board on 31 August 2002. Ms Maree O'Halloran was appointed as a Board member from 1 September 2002 following the retirement of John Hennessy.

STC achievements and objectives

Objectives

Achievements in 2002–03

Strategies for 2003–04

<p>To aim for industry leader status with regard to member service.</p>	<ul style="list-style-type: none"> ▶ Establishment of an active program of seminars, targeted at members approaching retirement. ▶ Addition of investment performance and information to the member web site. ▶ Introduction of quarterly employer seminars. 	<ul style="list-style-type: none"> ▶ Continue to strengthen STC links with employers and unions as distribution channels for information to members. ▶ Enhance web site functionality and content for members. ▶ Implement investment choice for SASS members.
<p>To continuously review the investment strategy to satisfy the overall objective of the Fund and the risk/return profile of stakeholders.</p>	<ul style="list-style-type: none"> ▶ Independent asset consultants reviewed and endorsed strategic asset allocation. ▶ New fund managers introduced. The Pooled Fund has 13 managers. ▶ Asset allocation and performance of fund managers are constantly reviewed. 	<ul style="list-style-type: none"> ▶ Ongoing monitoring of long-term asset allocation of the Pooled Fund. ▶ Provide input into Treasury's medium term funding plan. ▶ Monitor performance of fund managers.
<p>To ensure compliance with relevant legislative and regulatory requirements.</p>	<ul style="list-style-type: none"> ▶ Consulted proactively with Treasury and Premier's Department on proposed State legislative changes. ▶ Formal compliance reports presented to auditors. 	<ul style="list-style-type: none"> ▶ Present formal compliance reports to auditors. ▶ Implement procedures and systems to ensure ongoing compliance. ▶ Monitor proposed legislative changes.

STC achievements and objectives

Objectives

Achievements in 2002–03

Strategies for 2003–04

To develop strong working relationships with key stakeholders, including Treasury and Premier’s Department, and key service providers, such as Pillar Administration, the scheme administrator.

- ▶ Worked closely with Premier’s Department in implementation of legislative changes relating to divorce and superannuation.
- ▶ Close liaison with Treasury on reporting investment returns.
- ▶ Introduction of joint project team with Pillar to manage major system developments.

- ▶ Provide ongoing advice to Treasury on the impact of funding decisions on investment strategies and returns.
- ▶ Participate actively in Premier’s Department superannuation policy forum.
- ▶ Include Pillar at an early stage in discussions involving the development of new projects.

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

- ▶ Measurement of administrator’s service standards indicates continuing improvement in member service.
- ▶ STC’s operating costs within budget.
- ▶ Negotiations with Pillar concerning administrative fees resulting in fee reduction for 2003–04.
- ▶ Reallocation of funds management mandates resulted in overall reduction in investment management fees.

- ▶ Assist Pillar to provide accurate and timely quotations for work requests which do not fall within contractual requirements.
- ▶ Work with Pillar to achieve outcomes that ensure service standards are met or exceeded.
- ▶ Seek feedback from employers about areas of operational difficulty and address with Pillar.
- ▶ Formalise service delivery review against contract/agreement for all providers.
- ▶ Contain investment management costs and, where possible, administration costs.

STC achievements and objectives

Objectives

Achievements in 2002–03

Strategies for 2003–04

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

- ▶ Completed transfer of eligible deferred accounts to First State Super.
- ▶ Commencement of a review of interest rate policy to ensure it is appropriate in all circumstances.
- ▶ Worked actively with Government departments to streamline administrative procedures.

- ▶ Review risk management and compliance plans.
- ▶ Pool SASS and SSS employer death and disability risks.
- ▶ Document and consolidate scheme rules of predecessor schemes.

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

- ▶ Board members training reported to Board quarterly.
- ▶ Executive training reported to Board monthly.
- ▶ Board undertakes self-assessment process.

- ▶ Apply *Code of Conduct* and values statement to all activities.
- ▶ Encourage superannuation skills enhancement by both Board and Executive.
- ▶ Support the Full-time Board member in his role.

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

- ▶ Corporate governance procedures maintained and benchmarked against industry developments.

- ▶ Monitor developments in corporate governance relevant to Trustee practices and incorporate, as required.
- ▶ Benchmark Trustee practices against Association of Superannuation Funds of Australia (ASFA) best practice guidelines annually.

Executive management team

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

Don McLean, Chief Executive Officer

FIAA, Dip FP

Don joined as Chief Executive Officer in January 2003.

Before joining STC, Don worked in the financial services industry for over 30 years, both as a senior executive in major retail funds management organisations and in consulting roles.

As Chief Executive of STC, Don reports to the Board and exercises the day-to-day management of the Trustee Corporation. This includes monitoring the performance of funds management, custody and administration service providers and managing the executive team of superannuation and communication specialists.

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

Don is also the Chief Executive Officer of FSS Trustee Corporation.

The following managers report to the Chief Executive.

Lyn Collingridge, General Counsel and Company Secretary

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

Lyn joined the Executive as General Counsel and Company Secretary in October 1998. She is a superannuation lawyer with extensive experience in both the public sector and private practice. She has worked in the superannuation industry since 1989.

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

- ▶ corporate, compliance, investment, Scheme administration and insurance matters,
- ▶ intellectual property, trademarks and communication,
- ▶ trust and contractual issues,
- ▶ relevant State and Commonwealth legislation, and
- ▶ governing rules of the Schemes and all aspects of the business activities of the Trustee Corporation.

Executive management team

Karen Faulconbridge, Manager Policy Advice

BComm

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

Karen has worked in the superannuation industry in both the private and public sector for over 20 years. Her roles have involved providing technical and compliance advice to trustees of public offer funds and staff of administrators as well as monitoring compliance with all regulatory requirements.

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

- formulating new superannuation policies and reviewing and amending, where necessary, existing policies,
- identifying the need for product initiative or service enhancements,
- ensuring compliance with Commonwealth and NSW legislation,
- investigating disputes and coordinating the Disputes Committee, and responding to member enquiries and complaints directed to the Trustee Corporation.

Rod Macleod, Manager Investment Advisory

FCA, ACIS, ASIA

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

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

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

Executive management team

Karen Potter, Manager Communications

LLB

Karen joined the Executive in January 2001 as Communications Manager. Karen has worked in the banking and superannuation industry for over 22 years. Her roles have included managing a public sector superannuation advisory department, managing a seminar team, developing superannuation products and services, and formulating superannuation communication strategies.

Karen's role within the Executive includes:

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

Stephen Sefton, Manager Administration and Technical Advice

BComm, CA, ASIA, FASFA

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

In his role, Stephen is responsible for:

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

Member Transfers

In recent years, there have been a number of major projects aimed at transferring members with accumulation only benefits to First State Super or, in the case of small balances, to an eligible rollover fund. The most recent of these bulk transfers took place in May 2003 with the transfer to FSS of 1,145 SASS Deferred Members, who had reached their retirement age. The effect of these transfers is reflected in the reduction in membership numbers as indicated below:

Year to 30 June	Active Members	Deferred Members	Pensioners	Total
1999	138,302	282,381	42,962	463,645
2000	128,241	118,793	42,718	289,752
2001	120,513	114,632	43,655	278,800
2002	113,356	19,958	44,667	177,981
2003	106,497	17,199	45,870	169,566

Administration

During the year, there have been ongoing discussions between STC and the scheme administrator, Pillar Administration (Pillar), about the level of administration costs, particularly in view of the reduced membership numbers. Some reductions in fees have been agreed for the 2003–04 year, but at the same time negotiations have commenced to both restructure the fee basis and to extend the contract beyond its current termination date in June 2005.

Each quarter, the performance of Pillar in providing its services is benchmarked against service standards set out in the administration contract. In 2002–03, the service levels achieved exceeded those recorded in previous years. However, there remain some areas which are being targeted for future improvement.

Communications

Members

STC uses a number of channels to provide information to members. These include the issue of member information through employer and union newsletters and publications as well as through employer and union email and intranet systems.

In the last year, STC introduced a program of seminars, targeted primarily at SSS and SASS members approaching retirement. These seminars are held at various locations in both the city and the country and have been very well received by the members who attend.

The content on the web site continues to be improved with new information. A major redesign of the site is planned during the 2003–04 year. Increasingly, members are corresponding with the administrator via email as opposed to written correspondence by mail.

Trustee Corporation review

Employers

Employer seminars are now held quarterly, rather than annually. The purpose of the seminars is to advise employers of any legislative or procedural changes in the administration of the Schemes, to encourage employers to be familiar with and to use e-commerce facilities, and to obtain feedback on any particular problems or issues that they are encountering.

Legislative and policy review

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

Legislative or regulatory changes that impacted on members of the Pooled Fund Schemes are summarized below.

Cap on contributions surcharge tax

Currently, under the various Schemes' legislation, there is a cap on the amount of contributions surcharge tax a member is required to pay on being paid a benefit. That cap is currently 15% of the post 20 August 1996 employer financed component of the benefit. Recent amendments to scheme legislation provide that the cap amount may be changed by Regulation. This will enable adjustment of the cap on the contributions surcharge tax rate as a response to draft Commonwealth legislation, which — if enacted — allows for a phased reduction in the maximum contributions surcharge tax rate.

Deferred SASS and SANCS members — transfer to First State Super on reaching retirement age

Recent legislation provides for the transfer to First State Super (FSS) of deferred SASS benefits held by former SASS contributors who have reached the retirement age (55 or 58). On reaching retirement age, the scheme member will be given the options of:

- ▶ receiving the payment (if eligible),
- ▶ rolling the benefit to another superannuation fund, or
- ▶ having the benefit transferred into FSS.

Failure to make an election will result in transfer of the benefit to FSS.

Where a member's deferred SASS benefit is transferred to FSS, a deferred SANCS benefit held by the same member will also be transferred.

Similarly, a deferred SANCS only benefit will also be subject to being transferred to FSS if the scheme member does not elect to receive the payment (if eligible) or roll the benefit to another superannuation fund.

Disengagement benefit for PSS members

A disengagement benefit may be available to PSS members who are offered the benefit by the Commissioner of Police as a basis for their early exit from NSW Police. The availability of this benefit has been extended so that PSS members aged 45–54 (previously 50–55) and who have at least 20 (previously 30) years' equivalent full-time service can be offered the benefit by the Commissioner of Police.

Divorce and super

Commonwealth legislation dealing with how super is divided in marriage breakdowns took effect on 28 December 2002. The law only applies to legally married couples except where the information is being requested for the purposes of negotiating a pre-nuptial agreement. There are 3 main points of interest:

1. Access to information from superannuation funds

A member's spouse can request information about the member's super from the member's fund. It is not necessary for the parties to be separated or for divorce proceedings to have commenced. The fund may only supply information about certain matters specified in the *Family Law (Superannuation) Regulations* (the *Regulations*). For the Pooled Fund Schemes, it is not a specific requirement under the *Regulations* to provide the actual value of the member's interest in the scheme. The information that is provided allows for the value of the member's interest to be derived by the respective parties using valuation methods supplied in the *Regulations*. The Trustee believes that the valuation methods in the *Regulations* are inconsistent with the benefit design of the Pooled Fund schemes and therefore is applying to the Federal Attorney-General to have an alternative method and factors approved for the purposes of valuing the various schemes' benefits. If approved, the Trustee will then be in a position to supply the actual value of a member's interest when Family Law information is requested.

The fund cannot tell the member's spouse the member's address. The fund cannot tell the member that their spouse has asked for the information. However, the Trustee has procedures in place to ensure that this information is provided only to people who are entitled to request it. There is a fee of \$275 (including GST) for the provision of information, payable by the person making the request. For deferred account information, the fee is \$110 (including GST).

2. Flagging benefits

A benefit flag can be placed on a member's superannuation benefit either by agreement between the member and their spouse or by Court Order. A flag stops the Trustee from paying a superannuation benefit while the flag is in place and requires the fund to notify both partners and the Court when the benefit becomes payable. It is generally put in place in circumstances where the benefit payment is likely to occur reasonably soon and a decision has not yet been made on whether or how the benefit might be split. However, parties to a marriage could agree to a flag at any time, as long as they are separated or divorced.

3. Splitting your benefit

Superannuation benefits may be split either by agreement or by a Court Order. When an agreement or Court Order is served on the Trustee, under current legislation, the member's interest in the scheme will be noted with details that the interest is subject to a payment split. It should be noted that the actual split cannot occur immediately on receipt of the agreement or Court Order. The split can only occur when the member elects for a benefit to be paid from the scheme, which can be some time in the future. However, future scheme legislation is expected that will allow for the immediate split of the interest.

Investment choice for SASS and Deferred SASS members

The personal contributions of SASS and the total potential benefit of Deferred SASS members accrue interest at the Pooled Fund crediting rate. Legislation has been passed which will enable the Trustee to offer members a range of investment options. The Trustees will provide SASS and Deferred SASS members with more information when this service becomes available.

Payment of spouse benefit on death of a SSS or PSS pensioner

Changes to scheme legislation mean that a person who was not previously eligible for a spouse (reversionary) pension benefit on the death of a retired SSS or PSS pensioner may now be entitled to receive a pension if they satisfy certain conditions.

Trustee Corporation review

Generally, a spouse pension is only payable where the marriage or de facto relationship with the deceased pensioner commenced before the scheme member's retirement. An exception to this general rule applies to certain invalidity pensions where the marriage or de facto relationship started before the pensioner attained their normal retirement age (55 or 60) and the relationship had existed for at least 3 years before the pensioner's death.

The new rules extend eligibility for a spouse pension to a spouse or de facto partner (not same sex partner) where:

- ▶ the marriage took place or the de facto relationship commenced after the pensioner started to receive a pension, and
- ▶ there is a child of the relationship who was wholly or substantially dependent on the deceased pensioner at any time during the relationship, or
- ▶ there is a child of the deceased pensioner who was conceived before and born alive after the death of the pensioner.

Under the above new rules, a full spouse pension is payable where the marriage or relationship existed for at least 3 years before the pensioner's death, with the benefit being adjusted proportionately for a relationship that existed for less than that time.

It should be noted that a reversionary pension is not payable for a former PSS member who elected to take a lump sum benefit on retirement. Nor is it payable where a *hurt on duty* lump sum death benefit has been paid.

Corporate Governance

Compliance program

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

Investment governance

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

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

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

Financial market performance

By Max McKeough, Financial Markets Analyst at Deutsche Asset Management, June 2003

Australian Shares

Despite a strong rally in the June quarter, the Australian sharemarket ended moderately down for the second consecutive financial year, recording a decrease in the ASX 300 Accumulation Index of 1.6%. The previous year's negative return was just under 5%.

The Australian sharemarket was therefore one of the least volatile performers among major global markets over the whole 12 months. However, it lagged behind the stronger rebound in international markets in the latest 3 months when investors increased their allocations in the expectation that global economic growth would improve substantially in the next 12 months.

The year's developments have underlined the fact that the Australian sharemarket is now one of the less volatile ones by global standards. These qualities have provided considerable portfolio stability during a protracted period of high global market volatility.

International Shares

Major international sharemarkets registered 3 successive years of negative performance in the period to 30 June 2003. The latest annual downturn was substantially moderated, however, by the robust 25% rebound in share prices from the March low point, immediately prior to the conflict in Iraq. This latest upturn was the most powerful quarterly performance in more than 3 years.

Over the whole year the Morgan Stanley Capital International (MSCI) World Index declined by 2.7% expressed in US dollars. However, the strong appreciation of the Australian dollar over the course of the year meant that the benchmark performance, expressed in Australian dollars, declined by 18.5%.

Fixed Interest Securities

The uncertain global economic environment combined with heightened global tensions and the expectations of further official interest rate cuts proved very beneficial for investment in fixed interest securities as bond yields declined to 40 year lows. These defensive assets were bought aggressively and both global and Australian bonds chalked up strong gains.

Cash (short-term) securities also provided another year of stable real returns.

Direct Property

Direct property was also one of the strongest performing asset classes in 2002–03. Investors benefited from a high income component of returns and a buoyant domestic economy. Retail property was the best sectoral performer, followed by industrial and office. Central Business District office markets were more exposed to global influences which affected the leasing activities of some multinational corporations.

Financial market returns

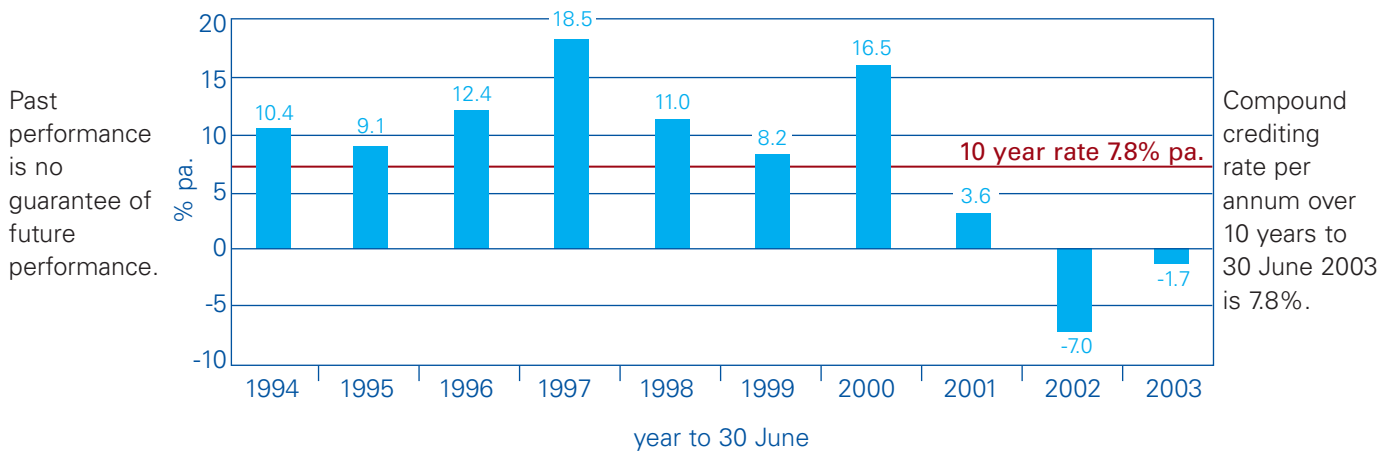
How financial markets have performed over the past 5 financial years (to 30 June 2003)					
	Shares		Fixed interest		
	Australian	International (Unhedged)	Australian	International (Hedged)	Cash
	%	%	%	%	%
1999	15.1	14.8	3.2	5.1	5.0
2000	18.4	25.8	6.1	3.9	5.5
2001	9.1	-6.7	7.4	10.1	6.0
2002	-4.5	-23.4	6.2	8.6	4.6
2003	-1.6	-18.5	9.7	12.5	4.9

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Investment performance

The return for the Pooled Fund, which has a high allocation to growth assets (eg. shares and property), reflects its underlying investments. The Pooled Fund's performance, when compared with the median manager of similar growth funds in the InTech* survey has been competitive over the past year and in the long term.

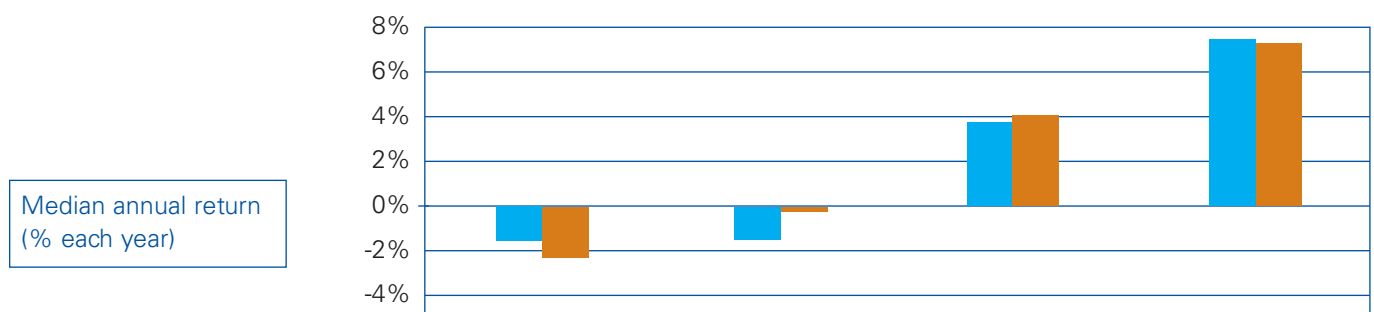
A decade of annual Pooled Fund crediting rates



Note: Information on page 22 explains why the crediting rate may differ from the investment return.

Annualised investment return of the Pooled Fund over 1, 3, 5 and 10 years compared with the median growth fund manager

Years ended 30 June 2003



Years ended 30 June 2003	1 year	3 years	5 years	10 years
Pooled Fund % each year	-1.7	-1.4	3.7	7.5
InTech* median growth fund manager % each year	-2.1	-0.1	4.0	7.3

* InTech Asset Consulting Pty Ltd, an asset consulting firm which publishes surveys of the investment performance of superannuation fund managers.

Most benefits paid from SSS and PSS are taken as a defined benefit and are not affected by investment returns.

Past performance is no guarantee of future performance.

Investment management of the Pooled Fund

Asset allocation

The Pooled Fund's asset allocation is formally reviewed at least once a year and is constantly monitored throughout the year. In view of turbulent world investment markets, in late 2002 the Trustee requested two other external asset consultants to review the strategic asset allocation of the Pooled Fund. These consultants were in addition to the asset consultant retained by the Pooled Fund. All asset consultants confirmed that the Pooled Fund's asset allocation to growth assets in excess of 70% was appropriate given the Fund's long term investment objective.

In order to lower the volatility of the Fund over the year, there has been a slight reduction in the Pooled Fund's strategic allocation to International Shares from 33% to 30%, and this has been further reduced to 27% early in the 2003–04 financial year. However, total growth assets have remained in excess of 70%.

Investment managers

All the Pooled Fund's assets are managed by external fund managers who are appointed by the Trustee, on the advice of the asset consultant. During the year, four new Australian Share managers were appointed. These were Alliance Capital Australia Limited, GMO Australia Limited, Maple-Brown Abbott Limited and New South Wales Treasury Corporation (see the table on page 21). The performance of the various fund managers is monitored by the asset consultant and is reported monthly to the Trustee. At 30 June 2003, approximately 42% of the Pooled Fund was managed on an indexed basis.

Passive rebalancing

The Pooled Fund uses passive rebalancing to keep the allocations to each sector close to their strategic level. This process is monitored daily by the Pooled Fund's index manager so that any rapid market movements or major cash flows either into or out of the Pooled Fund can be dealt with promptly, without jeopardising the Pooled Fund's overall strategy.

Custodian

The Trustee has appointed a custodian to hold the Pooled Fund's assets. In addition, the custodian values the Fund daily and monitors each investment manager's daily activity to ensure compliance with their investment mandate.

Large investments

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

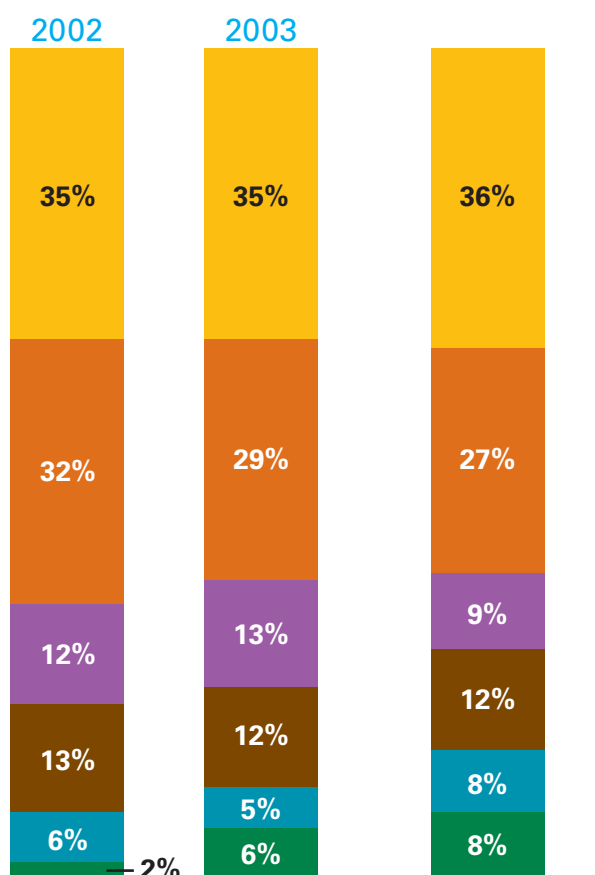
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for the latest

- ▶ investment performance, and
- ▶ commentary on investments (see under *Hot Topics, Investment Update*).

Investments — asset allocation and objectives

Actual asset allocation at 30 June



Note: the chart reflects changes to the Strategic Asset Allocation which came into effect after 30 June 2003.

Australian Shares including Private Capital

Alliance Capital Australia Limited
 AMP Henderson Global Investors Limited
 Deutsche Asset Management (Australia) Limited
 GMO Australia Limited
 Maple-Brown Abbott Limited
 New South Wales Treasury Corporation
 State Street Global Advisors, Australia, Limited (Indexed Manager)
 UBS Global Asset Management (Australia) Ltd

International Shares

ABN AMRO Asset Management (Australia) Limited
 BIAM Australia Pty Limited
 Capital International, Inc.
 Fidelity International Limited
 State Street Global Advisors, Australia, Limited (Indexed Manager)
 Wellington International Management Company Pte Ltd

Property

Deutsche Asset Management (Australia) Limited

Australian Fixed Interest

State Street Global Advisors, Australia, Limited (Indexed Manager)

International Fixed Interest

State Street Global Advisors, Australia, Limited (Indexed Manager)

Cash

State Street Global Advisors, Australia, Limited (Indexed Manager)

Investment objectives

The Pooled Fund has two major investment objectives. In 2002–03, it achieved one of these objectives.

Pooled Fund investment objectives	Pooled Fund outcome for 2002–03
Obtain investment returns over rolling 10 year periods in excess of the Consumer Price Index (CPI) by a margin of 3.75% each year.	The Pooled Fund's return of 7.5% pa. over 10 years bettered the targeted return of 6.4%.
Deliver competitive returns against the median manager in the InTech* Growth Funds Performance survey over a 3 year time horizon without taking unnecessary risks.	The Pooled Fund did not meet this objective, being some 1.3% below the median manager. This was due largely to the performance in the 2001–02 financial year.

* InTech Asset Consulting Pty Ltd, an asset consulting firm which publishes surveys of the investment performance of superannuation fund managers.

Other investment issues

Investment reserves

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

Crediting rate

Investment returns are determined by the Pooled Fund's master custodian and are based on the total funds invested. Crediting rates are based on the total net (ie. after fees and charges) tangible assets available to pay benefits and are determined by the Pooled Fund's administrator (Pillar Administration). Crediting rates are credited to members' accounts where applicable. There will always be some difference between the investment returns and the crediting rate for the Pooled Fund.

Pooled Fund investment returns and crediting rates		
Year ending 30 June	Investment return	Crediting rate
2000 (a)	15.2%	16.5%
2001 (a)	5.2%	3.6%
2002	-7.3%	-7.0%
2003	-1.7%	-1.7%

(a) In June 2000, there was an over distribution via the crediting rate. It was corrected in July 2000. This explains the larger than normal variance between the investment return and the crediting rate for the 2000 and 2001 financial years.

Derivatives

Derivatives, including futures and options, can be used by Pooled Fund investment managers. However, the investment mandates clearly state that derivatives may only be used to 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 2003, the managers made limited use of derivatives.

Hedging

The Trustee has a policy to hedge 100% of its International Fixed Interest investments and 25% of its exposure to International Shares back to the Australian dollar. This decision is not governed by short term factors, but is based on research from the asset consultant, which showed that a passive hedge would reduce volatility over the medium to long term.

Investment expenses continue to be low

The Pooled Fund is a large fund and therefore competitive investment management fees can be negotiated. The Pooled Fund's total investment expenses continue to be low.

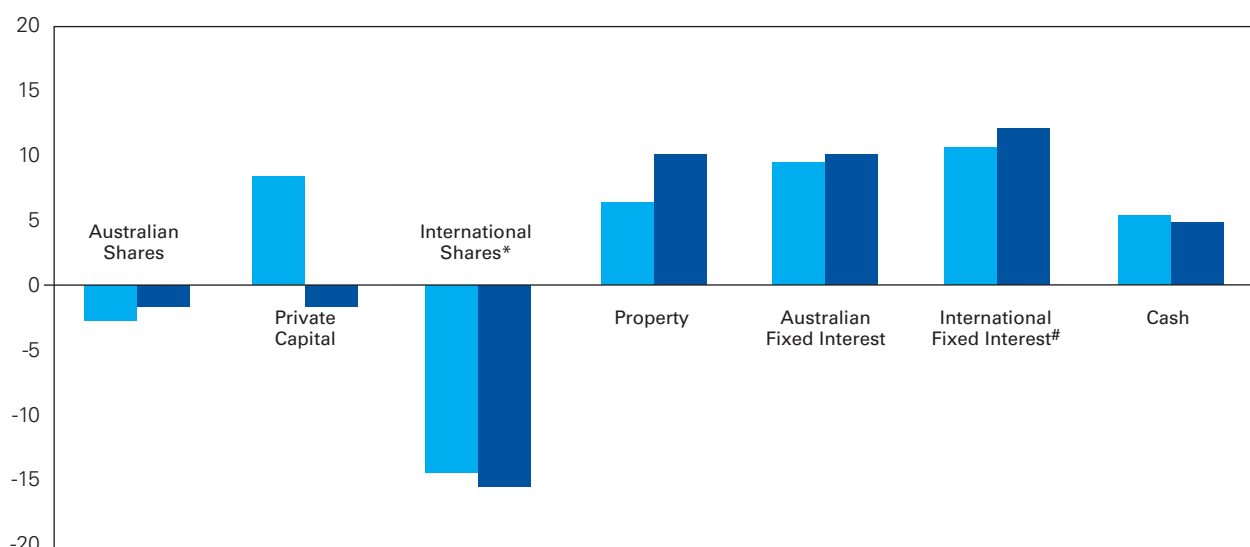
Investment management expenses are deducted from Pooled Fund earnings.

Pooled Fund investment expenses for years ended 30 June					
	1999	2000	2001	2002	2003
Investment management expenses	\$61m	\$67m	\$70m	\$69m	\$48m
As a % of average total assets	0.30%	0.26%	0.25%	0.27%	0.22%

Investment report – global overview

How the sectors performed in 2002–03

Pooled Fund gross sector returns relative to the index returns for the year to 30 June 2003



Fund	-2.3%	8.5%	-14.4%	6.8%	9.9%	10.9%#	5.5%
Index	-1.6%	-1.6%	-15.2%	10.1%	10.1%	12.2%	5.0%

* 25% hedged

The sector is 100% indexed and the index portfolio has returned 12.4%. The under-performance of the sector relative to index is due to an asset allocation effect generated in the passive re-balancing account.

Australian Shares

Benchmark return

(S&P/ASX 300 Accumulation index) **-1.6%**

Combined Pooled Fund listed Australian Share portfolio return -2.3%

The performances of the active Australian equity managers were mixed during the year. The dominant manager, Deutsche Asset Management (Australia) Limited, performed in line with the benchmark. The best performing manager generated an excess performance of more than 4.7% but this was not enough to compensate for underperformance by some of the other managers in the combination.

Private Capital

Benchmark return

(S&P/ASX 300 Accumulation index) **-1.6%**

Pooled Fund Private Capital portfolio return 8.5%

Strong performance by four major investments in the portfolio more than made up for the write-off of one investment and consequently the sector returned 8.5% for the year. The focus for this sector is long-term and the objective for the portfolio is to outperform by 4.0% annually over rolling 5 year periods. This objective was more than exceeded over the 5 years to 30 June 2003, with the Pooled Fund Private Capital portfolio returning 12.4% per annum versus a benchmark return of 6.3% per annum.

Investment report – global overview

International Shares

Benchmark return

(MSCI World ex Australia in A\$, 25% hedged) -15.2%

Combined Pooled Fund International Share portfolio (25% hedged) return -14.4%

Approximately 50% of the international shares sector in the Pooled Fund is indexed, while the other 50% is actively managed. Both the index manager and the combination of active managers did better than the benchmark. The portfolio is currently 25% hedged, a decision which added value during the year as the Australian dollar strengthened particularly against the US dollar. To illustrate the impact of the currency, the unhedged benchmark returned a negative 18.5% compared with the 25% hedged benchmark, which returned a negative 15.2%.

Property

Benchmark return

(AMP Property P Units) 10.1%

Pooled Fund Property portfolio return 6.8%

All direct property assets in the portfolio were revalued as at 30 June 2003. The performance of the Direct Property portfolio was 10.0% over the year. While the allocation to property served the Pooled Fund well during the year, a disappointing performance by the listed Deutsche Office Trust detracted from performance relative to benchmark.

Australian Fixed Interest

Benchmark return

(UBSWA All Government All Maturities index) 10.1%

Combined Pooled Fund Australian Fixed Interest portfolio return 9.9%

The return from the Australian Fixed Interest portfolio of the Pooled Fund, which is 100% indexed, marginally underperformed the benchmark.

International Fixed Interest

Benchmark return

(JP Morgan Global Government Bond Index ex Australia in A\$, 100% hedged) 12.2%

International fixed interest index portfolio 12.4%

Combined Pooled Fund International Fixed Interest portfolios 10.9%

The return from the International Fixed Interest portfolio of the Pooled Fund marginally outperformed that of the benchmark. However, the total sector performance underperformed the benchmark due to an asset allocation effect generated in the passive rebalancing account.

Cash

Benchmark return (UBSWA bank bill index) 5.0%

Return of Pooled Fund Cash portfolio 5.5%

The return from the cash sector of the Pooled Fund outperformed that of the benchmark, which is partly linked to an asset allocation effect similar to the one detracting from the international fixed income performance.

5 years at a glance — STC years to 30 June

	1999	2000	2001	2002	2003
Member statistics					
Active Members — SASS	87,690	81,824	76,974	72,629	68,543
Active Members — SSS	43,856	40,329	37,887	35,661	33,465
Active Members — Police	6,756	6,088	5,652	5,066	4,489
Total active members	138,302	128,241	120,513	113,356	106,497
Pensioners — SASS	7,690	7,116	6,552	6,072	5,615
Pensioners — SSS	31,678	31,843	33,003	34,136	35,378
Pensioners — Police	3,594	3,759	4,100	4,459	4,877
Total pensioners	42,962	42,718	43,655	44,667	45,870
Deferred Benefits — SASS	12,221	12,793	13,270	13,703	12,216 ⁽¹⁾
Deferred Benefits — SSS	4,657	4,420	4,885	4,812	4,753
Deferred Benefits — Police	235	240	237	232	230
Basic Benefit only	265,268	101,340	96,240	1,211 ⁽²⁾	–
Total deferred benefits	282,381	118,793	114,632	19,958	17,199
Gender ratios					
Females — SASS	53%	53%	53%	53%	53%
Males — SASS	47%	47%	47%	47%	47%
Females — SSS	33%	33%	33%	33%	32%
Males — SSS	67%	67%	67%	67%	68%
Females — Police	9%	9%	10%	10%	11%
Males — Police	91%	91%	90%	90%	89%

(1) In May 2003, 1,145 Deferred SASS accounts totalling \$108.5 million were required by legislation to be transferred from the State Authorities Superannuation Scheme to the First State Superannuation Scheme.

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

5 years at a glance — Pooled Fund years to 30 June

	1999	2000	2001	2002	2003
Contributions — \$M					
Employer contributions	1,360	861	483	175	316
Employee contributions	495	453	460	464	464
Accelerated Crown contribution	3,261	–	–	–	–
Total contributions	5,116	1,314	943	639	780
Benefits Paid — \$M	1,925	2,033	1,890	2,304	2,071
Net Contributions — \$M	3,191	-719	-947	-1,665	-1,291
Investment Revenue — \$M	1,872	3,735	1,529	-2,175	-523.3

Assets/Liabilities — \$M

Accrued Benefits — SASS	7,591	7,890	8,636	8,743	8,903
Net assets to pay benefits	5,526	6,376	6,403	5,712	5,278
Over/(under funding)	-2,065	-1,515	-2,233	-3,031	-3,625
Accrued Benefits — SSS	20,863	20,007	21,492	22,156	23,661
Net assets to pay benefits	16,862	18,229	18,482	16,428	15,431
Over/(under funding)	-4,001	-1,778	-3,010	-5,728	-8,230
Accrued Benefits — PSS	2,874	3,238	3,877	3,989	4,318
Net assets to pay benefits	1,173	1,530	1,610	1,328	1,126
Over/(under funding)	-1,701	-1,708	-2,267	-2,661	-3,192
Accrued Benefits — SANCS	1,884	1,990	2,207	1,848	1,888
Net assets to pay benefits	934	1,108	1,242	597	471
Over/(under funding)	-950	-881	-965	-1,251	-1,417
Total Accrued Benefits \$M	33,211	33,125	36,212	36,736	38,770
Net assets to pay benefits	24,495	27,243	27,737	24,065	22,306
Over/(under funding)	-8,717	-5,882	-8,475	-12,671	-16,464
Total Investments — \$M	24,584	27,446	27,750	23,829	22,092

Annual Crediting Rates — %

Net returns — 1 Year	8.2%	16.5%	3.6%	-7.0%	-1.7%
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More detailed Pooled Fund scheme statistics are available on request by contacting the STC Communications area on (02) 9238 5906.

Financial Statements

SAS Trustee Corporation





GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

SAS Trustee Corporation

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the SAS Trustee Corporation:

- (a) presents fairly the SAS Trustee Corporation's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

The opinion should be read in conjunction with the rest of this report.

The Board's Role

The financial report is the responsibility of the members of the Board of the SAS Trustee Corporation. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by Members of the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Members of the Board had failed in their reporting obligations.

My opinion does *not* provide assurance:

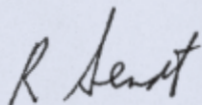
- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independent audit report

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The 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.



R J Sendt
Auditor-General

SYDNEY
24 September 2003

Statement by Members of the Trustee Board

for the year ended 30 June 2003

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

1. the financial statements present a true and fair view of the position of the SAS Trustee Corporation at 30 June 2003 and transactions for the year then ended, and
2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000* and the Treasurer's Directions.

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

Signed at Sydney this 24th day of September 2003.



Michael Cole
Chairperson
SAS Trustee Corporation



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

Statement of financial performance

for the year ended 30 June 2003

	Note	2003 \$'000	2002 \$'000
Revenue from ordinary activities	2	37,482	38,718
Other Revenue from ordinary activities	2	100	24
Administration Expenses from ordinary activities	2	(37,582)	(38,742)
Net Profit or Loss from ordinary activities		–	–

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

Statement of financial position

at 30 June 2003

	Note	2003 \$'000	2002 \$'000
Current Assets			
Receivables	3	5,749	4,783
Prepayments		5	32
Total Current Assets		5,754	4,815
Total Assets			
Current Liabilities			
Bank Overdraft	9(a)	206	131
Payables	4	3,696	3,284
Provisions	5	1,148	895
Total Current Liabilities		5,050	4,310
Non-Current Liabilities			
Provisions	5	704	505
Total Non-current Liabilities		704	505
Total Liabilities			
Net Assets			
		-	-
Total Equity			
		-	-

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

Statement of cash flows

for the year ended 30 June 2003

		2003	2002
		\$'000	\$'000
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
		<hr/>	<hr/>
Cash Flows from Operating Activities			
Receipts from Associated Schemes		36,785	38,562
Payments to Suppliers and Employees		(36,860)	(38,520)
Net Operating Cash Flows	9 (b)	(75)	42
Net Increase/(Decrease) in Cash Held			
Cash at the Beginning of the Financial Year		(131)	(173)
Cash at the End of the Financial Year	9 (a)	(206)	(131)

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

Notes to the financial statements

for the year ended 30 June 2003

1. STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

The funds management activities for the STC Fund at 30 June 2003 are performed by the following funds managers:

Cash Portfolio

100.00% State Street Global Advisors, Australia, Limited

Australian Fixed Interest Portfolio

0.27% Deutsche Asset Management (Australia) Limited
99.73% State Street Global Advisors, Australia, Limited*

International Fixed Interest Portfolio

100.00% State Street Global Advisors, Australia, Limited*

Australian Equity Portfolio

4.98% Alliance Capital Australia Limited
5.02% AMP Henderson Global Investors Limited
44.37% Deutsche Asset Management (Australia) Limited
10.45% GMO Australia Limited
9.95% Maple-Brown Abbott Limited
5.34% T-Corp (New South Wales Treasury Corporation)
9.85% State Street Global Advisors, Australia, Limited*
10.04% UBS Global Asset Management (Australia) Limited

International Equity Portfolio

11.43% ABN AMBRO Asset Management (Australia) Limited
11.33% BIAM Australia Pty Limited
12.06% Capital International, Inc.
11.65% Fidelity International Limited
41.22% State Street Global Advisors, Australia, Limited
12.31% Wellington Management Company Pte Ltd

Property Trust Portfolio

100.00% Deutsche Asset Management (Australia) Limited

Private Capital

100.00% Deutsche Asset Management (Australia) Limited

*State Street Global Advisors, Australia, Limited is an index manager in each asset class.

Notes to the financial statements

for the year ended 30 June 2003

(1) STATEMENT OF ACCOUNTING POLICIES (Continued)

The Pooled Fund is a reporting entity for accounting and taxation purposes. At 30 June 2003 the Pooled Fund consists of the following schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

(a) General System of Accounting Underlying the Financial Statements

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

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

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

(b) Administration Expenses

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

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

(c) Employee Benefits

Wages, salaries and annual leave

The provision for employee benefits relating to wages, salaries and annual leave represents the amount which STC has a present obligation to pay resulting from employees' services provided up to the balance date. 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.

Long service leave

The liability for employee benefits relating to long service leave is measured at their nominal amount. Past experience indicates that the estimate for long service leave liability based on remuneration rates current as at reporting date for all employees with 5 or more years service is not materially different from the estimate determined by using the present value basis of measurement and detailed group-based estimates.

Notes to the financial statements

for the year ended 30 June 2003

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(c) Employee Benefits (Continued)

Superannuation

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

(d) Roundings

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

(e) Cash Flows

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

(f) Financial Instruments

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

(g) Comparative Figures

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

Notes to the financial statements

for the year ended 30 June 2003

2. PROFIT FROM ORDINARY ACTIVITIES

	2003 \$'000	2002 \$'000
Profit from ordinary activities including the following items of revenue and expense:		
Management Fees	37,482	38,718
Other Income	100	24
Total Revenues	37,582	38,742
Trustee Expenses		
Board Member Fees	407	370
Other Administration Expenses	386	326
Total Trustee Expenses	793	696
Executive Expenses		
Employee Related Expenses	2,429	2,223
Superannuation	650	547
Fees for Services	219	125
Accommodation	316	311
Other Administration Expenses	266	146
Audit Fees	13	12
Total Executive Expenses	3,893	3,364
Fund Expenses		
Fees for Services	2,077	2,204
Other Administration Expenses	246	135
Pillar Administration Fees	30,573	32,343
Total Fund Expenses	32,896	34,682
Total Expenses	37,582	38,742

3. RECEIVABLES

Current

Amounts Receivable — Pooled Fund	4,058	3,260
Amounts Receivable — FSS Trustee Corporation (FTC)	1,284	1,105
Other Receivables	401	396
Superannuation (refer Note 7)	6	22
	5,749	4,783

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

Notes to the financial statements

for the year ended 30 June 2003

4. PAYABLES

Current

Amount Payable — Pillar (Administration Fees)
Other Payables

2003	2002
\$'000	\$'000
2,614	2,503
1,082	781
3,696	3,284

5. PROVISIONS

Current

Employee Benefits
Superannuation (refer Note 7)
Other

348	330
800	407
–	158
1,148	895

Non-current

Employee Benefits
Tenancy Make Good Costs

666	466
38	39
704	505

6. EXECUTIVES' REMUNERATION

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

1,455	1,345
--------------	-------

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

Remuneration (including superannuation contributions) of:

\$100,000 — \$109,999
\$110,000 — \$119,999
\$120,000 — \$129,999
\$140,000 — \$149,999
\$150,000 — \$159,999
\$160,000 — \$169,999
\$190,000 — \$199,999
\$200,000 — \$209,999
\$220,000 — \$229,999

2003	2002
Numbers	Numbers
2	2
1	–
1	2
2	–
1	2
2	1
–	1
–	–
1	1
10	9

Notes to the financial statements

for the year ended 30 June 2003

7. SUPERANNUATION COMMITMENTS

The Scheme Actuary undertook an actuarial valuation of accrued benefits of the membership of each scheme at 30 June 2003. The results are based on valuation assumptions consistent with the requirements of AAS 25 *Financial Reporting by Superannuation Plans*.

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

30 June 2003 and future Valuation Assumptions	2003—2004 % pa	2004—2005 % pa	2005—2006 and thereafter % pa
Rate of Investment Return	7.0	7.0	7.0
Rate of Salary Increase	4.0	4.0	4.0
Rate of Increase in CPI	2.5	2.5	2.5

The SAS Trustee Corporation contributes superannuation on behalf of its eligible employees to the State Authorities Superannuation Scheme (SASS), State Authorities Non-contributory Superannuation Scheme (SANCS), and the State Superannuation Scheme (SSS). The superannuation funding position for the 2003 and 2002 financial years was as follows:

	SSS \$	SASS \$	SANCS \$	Total \$
2003				
Employer Reserve Asset	1,571,196	282,583	149,193	2,002,972
Less:				
Accrued employer financed liability	(2,334,734)	(276,624)	(186,258)	(2,797,616)
Surplus/(Deficiency)	(763,538)	5,959	(37,065)	(794,644)
2002				
Employer Reserve Asset	1,129,652	264,879	132,603	1,527,134
Less:				
Accrued employer financed liability	(1,532,466)	(243,333)	(136,866)	(1,912,665)
Surplus/(Deficiency)	(402,814)	21,546	(4,263)	(385,531)

Notes to the financial statements

for the year ended 30 June 2003

8. RELATED PARTY INFORMATION

	2003 \$	2002 \$
(a) Board Members and Remuneration Received or Due and Receivable by the following		
The names of the Board Members of STC in office during the year ended 30 June 2003 and up to the date of signing these accounts, are as follows:		
Mr M Cole	56,771	51,000
Ms B Ashe (term completed 31 December 2001)	–	59,310
Mr I Blair	30,760	22,718
Mr R Davis	115,461	61,653
Mr W Gillooly	34,117	32,454
Mr R Harty (term commenced 1 February 2002)	34,117	13,523
Mr J Hennessy (term completed 31 August 2002)	5,459	32,454
Mr N Lewocki	34,117	32,454
Mr D Nicholls	34,117	32,454
Ms M O'Halloran (term commenced 1 September 2002)	28,658	–
Ms C Prime	34,117	32,454
	407,694	370,474

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

	2003 Numbers	2002 Numbers
Remuneration (including superannuation contributions) of:		
\$ 0 — \$ 9,999	1	–
\$ 10,000 — \$ 19,999	–	1
\$ 20,000 — \$ 29,999	1	1
\$ 30,000 — \$ 39,999	6	5
\$ 50,000 — \$ 59,999	1	2
\$ 60,000 — \$ 69,999	–	1
\$110,000 — \$ 119,999	1	–
	10	10

Notes to the financial statements

for the year ended 30 June 2003

8. RELATED PARTY INFORMATION (Continued)

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

	2003	2002
	\$'000	\$'000
Fees paid to Pillar by SSFSL a company in which Mr R Davis is, and Ms B Ashe was, a director, on normal commercial terms and conditions.	93	107
Rental payments and outgoings received by the Pooled Fund from SSFSL, a company in which Mr R Davis is, and Ms B Ashe was, a director, on normal commercial terms and conditions.	1,238	1,184

(d) Transactions with Other Related Parties

Scheme administration fees charged by STC to the Pooled Fund on a cost recovery basis amounted to \$36,197,625 (2002: \$37,613,026). The fees charged by STC include its recovery of the scheme administration fees charged by Pillar to STC of \$30,573,448 (2002: \$32,342,843). These fees were charged in accordance with the administration services contract between Pillar and STC.

Payment of rent and outgoings charged by the Pooled Fund to STC on normal commercial terms and conditions of \$253,817 (2002: \$244,953).

Payment for usage of administration fixed assets owned by the Pooled Fund to STC of \$79,047 (2002: \$73,094).

During the year Pillar charged STC for administrative services of \$149,274 (2002: \$135,547).

During the year STC charged FTC for administrative services of \$1,284,571 (2002: \$1,105,263). This amount represents FTC's portion of STC's executive costs including salaries and wages, accommodation and fees for services.

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

(e) Amounts Receivable from Other Related Parties

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

(f) Amounts Payable to Other Related Parties

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

Notes to the financial statements

for the year ended 30 June 2003

9. CASH FLOW INFORMATION

(a) Reconciliation of Cash

	2003	2002
	\$'000	\$'000
Bank Overdraft	206	131

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

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

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

	2003	2002
	\$'000	\$'000
	Inflows/ (Outflows)	Inflows/ (Outflows)
Net Profit after income tax	-	-
Changes in Assets and Liabilities:		
<u>(Increase)/Decrease in Assets</u>		
Prepayments	27	(25)
Receivables — Related Parties		
Pooled Fund	(798)	(180)
FTC	(180)	(66)
Other Receivables	11	139
<u>Increase/(Decrease) in Liabilities</u>		
Payables — Related Parties		
Pillar	111	(356)
Other Payables	301	51
Provisions	453	479
Net Cash From/(Used) in Operating Activities	(75)	42

Notes to the financial statements

for the year ended 30 June 2003

10. SEGMENT REPORTING

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

11. COMMITMENTS FOR EXPENDITURE

	2003	2002
	\$'000	\$'000
Lease Commitments		
Commitments in relation to 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	193	356
Payable later than 1 year and not later than 5 years	52	184
	245	540
Administration Expenses		
Commitments in relation to fixed administration fees for the Pooled Fund payable to Pillar included in the services contract dated 30 June 2000 but not provided for in the accounts, including goods and services tax:		
Payable not later than 1 year	17,177	16,338
Payable later than 1 year and not later than 5 years	17,177	32,676
	34,354	49,014

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.

Notes to the financial statements

for the year ended 30 June 2003

12. CONTINGENT LIABILITIES

Broadly, two classes of contingent liabilities 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.

– End of Audited Financial Statements –

Financial Statements

Pooled Fund



Note: For the 2002–03 financial year, the Pooled Fund did not sell any property.



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

SAS Trustee Corporation - Pooled Fund

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the SAS Trustee Corporation - Pooled Fund:

- (a) presents fairly the SAS Trustee Corporation - Pooled Fund's financial position as at 30 June 2003 and its financial performance for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

The opinion should be read in conjunction with the rest of this report.

The Trustees' Role

The financial report is the responsibility of the Members of the Board of the SAS Trustee Corporation. It consists of the statement of changes in net assets, the statement of net assets, and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Members of the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Members of the Board had failed in their reporting obligations.

My opinion does *not* provide assurance:

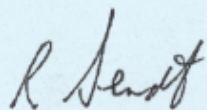
- about the future viability of the SAS Trustee Corporation - Pooled Fund,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independent audit report

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The 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.



R J Sendt
Auditor-General

SYDNEY
24 September 2003

Statement by Members of the Trustee Board

for the year ended 30 June 2003

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

1. the financial statements present a true and fair view of the position of the Pooled Fund at 30 June 2003 and transactions for the year then ended, and
2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000* and the Treasurer's directions.

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

Signed at Sydney this 24th day of September 2003.



Michael Cole
Chairperson
SAS Trustee Corporation



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

Statement of changes in net assets

for the year ended 30 June 2003

	Note	2003 \$'m	2002 \$'m
Net Assets Available to Pay Benefits at Beginning of Financial Year		24,064.8	27,737.8
Contribution Revenue			
Employer Contributions		315.9	175.0
Member Contributions		464.1	463.9
	2	780.0	638.9
Transfers			
Scheme Mobility Transfer	3	(34.8)	2.1
Other Transfers		13.6	–
		(21.2)	2.1
Investment Revenue			
Short Term Securities		16.8	16.0
Australian Fixed Interest		193.3	206.8
International Fixed Interest		56.4	94.9
Australian Equities		389.5	304.0
International Equities		108.9	100.7
Property		157.5	172.7
		922.4	895.1
Changes in Net Market Values of Investments		(1,445.7)	(3,070.1)
	4	(523.3)	(2,175.0)
Investment Expenses		(47.8)	(68.7)
Net Investment Revenue		(571.1)	(2,243.7)
Other Revenue		2.8	1.1
Total Revenue from Ordinary Activities		190.5	(1,601.6)
Benefits Paid	5	(2,071.0)	(2,304.4)
Scheme Administration Expenses	6	(36.2)	(38.7)
Superannuation Contributions Surcharge		(18.0)	(19.8)
Total Expenses from Ordinary Activities		(2,125.2)	(2,362.9)
Change in Net Assets Before Income Tax		(1,934.7)	(3,964.5)
Income Tax Benefit	7	175.4	291.5
Change in Net Assets Available to Pay Benefits After Income Tax		(1,759.3)	(3,673.0)
Net Assets Available to Pay Benefits at End of Financial Year	8	22,305.5	24,064.8

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

Statement of net assets

at 30 June 2003

	Note	2003 \$'m	2002 \$'m
INVESTMENTS			
Short Term Securities		2,459.6	1,749.0
Australian Fixed Interest		2,902.5	3,205.6
International Fixed Interest		1,351.3	1,988.1
Australian Equities		7,510.7	8,345.8
International Equities		5,025.2	5,731.8
Property		2,843.1	2,808.4
	9	22,092.4	23,828.7
OTHER ASSETS			
Cash at Bank		2.5	4.1
Receivables	10	318.7	445.7
Plant and Equipment		0.2	0.2
Sundry Assets		15.7	15.7
Future Income Tax Benefit	7	104.7	34.5
		441.8	500.2
TOTAL ASSETS		22,534.2	24,328.9
Less:			
LIABILITIES			
Reserve Units		5.4	6.3
Payables	11	150.3	161.4
Provisions	12	73.0	96.4
		228.7	264.1
NET ASSETS AVAILABLE TO PAY BENEFITS	8	22,305.5	24,064.8

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

Notes to and forming part of the financial statements for the year ended 30 June 2003

1. STATEMENT OF ACCOUNTING POLICIES

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

Scheme administration services for the Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). The Fund's custodial activities are performed by JP Morgan Investor Services. Investment managers of the Fund at 30 June 2003 are: ABN AMRO Asset Management (Australia) Limited, Alliance Capital Australia Limited, AMP Henderson Global Investors Limited, BIAM Australia Pty Limited, Capital International, Inc., Deutsche Asset Management (Australia) Limited, Fidelity International Limited, GMO Australia Limited, Maple-Brown Abbott Limited, T-Corp (New South Wales Treasury Corporation), State Street Global Advisors, Australia, Limited, UBS Global Asset Management (Australia) Limited and Wellington Management Company Pte Ltd. The investment managers and custodian charge management fees for the services provided.

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

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

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

(a) General System of Accounting Underlying the Financial Statements

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

The financial statements are prepared in accordance with AAS 25 *Financial Reporting by Superannuation Plans* and also in accordance with historic cost convention, except for the assets which are measured at net market value. The financial statements are prepared using the accrual method of accounting.

(b) Investments

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

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

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

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

Notes to and forming part of the financial statements for the year ended 30 June 2003

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(c) Foreign Currency Transactions

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

(d) Income Tax

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

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

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

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

(e) Plant and Equipment

Plant and equipment is valued at fair value. Changes in fair value represent gains or losses, and are brought to account in the *Statement of Changes in Net Assets* in accordance with the requirements of AAS 25. Where assets are not material and for which fair values are not readily available, the assets are shown at their written down value. The written down value is calculated using depreciation rates, which reflect the useful life of each asset to the Fund. STC considers this to represent a reasonable approximation of their fair value to an ongoing business. During the year the fair value of plant and equipment declined by \$42,583 (30 June 2002: \$.04 million).

(f) Liability for Accrued Benefits

The Fund's Actuary undertook an actuarial valuation of accrued benefits of the membership of each Scheme at 30 June 2003. The results are based on valuation assumptions consistent with the requirements of AAS 25 *Financial Reporting by Superannuation Plans*.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(f) Liability for Accrued Benefits (Continued)

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

	2003—04 % pa.	2004—05 % pa.	2005—06 and thereafter % pa.
Valuation Assumptions			
Valuation Interest Rate	7.0	7.0	7.0
Salary Growth Rate	4.0	4.0	4.0
CPI Rate	2.5	2.5	2.5

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

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

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

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

(g) Vested Benefits

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

The Fund Actuary has advised that the estimated amount of vested benefits has been determined at 30 June 2003, based on:

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

(h) Management Expenses

Management expenses charged to the Fund comprise:

Investment Expenses: These are charged directly against investment revenue.

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

Notes to and forming part of the financial statements for the year ended 30 June 2003

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(i) Reserve Units

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

(j) Superannuation Contributions Surcharge Tax

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*. STC is unable to determine the amount of the surcharge tax as the assessments received to date are not considered to be indicative of the future assessments.

(k) Rounding

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

(l) Comparative Figures

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

(m) Revenue Recognition

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

Contributions and Transfers in

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

(n) Early Implementation of Accounting Standards

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

(o) Recovery of the carrying value of assets and settlement of liabilities.

In the ordinary course of its business the Fund realises assets for the purposes of reinvestment or to pay liabilities and member benefits. Where assets which existed at 30 June 2003 are realised twelve months or more after the reporting date STC expects that the amount recovered, in aggregate, will exceed the carrying value of those assets at 30 June 2003.

Similarly liabilities in existence at 30 June 2003 and settled more than 12 months thereafter, are expected to be settled at the carrying value of the liability at 30 June 2003, plus where applicable any relevant interest adjustment.

The physical amounts of assets and liabilities, recovered or settled, in aggregate more than 12 months after 30 June 2003 cannot be reliably estimated.

Notes to and forming part of the financial statements for the year ended 30 June 2003

2. EMPLOYER AND MEMBER CONTRIBUTIONS

	2003				
	SASS \$m	SANCS \$m	SSS \$m	PSS \$m	TOTAL \$m
Employer Contributions	162.3	35.5	117.6	0.5	315.9
Member Contributions	211.9	–	233.1	19.1	464.1
Total Contributions	374.2	35.5	350.7	19.6	780.0

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

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

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

Contributions made by the Crown vary from year to year depending upon government liability management priorities. In 1999 the Crown prepaid its contributions for a 3 year period. In the intervening years amounts significantly less than the full Crown Contributions have been made (\$nil in 2003; \$ nil in 2002; \$243 million in 2001 and \$587 million in 2000).

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)) has been established to accumulate Crown employer superannuation contributions. The total assets held in the GGLMF at 30 June 2003 were \$1.7 billion, (2002 \$0).

The GGLMF receives the level of contributions determined in the Crown funding plan. The GGLMF legislation requires that the financial assets accumulated in the investment fund be strictly applied only for the purposes of:

- transferring assets to the SAS Trustee Corporation defined benefit superannuation trust fund;
- directly meeting superannuation liabilities, including surcharge debt liabilities incurred by judges, whose pension arrangements are unfunded; and
- after providing assets to fully cover superannuation liabilities, repaying government borrowings on or before maturity.

(a) State Authorities Superannuation Scheme (SASS)

Member Contributions

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

Notes to and forming part of the financial statements for the year ended 30 June 2003

2. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

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 to part fund future liabilities and to fully fund emerging benefits. Some employers contribute on a less than fully funded basis, meeting liabilities as they emerge, 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.

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

Member Contributions

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

Employer Contributions

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

(c) State Superannuation Scheme (SSS)

Member Contributions

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

Employer Contributions

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

(d) Police Superannuation Scheme (PSS)

Member Contributions

Members contribute 6% of their salary.

Employer Contributions

Employer contributions equal the amount required to meet emerging benefits.

3. SCHEME MOBILITY TRANSFER

During the year, some employers and their associated members that were governed under the *Local Government Act* left the State Authorities Superannuation Scheme and State Superannuation Scheme. The total amount transferred out was \$36.6 million at 30 June 2003 (30 June 2002: \$nil).

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 \$1.8 million at 30 June 2003 (30 June 2002: \$2.1 million).

Notes to and forming part of the financial statements

for the year ended 30 June 2003

4. INVESTMENT REVENUE

	2003			
	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	16.8	8.9	65.8	91.5
Australian Fixed Interest	193.3	81.2	(2.4)	272.1
International Fixed Interest	56.4	(30.0)	188.8	215.2
Australian Equities	389.5	(167.4)	(307.2)	(85.1)
International Equities	108.9	(950.4)	(360.9)	(1,202.4)
Property	157.5	27.9	–	185.4
Total Investment Revenue	922.4	(1,029.8)	(415.9)	(523.3)

	2002			
	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	16.0	(44.3)	34.8	6.5
Australian Fixed Interest	206.8	2.2	32.5	241.5
International Fixed Interest	94.9	20.4	94.6	209.9
Australian Equities	304.0	(708.8)	(346.1)	(750.9)
International Equities	100.7	(1,472.8)	(738.7)	(2,110.8)
Property	172.7	56.3	(0.2)	228.8
Total Investment Revenue	895.1	(2,147.0)	(923.1)	(2,175.0)

Notes to and forming part of the financial statements

for the year ended 30 June 2003

5. BENEFITS PAID

	2003				TOTAL \$m
	SASS \$m	SANCS \$m	SSS \$m	PSS \$m	
Retirements					
— Lump Sums	237.0	59.4	67.0	29.2	392.6
— Pensions	17.7	—	504.5	40.1	562.3
Death					
— Lump Sums	15.0	2.3	35.8	2.5	55.6
— Pensions	5.7	—	132.6	21.3	159.6
Invalidity					
— Lump Sums	58.2	27.0	30.2	11.7	127.1
— Pensions	1.0	—	177.5	126.8	305.3
Resignations & Retrenchments					
— Lump Sums	116.4	17.9	20.2	1.4	155.9
— Pensions	—	—	24.3	—	24.3
Deferred Benefits					
— Transfer to FSS	108.5	22.2	—	—	130.7
— Other	110.3	29.3	8.4	2.7	150.7
Interest on Benefit Payments	4.3	0.7	1.6	0.3	6.9
	674.1	158.8	1,002.1	236.0	2,071.0

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

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

Notes to and forming part of the financial statements

for the year ended 30 June 2003

	2003 \$'m	2002 \$'m
6. SCHEME ADMINISTRATION EXPENSES		
Included in Scheme Administration Expenses are the following items:		
Audit Fees – The Audit Office of New South Wales (audit of the financial statements)	0.4	0.3
Triennial Actuarial Fees	0.2	0.1
7. INCOME TAX		
(a) Income Tax Benefit		
The prima facie tax on the Change in Net Assets is reconciled to the Income Tax Benefit as follows:		
Prima facie tax benefit on the Change in Net Assets at 15%	(290.2)	(594.7)
Plus/(Less) net tax effect of permanent differences:		
Non-deductible Benefit Payments	314.8	345.7
Non-assessable Contributions	(70.6)	(69.7)
Non-assessable Pension Related Investment Income	(27.3)	33.3
Deductible Premiums	(79.2)	(70.2)
Increase Assessable Income due to Indexation	22.6	5.2
Discount Capital Gains	58.7	163.7
Non-deductible Contributions Surcharge Tax	2.7	3.0
Anti-detriment Deduction	–	(0.6)
Imputation and Foreign Tax Credits	(98.5)	(103.2)
Income Tax Benefit on Change in Net Assets	(167.0)	(287.5)
Over Provision Prior Year	(8.4)	(4.0)
Income Tax Benefit	(175.4)	(291.5)
The Income Tax Benefit comprises:		
Provision attributable to Current Year	(62.5)	(73.1)
Increase/(Decrease) in Provision for Deferred Income Tax	(6.0)	5.8
(Increase)/Decrease in Future Income Tax Benefit	(98.5)	(220.2)
Prior Year Adjustments:		
Increase/(Decrease) in Provision for Income Tax	(36.6)	1.4
Increase/(Decrease) in Provision for Deferred Income Tax	–	0.9
(Increase)/Decrease in Future Income Tax Benefit	28.2	(6.3)
Income Tax Benefit	(175.4)	(291.5)

Notes to and forming part of the financial statements

for the year ended 30 June 2003

	2003	2002
	\$'m	\$'m
7. INCOME TAX (Continued)		
(b) Future Income Tax Benefit		
Attributable to tax effect of timing differences:		
Unrealised Capital Losses	60.2	–
Realised Capital Losses	37.4	–
Unrealised Losses on Traditional Securities and Others	7.1	–
Prior Year Tax Refund	–	24.9
Others	–	9.6
	104.7	34.5

(c) Provision for Deferred Tax

Attributable to tax effect of timing differences:

Dividend Receivable	4.7	5.5
Interest Receivable	2.8	7.4
Unrealised Gain on Traditional Securities and Foreign Exchange	4.5	–
Unrealised Capital Gains	119.4	130.0
Contributions Receivable	2.3	0.9
Others	0.8	(3.2)
	134.5	140.6

The Fund is exempt from tax payable on investment income set aside for the payment of pensions. In addition, the Fund is able to offset pre 1 July 1988 Funding Credits (PJFC) against the tax payable on employer contributions made during the year. The balance of pre 1 July 1988 Funding Credits available for use at 30 June 2003 amounted to \$880.2 million (30 June 2002: \$840.7 million). During the current year the level of employer contributions made to the Fund was insufficient to allow PJFC's to be used. These tax credits have not been brought to account as future income tax benefit assets for the reasons set out in Note 1(d).

At 30 June 2003 the Fund has incurred a capital loss of \$630.9 million. The tax benefit of that has been brought to account as Future Income Tax Benefit in the *Statement of Net Assets* on the basis that the Fund will continue to operate and it is beyond reasonable doubt that the benefit will be realised.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

8. NET ASSETS

	2003				
	SASS \$m	SANCS \$m	SSS \$m	PSS \$m	TOTAL \$m
Balance at Beginning of Financial Year	5,712.5	596.8	16,427.7	1,327.8	24,064.8
Increase in Net Assets	(434.7)	(125.9)	(996.8)	(201.9)	(1,759.3)
Balance at End of Financial Year	5,277.8	470.9	15,430.9	1,125.9	22,305.5
Comprising:					
Member Reserves ⁽¹⁾	3,068.7	–	4,112.9	348.4	7,530.0
Employer Reserves ⁽²⁾	1,456.7	311.7	11,318.0	777.5	13,863.9
Death or Invalidation Reserves ⁽³⁾	11.5	–	–	–	11.5
Deferred Benefit Reserves ⁽⁴⁾	740.9	159.2	–	–	900.1
Net Assets Available to Pay Benefits	5,277.8	470.9	15,430.9	1,125.9	22,305.5

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

- (1) The Member Reserve represents members' accounts that comprise the balance of members' contributions and investment income earned, less benefits paid that are attributable to contributor-financed benefits. Only the contributors under the *State Authorities Superannuation Scheme* are required to pay their relevant portion of the scheme's administration fees.
- (2) The Employer Reserve represents employers' accounts that comprise the balance of employers' contributions and 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 Invalidation 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.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

	2003 \$'m	2002 \$'m
9. INVESTMENTS		
(i) Short Term Securities		
Bank Certificates of Deposit	1,036.3	399.7
Bank Accepted and Bank Endorsed Bills of Exchange	240.0	121.3
Bank Deposits	338.0	984.5
Promissory Notes	845.3	243.5
Total Short Term Securities	2,459.6	1,749.0
(ii) Australian Fixed Interest		
Commonwealth Government Inscribed Stock	1,336.0	1,442.6
Semi-government Bonds	1,461.4	1,382.3
Loans to:		
Semi-government Authorities	2.6	5.8
Local Government Authorities	–	7.1
Loans to Companies	–	3.3
Loans to Co-operative Housing Societies	1.1	1.6
Leasehold Property Investments	0.1	0.3
Mortgage Backed Securities	93.6	80.0
Other Bonds	7.7	282.6
Total Australian Fixed Interest	2,902.5	3,205.6
(iii) International Fixed Interest		
International Fixed Interest	1,293.4	2,018.6
Foreign Exchange	57.9	(30.5)
Total International Fixed Interest	1,351.3	1,988.1
(iv) Equities		
Australian Equities		
Listed Equities	6,207.8	7,487.1
Unlisted Equities	1,302.9	858.7
Total Australian Equities	7,510.7	8,345.8
International Equities		
International Equities	5,006.7	5,714.0
Foreign Exchange	18.5	17.8
Total International Equities	5,025.2	5,731.8
(v) Property		
Total Property	2,843.1	2,808.4
Total Investments	22,092.4	23,828.7

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

Notes to and forming part of the financial statements

for the year ended 30 June 2003

	2003	2002
	\$'m	\$'m
10. RECEIVABLES		
Contributions Receivable	36.9	39.0
Accrued Income	134.7	173.7
Margin Call Deposits	128.5	202.5
Investment Sales	17.8	29.9
Other Receivables	0.8	0.6
	318.7	445.7
11. PAYABLES		
Superannuation Benefits	22.2	19.6
Investment Purchases	17.7	38.3
Other Payables	106.4	100.2
Amount Payable — STC	4.0	3.3
	150.3	161.4
12. PROVISIONS		
Provision for Income Tax	(61.7)	(44.4)
Provision for Deferred Income Tax	134.5	140.6
Triennial Actuarial Fees	0.2	0.2
	73.0	96.4

Notes to and forming part of the financial statements

for the year ended 30 June 2003

13. ACCRUED BENEFITS

(a) Liability for Accrued Benefits

	2003			2002		
	Accrued Benefits \$m	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	8,903.3	5,277.8	(3,625.5)	8,743.0	5,712.5	(3,030.5)
State Authorities						
Non-contributory						
Superannuation Scheme	1,887.8	470.9	(1,416.9)	1,848.1	596.8	(1,251.3)
State Superannuation Scheme	23,660.9	15,430.9	(8,230.0)	22,156.1	16,427.7	(5,728.4)
Police Superannuation Scheme	4,318.1	1,125.9	(3,192.2)	3,988.5	1,327.8	(2,660.7)
	38,770.1	22,305.5	(16,464.6)	36,735.7	24,064.8	(12,670.9)

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

The valuation was completed by the Scheme Actuary, Mr M.A. Stevenson, B.Sc, FIA, FIAA, of Mercer Human Resource Consulting Pty Ltd.

The Fund's Actuary is currently completing a formal Triennial Actuarial investigation as at 30 June 2003. The Actuary's report is expected to be finalised in December 2003. From preliminary work undertaken for this investigation, and based on the experience of the Fund since the previous investigation, the Actuary has altered many of the demographic assumptions used in the actuarial basis. These changes have been incorporated into the calculation of Accrued Benefits as at 30 June 2003 set out in the above table.

The major alterations to the basis are the longer life expectancy of pensioners, increased invalidity experience and the lower propensity for pensioners to commute their pension to a lump sum. Overall changes to the actuarial basis relative to the previous actuarial basis amounted to an increase in accrued liabilities of approximately \$800 million.

The net under funded position of the Fund is also affected by the level of assets held in the GGLMF (note 2 refers). Those assets have not been included in the under funded position disclosed above.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

13. ACCRUED BENEFITS (Continued)

(b) Movement in the Liability for Accrued Benefits

Accrued Benefits in accordance with AAS 25 are calculated as the present value of expected future payments arising from past membership of the Fund. Accrued benefits increase due to the cost of accruing benefits and the imputed cost of interest, and reduce as benefits are paid, and may vary due to changes in valuation bases and changes in experience from previous assumptions. Based on current assumptions, the value of Accrued Benefits should not start to decline until approximately 2013.

	2003				
	SASS \$m	SANCS \$m	SSS \$m	PSS \$m	TOTAL \$m
Balance at Beginning of Financial Year	8,743.0	1,848.1	22,156.1	3,988.5	36,735.7
Benefits Paid	(674.1)	(158.8)	(1,002.1)	(236.0)	(2,071.0)
	8,068.9	1,689.3	21,154.0	3,752.5	34,664.7
Increase in Accrued Benefits	834.4	198.5	2,506.9	565.6	4,105.4
Balance at End of Financial Year	8,903.3	1,887.8	23,660.9	4,318.1	38,770.1

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

14. VESTED BENEFITS

	2003			2002		
	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	6,033.5	5,277.8	(755.7)	6,004.5	5,712.5	(292.0)
State Authorities						
Non-contributory						
Superannuation Scheme	2,311.6	470.9	(1,840.7)	2,288.8	596.8	(1,692.0)
State Superannuation Scheme	20,515.6	15,430.9	(5,084.7)	19,190.9	16,427.7	(2,763.2)
Police Superannuation Scheme	3,137.7	1,125.9	(2,011.8)	2,836.3	1,327.8	(1,508.5)
	31,998.4	22,305.5	(9,692.9)	30,320.5	24,064.8	(6,255.7)

Vested benefits exceeded net assets at 30 June 2003 and 30 June 2002. 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.

Notes to and forming part of the financial statements for the year ended 30 June 2003

15. CONTROLLED ENTITIES

The following entities comprise the Pooled Fund economic entity:

Parent Entity

Pooled Fund

	Activity	Ownership Interest	
		2003 %	2002 %
Controlled Entities			
State Super Financial Services Ltd (SSFSL)	Financial planning and funds management	85	100
The following entities are managed by Deutsche Asset Management (Australia) Ltd			
Valley Commerce Pty Limited	Dormant	100	100
Buroba Pty Limited	Dormant	100	100
Elsun Pty Limited	Long term carpark management contracts	nil	100

During the year the Controlled Entities paid dividends and trust distributions to the Parent Entity of \$5.94 million (2002 \$1.78 million).

16. 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 2003 and up to the date of signing these accounts are as follows:

Mr M Cole
 Mr I Blair
 Mr R Davis
 Mr W Gillooly
 Mr R Harty
 Mr N Lewocki
 Mr D Nicholls
 Ms M O'Halloran (term commenced 1 September 2002)
 Ms C Prime
 Mr J Hennessy (term completed 31 August 2002)

(a) Board Members' Remuneration

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

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

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

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

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

Notes to and forming part of the financial statements

for the year ended 30 June 2003

16. RELATED PARTY INFORMATION (Continued)

(d) Transactions with Other Related Parties

	2003 \$'m	2002 \$'m
Scheme administration fees charged by STC on a cost recovery basis	36.2	37.6
Property rental received from STC, Pillar and State Super Financial Services Limited on normal commercial terms and conditions	2.8	1.7
Administration fee income for the provision of fixed assets to STC	0.1	0.1
Interest revenue from associated companies and joint ventures under normal commercial terms and conditions	1.2	1.8

(e) Amounts Payable to Other Related Parties

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

(f) Amounts Receivable from Other Related Parties

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

17. SEGMENT REPORTING

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

18. CONTINGENT LIABILITIES

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

Two other classes of contingent liabilities 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.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS

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

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

(i) Accounting Policies

Recognised Financial Instruments	Statement of Net Assets Notes	Accounting Policies	Terms and Conditions
1. Financial Assets			
Receivables	10	Receivables include accrued income and unsettled sales of securities. Receivables are carried at their nominal amounts.	Sales of securities are made on various terms for different securities and in different countries. Income receivable is also settled on varying terms depending on the security and country.
Bills of Exchange and other discount securities	9	Carried at net market value using market rates at 30 June 2003.	Average maturity of 46 days with effective interest rates in the range of 4.468% to 4.797%.
Promissory Notes	9	Carried at net market value at 30 June 2003.	Average maturity of 37 days with effective interest rates in the range of 4.613% to 4.817%.
Mortgage Backed Securities	9	Mortgage Backed Securities are stated at net market value. Interest income is recognised in the Operating Statement when earned.	Mortgage Backed Securities on average mature on 16 November 2026 and have an effective interest rate between 4.8867% and 5.1567%.
Bank Deposits	9	Stated at net market value. Interest is recognised as it is earned.	Bank deposits represent 11.00 am call deposits and uninvested cash and has no fixed maturity dates. Deposits have effective interest rates in the range of 0% to 6.660%.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS (Continued)

(i) Accounting Policies (Continued)

Recognised Financial Instruments	Statement of Net Assets Notes	Accounting Policies	Terms and Conditions
Listed Shares	9	Reported at market value based on quoted stock exchange price less an amount for selling costs which would be expected to be incurred if the investments were sold. Certain costs incurred in acquiring the investments, including brokerage and stamp duty, have been capitalised. Dividend income is recognised at the ex dividend date.	N/A.
Unlisted Shares	9	Reported at net market value based on independent valuations.	N/A.
Government Bonds	9	Carried at net market value based on discounted cash flow.	Government bonds on average mature on 18 May 2008 and have effective interest rates in the range of 4.360% to 5.095%.
Semi-government Bonds	9	Carried at net market value based on discounted cash flow.	Semi-government bonds on average mature on 24 December 2008 and have effective interest rates in the range of 4.410% to 5.365%.
Other Bonds	9	Carried at net market value based on discounted cash flow.	Other Bonds on average mature on 1 July 2006 and have effective interest rates in the range of 4.730% to 5.310%.
International Bonds	9	Carried at net market value based on discounted cash flow.	International Bonds on average mature on 1 November 2008 and have effective interest rates in the range of 0.018% to 5.086%.
Local Government Authorities	9	Carried at net market value based on discounted cash flow.	Local Government Authorities on average mature on 21 January 2010 and have effective interest rates in the range of 4.433% to 5.285%.
Leasehold Property Investments	9	Carried at net market value based on discounted cash flow.	Leasehold Property Investments on average mature on 4 December 2003 and have effective interest rates in the range of 4.431% to 5.319%.
Direct Property	9	Reported at net market value based on independent valuations.	N/A.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS (Continued)

(i) Accounting Policies (Continued)

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

Notes to and forming part of the financial statements

for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS (Continued)

(ii) Use of Derivative Financial Instruments

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

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

The following table summarises the aggregate notional amounts of the futures derivative contracts and their net market value at 30 June 2003 and 30 June 2002.

		Notional Principal Amounts		Net Market Value	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Futures Contracts					
– Australian Fixed Interest	Buy	–	(109,406)	–	(538)
	Sell	(267,892)	–	3,186	–
– Australian Share Price Index	Buy	229,066	348,669	(6,067)	(5,888)
	Sell	(830)	(347,389)	2	6,792
– International Share Price International Fixed Interest	Buy	1,203,628	1,762,551	(26,530)	(45,579)
	Sell	(233,274)	(624,267)	2,449	(9,874)
Options Contracts					
– Australian Exchange Traded	Put	467	–	(35)	–
	Call	(1,405)	(13)	(93)	(1)
		929,760	1,030,145	27,088	(55,088)

Notes to and forming part of the financial statements

for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk Exposures

Credit (or Counterparty) risk is the risk that a counterparty to a financial instrument fails to discharge an obligation and causes the Fund to incur a financial loss. In the normal course of its operations, the Fund accepts credit risk on most 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 2003 this amount was \$1,684.73 million (2002: \$2,562.71 million). During the year the average credit risk exposure of forward foreign exchange was \$1,813.99 million (2002: \$2,667.79 million).

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

	2003	2002
	\$'000	\$'000
International		
—Europe	597,227	976,210
—North America	351,022	614,330
—Asia	345,107	408,351
Australia		
—Government bonds	1,360,894	1,442,668
—Semi-government bonds	1,485,590	1,382,307
—Other	101,866	379,029
	4,241,706	5,202,895

(iv) Currency Risk Exposures

The Fund's exposure at 30 June 2003 and 30 June 2002 to foreign exchange rate movement on international investments is shown below. As discussed in Section (ii) **Use of Derivative Financial Instruments**, the Fund has entered into foreign exchange forward contracts to hedge its investment in foreign currency denominated financial assets. All foreign exchange forward contracts are carried at their net market value.

International Equity Portfolios

The Fund enters into foreign exchange forward contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign equities portfolio holdings. These foreign exchange forward contracts form a currency overlay that complements the risk characteristics of the investment in foreign equities so as to achieve a desired risk characteristic for the net position. When executing forward currency exchange contracts, the Fund is obligated to sell a foreign currency at a specified rate on a certain date in the future. The obligations arising under these contracts will be realised in the period 1 July 2003 to 16 September 2003.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS (Continued)

(iv) Currency Risk Exposures (Continued)

International Equity Portfolios (Continued)

30 June 2003

	USD A\$'000	EUR A\$'000	JPY A\$'000	GBP A\$'000	OTHER A\$'000	TOTAL A\$'000
Gross International						
Equities Investment	2,916,291	758,889	384,750	592,979	382,460	5,035,369
Less: Amounts						
Effectively Hedged	227,795	53,121	28,949	42,303	29,282	381,450
Net Exposure	2,688,496	705,768	355,801	550,676	353,178	4,653,919
Percent Hedged	7.81%	7.00%	7.52%	7.13%	7.66%	7.58%

30 June 2002

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

Notes to and forming part of the financial statements

for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS (Continued)

(iv) Currency Risk Exposures (Continued)

International Fixed Income Portfolios

The Fund invests in foreign government bonds and corporate bonds. The Fund enters into foreign exchange forward contracts in order to modify the foreign currency composite basis of the international fixed income portfolio to comply with the Fund's benchmark index composite as stipulated by the Fund's investment guidelines. Although the currency weightings relative to the benchmark index weights are changed by these foreign exchange forward contracts, the Fund's overall exposure to foreign currency risk is not increased. When executing forward currency exchange contracts, the Fund is obligated to buy or sell a foreign currency at a specified rate on a certain date in the future. The obligations arising under these contracts will be realised on the 8 July 2003.

30 June 2003

	USD A\$'000	EUR A\$'000	JPY A\$'000	GBP A\$'000	OTHER A\$'000	TOTAL A\$'000
Gross International Fixed						
Interest Investment	318,408	507,407	345,170	67,039	57,276	1,295,300
Less: Amounts						
effectively Hedged	322,209	535,055	348,287	64,931	30,796	1,303,278
Net Exposure	(5,801)	(27,648)	(3,117)	2,108	26,480	(7,978)
Percent Hedged	101.82%	105.45%	100.90%	96.86%	53.77%	100.62%

30 June 2002

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

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 may not represent the true currency risk profile of the Fund, where the Fund has significant investments in unit trusts that have exposure to currency markets.

Notes to and forming part of the financial statements

for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS (Continued)

(v) Interest Rate Risk Exposures

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

The Fund's exposure to interest rate risk, including contractual repricing or maturity dates (whichever dates are earlier) and the weighted average effective interest rates associated with these financial instruments at 30 June 2003 are shown in the table 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 above may not represent the true interest rate risk profile of the Fund, where the Fund has significant investments in unit trusts that have exposure to interest markets.

	2003						Total \$'m
	Fixed Interest – Time to Maturity						
	Weighted Average Effective Interest Rate %	Floating Interest Rate \$'m	Within 12 Months \$'m	1 to 5 Years \$'m	Over 5 Years \$'m	Non- Interest Bearing \$'m	
Assets							
Cash & short term securities	4.09	2,618.5	–	–	–	–	2,618.5
Government bonds—domestic	4.69	–	98.0	570.0	693.0	–	1,361.0
Semi-government bonds and loans to Local Authorities	4.85	–	132.0	653.0	701.0	–	1,486.0
Other fixed interest	4.95	–	1.0	4.0	3.0	3.0	11.0
Mortgage backed securities	5.08	–	–	13.0	81.0	–	94.0
Foreign exchange	N/A	–	–	–	–	76.0	76.0
International fixed interest	2.41	–	29.0	595.0	670.0	2.0	1,296.0
Listed equities—domestic	N/A	–	–	–	–	6,696.0	6,696.0
Listed equities—international	N/A	–	–	–	–	4,980.0	4,980.0
Direct Property	N/A	–	–	–	–	2,349.0	2,349.0
Unlisted unit trusts	N/A	–	–	–	–	404.0	404.0
Unlisted equities	N/A	–	–	–	–	898.0	898.0
Receivables	N/A	–	–	–	–	144.1	144.1
Sundry Assets	N/A	–	–	–	–	15.7	15.7
Plant and Equipment	N/A	–	–	–	–	0.2	0.2
Future Income Tax Benefit	N/A	–	–	–	–	138.8	138.8
Total Financial Assets		2,618.5	260.0	1,835.0	2,148.0	15,706.8	22,568.3
Liabilities							
Superannuation Contributions							
Surcharge Payable	5.01%	73.8	–	–	–	–	73.8
Payables	N/A	–	–	–	–	76.5	76.5
Reserve Units	N/A	–	–	–	–	5.4	5.4
Provisions	N/A	–	–	–	–	107.1	107.1
Total Financial Liabilities		73.8	–	–	–	189.0	262.8
Total Net Assets		2,544.7	260.0	1,835.0	2,148.0	15,517.8	22,305.5

Note 1: The weighted average interest rate includes the interest rates of fixed income instruments denominated in foreign currencies.

Notes to and forming part of the financial statements for the year ended 30 June 2003

19. FINANCIAL INSTRUMENTS (Continued)

(v) Interest Rate Risk Exposures (Continued)

	2002						Total \$'m
	Weighted Average Effective Interest Rate %	Floating Interest Rate \$'m	Fixed Interest — Time to Maturity			Non- Interest Bearing \$'m	
Within 12 Months \$'m			1 to 5 Years \$'m	Over 5 Years \$'m			
Assets							
Cash & Short Term Securities	3.80	1,244.0	789.0	—	—	—	2,033.0
Government Bonds—Domestic	5.73	—	24.0	694.2	724.0	(1.0)	1,441.2
Semi-government Bonds and Loans to Local Authorities	5.55	—	31.0	610.5	754.0	—	1,395.5
Other Interest Bearing Securities	5.95	—	43.0	235.5	8.0	—	286.5
Mortgage Backed Securities	5.12	—	—	—	55.0	—	55.0
Foreign Exchange	N/A	—	—	—	—	(12.7)	(12.7)
International Fixed Interest	3.74	—	9.0	919.0	1,090.0	(10.0)	2,008.0
Listed Equities—Domestic	N/A	—	—	—	—	8,036.0	8,036.0
Listed Equities—International	N/A	—	—	—	—	5,669.0	5,669.0
Unlisted Equities	N/A	—	—	—	—	859.0	859.0
Direct Property	N/A	—	—	—	—	2,261.0	2,261.0
Receivables	N/A	—	—	—	—	247.5	247.5
Sundry Assets	N/A	—	—	—	—	15.7	15.7
Plant & Equipment	N/A	—	—	—	—	0.2	0.2
Future Income Tax Benefit	N/A	—	—	—	—	34.0	34.0
Total Financial Assets		1,244.0	896.0	2,459.2	2,631.0	17,098.7	24,328.9
Liabilities							
Superannuation Contributions Surcharge Payable	5.99%	57.4	—	—	—	—	57.4
Payables	N/A	—	—	—	—	104.0	104.0
Reserve Units	N/A	—	—	—	—	6.3	6.3
Provision	N/A	—	—	—	—	96.4	96.4
Total Financial Liabilities		57.4	—	—	—	206.7	264.1
Total Net Assets		1,186.6	896.0	2,459.2	2,631.0	16,892.0	24,064.8

(vi) 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 value at 30 June 2003.

All other assets and other liabilities are recorded at historical cost which, in the opinion of the Trustee, approximates their net market value.

20. EVENT AFTER BALANCE DATE

Fund Investments

The Fund's Custodian has advised that as at 31 August 2003 the net assets of the Fund were \$22.9 billion and since 30 June 2003 the Fund's investments has made a return of approximately 3.5%.

– End of Audited Financial Statements –

Triennial Actuarial Valuation

Note: The following is a summary of the most recent triennial valuation report for the Pooled Fund.

The triennial actuarial valuation of the Pooled Fund and each of the individual Schemes at 30 June 2000 was carried out by Martin Stevenson, FIA, FIAA of Mercer Human Resource Consulting Pty Ltd (formerly William M. Mercer Pty. Ltd).

A summary of this valuation as provided by Martin Stevenson follows.

1 Triennial Actuarial Valuation

1.1 Introduction

As requested by the SAS Trustee Corporation (the Corporation) I have carried out an actuarial valuation of the following Schemes 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)

An actuarial investigation of SASS and SANCS was carried out by myself as at 30 June 1997 and the results were set out in a report dated June 1998. The previous actuarial investigations of the SSS and PSS were carried out by C G Ghosn with an effective date of 30 June 1997 and the results were set out in reports dated June 1998.

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 separated into Part 1, 2 and 3 in accordance with legislation. Part 1 includes the Crown and other employers, Part 2 includes a small group of other Authorities and the third Part includes Hospitals and other bodies. Refer Section 6 Volume II of the Triennial Report submitted to the Treasurer of NSW for a full listing of the employers.
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.

1 Triennial Actuarial Valuation

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 2000	81,817	128,435	40,501	6,087	256,840
1 July 1997	129,650	188,197	50,653	7,731	376,231

Pensioners	SASS	SANCS	SSS	PSS	Total
30 June 2000	7,121	n/a	31,904	3,886	42,911
1 July 1997	9,345	n/a	32,313	3,261	44,919

The Pooled Fund assets at 30 June 2000 totalled \$27,243.2 million compared to \$20,375 million at the last valuation. The assets were allocated to each Scheme as follows:

Assets (\$millions)	SASS	SANCS	SSS	PSS	Total
30 June 2000	6,375	1,108	18,229	1,530	27,243
1 July 1997	7,152	873	12,287	63	20,375

The Employer Reserves in respect of each Scheme are as follows:

\$millions	SASS	SANCS	SSS	PSS	Total
Assets	6,375.8	1,108.4	18,229.0	1,530.0	27,243.2
Less,					
• Member Reserves	3,213.3	–	4,953.4	–	8,166.7
• Death/ Disability Reserves	10.0	–	–	–	10.0
• Adjustments	(12.7)	(25.7)	–	–	(38.4)
• Employer Reserve	3,139.8	1,082.7	13,275.6	1,530.0	19,028.1

For PSS no separate Member Reserve is maintained in the accounts. The adjustments noted above represent differences between the employer records (which are required for subdivision by Scheme, Part and employer) and the accounts.

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	7.0%	7.0%
Rate of general salary escalation	4.0%	5.0%
Rate of increase in CPI	2.5%	3.25%

As compared to the last valuation the gap between the investment return and inflation (both salary and general price inflation) has been widened to reflect the economic environment. This on its own has resulted in a source of surplus to the Schemes.

1 Triennial Actuarial Valuation

In the short term (3 years to 30 June 2003) different assumptions have been adopted as follows:

	2000-01	2001-02	2002-03
Rate of investment return	7.0%	7.0%	7.0%
Rate of salary increase	3.0%	3.0%	6.5%
Rate of increase in CPI	6.0%	2.5%	2.5%

For the PSS the salary increase is assumed to be 4% per annum throughout the period to 30 June 2003 with the long-term assumptions being the same as the other Schemes in the Pooled Fund.

A comprehensive analysis was carried out in respect of all demographic assumptions used in the investigations of the Pooled Fund Schemes. This analysis led to changes in relation to the rates of resignation, preservation, mortality (both contributor and pensioner), disability and early retirement and proportions choosing lump sums or pensions on retirement.

Changes in pensioner mortality, the assumed rate of people taking pensions and the disability rates in respect of the PSS has resulted in a strengthening of the basis and hence a source of deficiency to the Schemes overall.

Results

The unfunded liability for the Pooled Fund has decreased from \$13,173.5m to \$6,794.7m over the three years to 30 June 2000.

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

\$millions	SASS	SANCS	SSS	PSS	Total
Employer Accrued Benefits					
▶ Contributors	3,967.2	1,416.9	5,406.7	1,843.7	12,634.5
▶ Deferreds	950.7	513.0	589.6	26.6	2,079.9
▶ Pensioners	178.5	-	9,163.6	1,766.3	11,108.4
Total Employer Accrued Liability	5,096.4	1,929.9	15,159.9	3,636.6	25,822.8
Less,					
Employer Reserve Account	3,139.8	1,082.7	13,275.6	1,530.0	19,028.1
Employer Unfunded Liability	1,956.6	847.2	1,884.3	2,106.6	6,794.7
Unfunded Liability at 30 June 1997 ¹	2,005.6	908.1	7,658.1	2,601.7	13,173.5
Vested Benefits at 30 June 2000	5,640.6	2,465.1	18,876.8	2,170.1	29,152.6

¹ The unfunded liability at 30 June 1997 is after the transfer of the Local Government and Energy members.

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.

1 Triennial Actuarial Valuation

The current and required employer contribution rates for each of the Schemes in order to extinguish the liabilities are as follows:

Scheme	Current Employer Contribution Rate	Required Employer Contribution Rate to Extinguish Liabilities Over Working Lifetime of Current Contributors
SASS		
▶ Part 1	Varies by employer. Most common rate is 1.9 times contributors' contributions or 11.9% of contributors' salaries. Maximum is 2.6 times or 16.3%.	Varies by employer. On average 3.6 times contributors' contributions or 16.4% of contributors' salaries.
▶ Part 2	1.9 times contributors' contributions or 12.8% of contributors' salaries.	1.3 times contributors' contributions or 6.8% of contributors' salaries.
▶ Part 3	1.0 times contributors' contributions or 6.5% of contributors' salaries.	2.9 times contributors' contributions or 15.8% of contributors' salaries.
SANCS		
▶ Part 1	Varies by employer. Most common rate is 2.5% of contributors' salaries.	Varies by employer. On average 4.9% of contributors' salaries.
▶ Part 2	2.5% of contributors' salaries.	5.7% of contributors' salaries.
▶ Part 3	2.5 % of contributors' salaries.	2.3% of contributors' salaries.
SSS		
	Varies by employer. Most common rate is 1.6 times contributors' contributions or 14.7% of salaries.	Varies by employer. On average 2.5 times contributors' contributions or 27.3% of contributors' salaries.
PSS		
	Historically pay-as-you-go. Recently special contributions were made.	One times salary.

It would be appropriate for the Corporation to discuss with NSW Treasury those instances where the current contribution rate is significantly less than the rate required to extinguish the liability over the working life-time of contributors.

NSW Treasury has indicated that contributions from the Crown will be zero over the next two years. The effect of this policy is that the unfunded liability is expected to increase by \$2 billion as at 1 July 2002 compared to the unfunded liability disclosed in this report.

At the date of this investigation the Treasury Conversion Offer was still open for University employees. The results of the Offer are not expected to have a material impact on the results set out in this report.

1 Triennial Actuarial Valuation

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

Unfunded liability under varying assumptions (\$million)

Basis	SASS	SANCS	SSS	PSS	Total
Standard	1,956.6	847.2	1,884.3	2,106.6	6,794.7
Investment return plus 1%	1,611.4	728.5	(398.0)	1,782.3	3,724.2
Investment return minus 1%	2,360.2	978.0	4,677.4	2,506.1	10,521.7
Salary increases plus 1%	2,234.7	937.4	2,164.2	2,270.1	7,606.4
Salary increases minus 1%	1,708.0	760.7	1,555.5	1,974.0	5,998.2
CPI increases plus 1%	1,967.6	847.2	3,994.8	2,351.0	9,160.6
CPI increases minus 1%	1,943.9	847.2	60.4	1,899.9	4,751.4
Alternative basis*	1,837.4	804.5	1,114.0	1,995.1	5,751.0

*Investment return is 8% in the first year, and 7.25% thereafter.

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

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 \$ billion
Unfunded liability as at 1 July 1997		-13.2
Investment Earnings	Investment Earnings of the Pooled Fund were significantly higher than assumed and this resulted in an item of surplus.	2.9
Accelerated Crown Contributions	Additional contributions to the Pooled Fund created an item of surplus.	3.1
Other Contributions	Contributions to the SSS and PSS (in addition to the accelerated Crown contribution) are \$1.3 billion in excess of the accruals over the period resulting in a surplus.	1.3
Change of actuarial basis	The overall impact of the changes in the valuation basis was an item of surplus.	1.6
Unallocated Amount in the Contributor Reserve	The unallocated amount in the Contributor Reserve was transferred to the Employer Reserve thereby releasing a surplus of \$1.0 billion.	1.0
Impact of disability experience in PSS	The impact of the higher than expected disabilities in the PSS was an item of deficiency.	-0.3
Salary Increases	Higher than expected salary increases led to a deficiency.	-0.5
Interest on the previous Unfunded Liability.	Interest on the previous unfunded liability at 1 July 1997 resulted in a deficiency of \$3.0 billion.	-3.0
Other		0.3
Unfunded liability as at 30 June 2000		-6.8

The overall experience of the Scheme over the period since the last valuation was very favourable with a significant reduction in the unfunded liability occurring.



MA Stevenson
Fellow of the Institute of Actuaries of Australia

Statutory Information

SAS Trustee Corporation

The following appendices provide information in accordance with the *Annual Reports (Statutory Bodies) Regulation 2000*.

Appendix 1	Board membership and frequency of meetings
Appendix 2	The Trustee Board Committees
Appendix 2A	Board member attendance at STC Committee meetings
Appendix 3	Consumer response — disputes and appeals
Appendix 4	2002–03 legislation changes
Appendix 5	Account payment performance
Appendix 6	Human resource management
Appendix 7	Representation of Equal Employment Opportunity target groups
Appendix 8	Payments to consultants during 2002–03
Appendix 9	Risk management and insurance
Appendix 10	Freedom of Information
Appendix 10A	Statement of Affairs
Appendix 10B	Summary of Affairs
Appendix 11	Overseas visits
Appendix 12	Ethnic Affairs Priorities Statement
Appendix 13	Disability Plan
Appendix 14	Codes of Conduct
Appendix 15	Action Plan for Women
Appendix 16	Privacy and use of member information
Appendix 17	Waste Reduction and Purchasing Policy

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

Board membership and frequency of meetings

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

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

The Trustee Board generally meets on a monthly basis and 10 ordinary meetings were held during the period from 1 July 2002 to 30 June 2003.

In line with the requirements of the *Annual Reports (Statutory Bodies) Act 1984*, Board meeting attendance is notified below. Although membership of the Investment Committee constitutes the full Board, attendance at the Investment Committee meetings is reported separately at Appendix 2A.

	Appointed	Termination date	Meetings attended	Possible attendance
Chairperson				
Mr M Cole	1 April 2000	31 Mar 2006	10	10
Employer Representatives				
Mr I Blair	1 Sept 1998	31 Oct 2003	9	10
Mr B Gillooly	1 Sept 2000	31 Oct 2003	8	10
Mr D Nicholls	1 July 1996	31 Oct 2003	9	10
Ms C Prime	1 Sept 1996	31 Oct 2003	10	10
Employee Representatives				
Mr R Davis	1 July 1996	31 Dec 2005	10	10
Mr R Harty	1 Jan 2002	31 Aug 2004	10	10
Mr J Hennessy	1 July 1996	31 Aug 2002	2	2
Mr N Lewocki	1 Sept 1998	31 Aug 2004	9	10
Ms M O'Halloran	1 Sept 2002	31 Aug 2004	8	8

The Trustee Board Committees

The Committees and details of their purpose and membership at 30 June 2003 are:

Actuarial Committee

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

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

Administration and Policy Committee

Members Messrs Gillooly (chairperson), Davis, Harty and Nicholls and Ms O'Halloran; also attended by officers of the Trustee Corporation and the Schemes' administrator.

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

Audit and Compliance Committee

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

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

Disputes Committee

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

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

The Trustee Board Committees

for the year ended 30 June 2003

Investment Committee

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

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

Remuneration Committee (joint STC/FTC)

Members Messrs Cole (chairperson and STC chairperson) and Blair (STC Board Member and STC Audit and Compliance Committee Chairperson) and Dr Parry (FTC chairperson); also attended, by invitation, by the Chief Executive of the Trustee Corporation.

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

Statutory Committee — Police Superannuation Advisory Committee

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

Members Mr Davis (Mr Gillooly is an alternate for Mr Davis).

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

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

Communications Taskforce

Members Ms Prime (chairperson) and Messrs Davis and Lewocki; M Cole (*ex officio*); also attended by officers of the Trustee Corporation.

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

Board Member attendance at STC Committee meetings

	Meetings attended	Possible attendance
Actuarial Committee		
C Prime	3	3
R Davis	3	3
D Nicholls	3	3
M Cole (<i>ex officio</i>)	3	N/A
Administration and Policy Committee		
W Gillooly	4	4
R Davis	4	4
R Harty	4	4
N Lewocki	2	2
D Nicholls	4	4
M O'Halloran	2	3
M Cole (<i>ex officio</i>)	4	N/A
Audit and Compliance Committee		
I Blair	4	4
R Davis	4	4
D Nicholls	3	4
M Cole (<i>ex officio</i>)	4	N/A
Disputes Committee		
C Prime	8	9
R Davis	8	9
W Gillooly	7	9
N Lewocki	7	9
D Nicholls (<i>alternate for W Gillooly</i>)	1	1
Investment Committee		
M Cole	4	4
I Blair	3	4
R Davis	4	4
W Gillooly	3	4
R Harty	4	4
N Lewocki	1	4
D Nicholls	4	4
M O'Halloran	3	4
C Prime	1	4
Police Superannuation Advisory Committee		
R Davis	8	10
W Gillooly (<i>alternate for R Davis</i>)	1	2
J Hennessy	2	2
Remuneration Committee (joint STC/FTC)		
M Cole	1	1
I Blair	1	1
T Parry (<i>FTC Chairperson</i>)	0	1
Communications Taskforce		
R Davis	2	2
N Lewocki	0	2
C Prime	0	2
M Cole (<i>ex officio</i>)	2	N/A

Consumer response – disputes and appeals

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

At 30 June 2002, 24 disputes were current. During the year ending 30 June 2003, the Trustee Corporation received 88 new disputes and 78 disputes were concluded (including disputes carried over from the previous year). Of those disputes:

- ▶ 36 were determined in favour of the disputant,
- ▶ 10 were determined against the disputant, and
- ▶ 32 were withdrawn.

At the end of the reporting year, 34 disputes were current.

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

- ▶ 1 was decided in favour of the appellant,
- ▶ 1 was decided against the appellant, and
- ▶ 1 was settled.

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

The Police Superannuation Scheme provides for appeals to the Compensation Court of NSW from decisions of the Police Superannuation Advisory Committee, as delegate of the Trustee Corporation. These relate to lump sum payments for duty-related permanent impairments and pension increases. During the financial year 2002–03, these appeals resulted as follows:

- ▶ 2 were decided against the appellant,
- ▶ 4 were decided in favour of the appellant,
- ▶ 10 were withdrawn or discontinued, and
- ▶ 18 were settled.

At the end of the reporting year, 114 appeals remained to be concluded.

2002–03 legislation changes

Schemes: SASS — State Authorities Superannuation Scheme

SSS — State Superannuation Scheme

PSS — Police Superannuation Scheme

SANCS — State Authorities Non-contributory Superannuation Scheme (Basic Benefit)

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

Assent date	Effective date	Scheme(s)	Principal Act or Regulation	Amending Act or Regulation	Section/ Rule*	Description
29.11.02	29.11.02	SSS	<i>Superannuation Act 1916</i>	<i>Superannuation Legislation Amendment Act 2002</i>	47	Payment of a spouse benefit on the death of a pensioner is extended to a spouse or de facto partner (not same sex partner) of the pensioner where the relationship commenced after the pensioner commenced to receive pension <u>and</u> there is a child born of the relationship who was wholly or substantially dependent on the deceased, or an unborn child of the deceased at the date of the death. A full (standard) spouse pension is payable where the relationship existed for at least 3 years before the pensioner's death, and the benefit is adjusted pro rata to 3 years for relationships that existed for less than that time.
		PSS	<i>Police Regulation (Superannuation) Act 1906</i>		11D	
28.3.03	29.11.02	SASS	<i>State Authorities Superannuation (Government Railways Superannuation Scheme Transfer) (Savings and Transitional) Regulation 1990 / State Authorities Superannuation (Transitional Provisions) Regulation 1990</i>	<i>State Authorities Superannuation (Government Railways Superannuation Scheme Transfer) (Savings and Transitional) Amendment Regulation 2003/ State Authorities Superannuation (Transitional Provisions) Amendment Regulation 2003</i>		The regulation provides for the extended spouse entitlement to be available to an eligible spouse or de facto partner of a deceased pensioner who was formerly covered by a predecessor scheme to SASS ie. the Government Railways Superannuation Scheme, Local Government Pension Fund and NSW Retirement Fund. The same sex partner beneficiary provisions of the <i>State Authorities Superannuation Act 1987</i> have also been extended to these members.

2002–03 legislation changes

Assent date	Effective date	Scheme(s)	Principal Act or Regulation	Amending Act or Regulation	Section/ Rule*	Description
29.11.02	29.11.02	SASS	<i>State Authorities Superannuation Act 1987</i>	<i>Superannuation Legislation Amendment Act 2002</i>	45A	The amendments provide that regulations may be made to prescribe that the surcharge deduction cap on the employer financed component of benefits accrued after 20 August 1996 may be different to the 15% prescribed in the Act. This will enable adjustment of the surcharge cap in response to draft Commonwealth legislation to achieve a phased reduction in the maximum surcharge tax rate.
		SSS	<i>Superannuation Act 1916</i>		61RA	
		PSS	<i>Police Regulation (Superannuation) Act 1906</i>		14AA	
29.11.02	29.11.02	SASS	<i>State Authorities Superannuation Act 1987</i>	<i>Superannuation Legislation Further Amendment Act 2002</i>	46AF-AH	New provisions establish the framework for the payment from the Schemes to Firefighters (permanent and volunteer) of death or incapacity benefits payable in accordance with the provisions of a Firefighters' industrial award. Both partial and permanent and total and permanent levels of incapacity benefit cover will be provided. The relevant State awards that contain the benefit entitlement provisions will be prescribed in the superannuation regulations.
		SANCS	<i>State Authorities Non-contributory Superannuation Act 1987</i>		27AE-AG	

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

2002–03 legislation changes

Assent date	Effective date	Scheme(s)	Principal Act or Regulation	Amending Act or Regulation	Section/ Rule*	Description
29.11.02	29.11.02	SASS	<i>State Authorities Superannuation Act 1987</i>	<i>Superannuation Legislation Further Amendment Act 2002</i>	46AE	Provides for the transfer to the First State Superannuation Scheme (FSS) of a deferred or preserved SASS benefit held by a former contributor who has reached the retirement age (55 or 58). The member may elect to either receive payment or transfer the benefit. Failure to make an election will result in transfer of the benefit to FSS.
		SANCS	<i>State Authorities Non-contributory Superannuation Act 1987</i>	<i>Superannuation Legislation Further Amendment Act 2002</i>	27AD	Where a member's deferred SASS benefit is transferred to FSS, a deferred or preserved SANCS benefit held by the same member is also transferred. The existing transfer provisions were also extended to provide for the transfer to FSS of a SANCS benefit deferred or preserved on or after 9 December 2001.
29.11.02	29.11.02	SASS	<i>State Authorities Superannuation Act 1987</i>	<i>Superannuation Legislation Further Amendment Act 2002</i>	16	STC may establish separate asset portfolios for the investment of SASS accounts and reserves. SASS members (including deferred benefit members) may elect to have all or part of their accounts allocated to a particular asset portfolio (strategy). The Trustee may determine a default investment strategy to apply to the accounts of members who do not select a strategy.
29.11.02	29.11.02	PSS	<i>Police Regulation (Superannuation) Act 1906</i>	<i>Superannuation Legislation Further Amendment Act 2002</i>	8A	Potential availability of the disengagement benefit has been extended to PSS members aged 45–55 (previously 50–55) who have at least 20 (previously 30) years' equivalent full time service. The benefit continues to be available only to members who are offered the benefit by the Commissioner of Police as a basis for their early exit from the Police Service.

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

2002–03 legislation changes

Assent date	Effective date	Scheme(s)	Principal Act or Regulation	Amending Act or Regulation	Section/ Rule*	Description
19.7.02	19.7.02	SSS, SASS, SANCS	<i>Superannuation Administration Act 1996</i>	<i>Superannuation Administration (Local Government Superannuation Scheme Transitional Provisions) Amendment (Further Transfer of Employees) Regulation 2002</i>		Provides for the transfer of certain members of the Schemes to equivalent scheme arrangements within the Local Government Superannuation Scheme. The transferred members are Parking Patrol Officers whose employment is transferred to City of Sydney Council; certain employees of Murrumbidgee Irrigation Ltd transferred to a non-government body, as well as pensioners formerly employed by that organisation.
23.8.02	23.8.02	SASS	<i>State Authorities Superannuation Act 1987</i>	<i>State Authorities Superannuation (Safe Food) Transitional Regulation 2002</i>		Specifies the superannuation arrangements for employees of Safe Food (formerly Meat Industry Authority of NSW) who are transferred, as a result of a Government initiative, to employment with Meat and Livestock Australia.
20.9.02	20.9.02	SASS	<i>State Authorities Superannuation Act 1987</i>	<i>State Authorities Superannuation (Parking Patrol Officers) Transitional Regulation 2002</i>		Specifies the superannuation arrangements for parking patrol officers who are transferred, as a result of a Government initiative, from the Police Service to employment with local councils. The Regulation provides for the deferral of accrued benefits in their current scheme and optional transfer to another scheme of their choice.
13.12.02	13.12.02	PSS	<i>Superannuation Administration (Local Government/ Electricity Industry Superannuation Scheme Transitional Provisions) Regulation 1997</i>	<i>Superannuation Administration (Local Government/ Electricity Industry Superannuation Scheme Transitional Provisions) Amendment (Members of Police Service) Regulation 2002</i>		Provides certain members of the Police Service who are contributors to the PSS and who subsequently transfer employment to a local government or electricity industry employer, with the option to transfer to the superannuation scheme relevant to their new employment.
13.6.03	13.6.03	SASS	<i>State Authorities Superannuation Act 1987</i>	<i>State Authorities Superannuation (Ex-Snowy Mountains Hydro-Electric Authority Superannuation Fund Transfer) Regulation 2003</i>		Provides for the transfer to SASS of pensioners from the Ex-Snowy Mountains Hydro-Electric Authority Superannuation Fund, together with any assets, rights or liabilities of Pacific Power as trustee of the former scheme.

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

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 2002	0	0	0	0	0
December 2002	0	0	0	0	0
March 2003	0	0	0	0	0
June 2003	0	0	0	0	0

Accounts paid on time within each quarter

Quarter	Total accounts paid on time		Total Amount Paid	
	Target %	Actual %	\$	\$
September 2002	100%	100%	9,637,190.18	9,637,190.18
December 2002	100%	100%	9,540,363.45	9,540,363.45
March 2003	100%	100%	9,104,073.98	9,104,073.98
June 2003	100%	100%	9,583,274.23	9,583,274.23
TOTAL				37,864,901.84

Human resource management

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

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

Number of employees by salary band at 30 June

	At 30 June 2002			At 30 June 2003		
	Men	Women	Total staff (number)	Men	Women	Total staff (number)
< \$28,710	0	0	0	0	0	0
\$28,710 – \$37,707	0	1	1	0	1	1
\$37,708 – \$42,156	0	1	1	0	1	1
\$42,157 – \$53,345	0	2	2	0	4	4
\$53,346 – \$68,985	3	2	5	2	2	4
\$68,986 – \$86,231	2	2	4	2	3	5
> \$86,231 (non SES)	5	4	9	5	4	9
> \$86,231 (SES)	0	1	1	1	0	1
Totals (more than 86, 231)	10	13	23	10	15	25
	43.5%	56.5%		40.0%	60.0%	

Senior Executive Service (SES)

STC employs one SES officer, the CEO, Mr Don McLean, at Grade 5 level. The total remuneration package for this position is worth \$210,000. The criteria used for assessing the CEO's remuneration package was as set out in *Premier's Memorandum no. 99-25*.

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

Salary movement

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

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

Award staff are covered under the *Crown Employees (Public Sector — Salaries June 2002) Award*. Staff under this award received a salary increase of 4% on 1 January 2003.

Industrial relations

The Public Service Association of New South Wales provided industrial coverage for staff on the Executive. No time was lost during 2002-03 through industrial action.

Training and development

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

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

Occupational health and safety

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

Representation of Equal Employment Opportunity target groups

STC is an equal opportunity employer that has integrated Equal Employment Opportunity (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 at commencement of employment.

Table A. Trends in the Representation of EEO Groups

EEO GROUP	Benchmark or target	% of total staff			
		2000	2001	2002	2003
Women	50%	61%	58%	57%	60%
Aboriginal people and Torres Strait Islanders	2%	0%	0%	0%	0%
People whose first language was not English	19%	13%	13%	13%	11%
People with a disability	12%	4%	4%	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			
		2000	2001	2002	2003
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. 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 ODEOPE (Office of the Director of Equal Opportunity in Public Employment, now part of the Public Employment Office).

2. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Payments to consultants during 2002–03

Fees exceeding \$30,000

Project	Consultant	Total Cost \$
Finance & Accounting		
Tax Return Preparation & Lodgment	KPMG	44,000
Other Accounting & Tax Advice	KPMG	34,119
Investment		
Investment Consulting	InTech Pty Ltd	608,595
Investment Consulting	Frank Russell Company Pty Ltd	35,000
Information Services	Moneyline Telerate (Singapore) Pty Ltd	36,908
Total Fees Exceeding \$30,000		758,622

Fees Less Than \$30,000

Seventeen consultants were engaged at a total cost of \$78,585 in the areas of investment, legal services, actuarial and tax services.

Risk management and insurance

Audit and Compliance Committee

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

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

- ▶ financial reporting practices,
- ▶ business ethics, policies and practices,
- ▶ accounting policies,
- ▶ risk management, including a *Disaster Recovery Plan*,
- ▶ legislative and contractual compliance, and
- ▶ management and internal controls.

The Audit and Compliance Committee oversees and appraises the audits conducted by the administrator's internal 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 reviews the adequacy and the administrative, operating and accounting controls of the Trustee Corporation and the administrator and monitors actions to correct any noted deficiencies.

Insurance

During the financial year 2002–03, insurance for the Trustee Corporation was continued with the Treasury Managed Fund, which covers much of the NSW Government's insurable risks. The Treasury Managed Fund provides unlimited cover for the following classes of risk:

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

Freedom of Information

All enquiries and requests under the *Freedom of Information Act 1989* (the Act) for the period 1 July 2002 to 30 June 2003 were handled on behalf of the Trustee Corporation by the scheme administrator, Pillar Administration. Statistical information for FOI requests is contained in Pillar's annual report.

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

In accordance with section 14(1)(b) of the Act, a *Summary of Affairs* was published in the Gazette in December 2002 and June 2003.

The Summary and Statement are also available on the STC web site at www.statesuper.nsw.gov.au

Statement of Affairs

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 2003

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

Structure and functions

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

Effect of functions on members of the public

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

- ▶ State Superannuation Scheme,
- ▶ State Authorities Superannuation Scheme,
- ▶ State Authorities Non-contributory Superannuation Scheme, 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 STC Board.

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

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

Policy documents held

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

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

Statement of Affairs

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

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

Member records contain information about individual scheme members required for the administration of the superannuation schemes. The information relates to personal details, employment history, contributions and benefits paid to a member or other person 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, Pillar Administration.

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 DC NSW 2500

Telephone: (02) 4253 1662
Facsimile: (02) 4253 1688

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 2003

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 for STC that are available for inspection are:

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

Section 2: Statement of Affairs

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

Section 3: Freedom of Information Contact Point

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

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

Telephone: (02) 4253 1662
 Facsimile: (02) 4253 1688

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

Overseas visits

Between 3–14 July 2002, Mr Ron Davis, full-time employee representative, visited the processing centre of the Pooled Fund's custodian in Bournemouth, United Kingdom, attended a conference in London titled *Successfully adapting to pension industry change*, and attended the International Corporate Governance Network Conference in Milan, Italy.

APPENDIX 12

Ethnic Affairs Priorities Statement

The Trustee Corporation's focus for addressing the cultural and linguistic diversity of members of the public is to target the beneficiaries of the Pooled Fund Schemes.

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

One of the key strategies includes translation services. Information forwarded by the Trustee Corporation to members during the year included the following statement in Arabic, Chinese, Italian, Greek, and Vietnamese:

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

APPENDIX 13

Disability Plan

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

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

The Trustee Corporation last revised its *Disability Plan* in 2000 in conjunction with the NSW Ageing and Disability Department to update the Plan in line with current standards.

Codes of Conduct

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

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

Action Plan for Women

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

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

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

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

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

Privacy and use of member information

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

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

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

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*.

Publications produced

at 30 June 2003

State Superannuation Scheme

Fact sheet topics

1. Salary for superannuation purposes
2. Unit entitlement
3. Contributions
4. Part time employment and part time leave without pay
5. (Replaced by STC Fact Sheet No. 10)
6. Break in employment
7. Normal retirement benefit
8. Early voluntary retirement benefit
9. Invalidity retirement benefit
10. Death of a scheme member before retirement
11. Death of a scheme member after retirement
12. Child pensions
13. CPI adjustment of your pension
14. Commutation of pension to lump sum
15. Resignation (withdrawal) benefit
16. Retrenchment benefit
17. Optional deferred benefit
18. Taxation
19. (Replaced by STC Fact Sheet No. 7)
20. Contributions and benefits up to age 70
21. (Obsolete)
22. Contributions arrears

State Authorities Superannuation Scheme

Fact sheet topics

1. Overview
2. Contributions
3. Benefit points systems
4. Optional additional benefit cover
5. Retirement benefit
6. Salary for superannuation purposes
7. Invalidity retirement benefit
8. Death benefit
9. Retrenchment benefits
10. Resignation (withdrawal) benefit
11. (Replaced by STC Fact Sheet No 10)
12. Taxation
13. Optional deferred benefit
14. (Replaced by STC Fact Sheet No. 7)

Police Superannuation Scheme

Fact sheet topics

1. Overview
2. Contributions and superable salary
3. Benefits on normal retirement
4. Benefits on early voluntary retirement
5. Invalidity retirement (medical discharge)
6. Death benefits
7. Resignation/Dismissal benefit and voluntary benefit deferral
8. (Replaced by STC Fact Sheet No. 10)
9. Taxation
10. Complaints, Disputes & Freedom of Information

STC All schemes

Fact sheet topics

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

Fliers

Superannuation contacts
Information about exit statement

Other Communications

Pooled Fund Annual Report Highlights
Annual Report
Super Views newsletter
Super Update newsletter
At-a-glance scheme summaries booklet
Privacy Plan
Privacy Statement
Summary of Affairs
Statement of Affairs
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
SASS Employer Easy Reference Guide
SSS Employer Easy Reference Guide
PSS Employer Easy Reference Guide

Web site

www.statesuper.nsw.gov.au

Compliance index for disclosure requirements: 2002–2003

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

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Highlights of the year	Inside front cover		

600 copies of this publication have been printed at an estimated cost of \$53 each. This cost includes graphic design and printing costs.

This publication is available on the State Super web site at www.statesuper.nsw.gov.au (see under *Publications*).

How to contact State Super



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 DC NSW 2500

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

The SAS Trustee Corporation (STC) has taken reasonable care in producing the general information contained in this report and nothing in it is to be regarded as professional advice. 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. Nothing in the information provided here is to be regarded as personal advice. Members should seek their own professional advice before making decisions which may affect their future. STC cannot guarantee any particular rate of return and past investment performance is not a reliable guide to future investment performance.