

# ANNUAL REPORT 05



SA METROPOLITAN FIRE SERVICE  
SUPERANNUATION FUND  
ANNUAL REPORT TO MEMBERS  
FOR THE PERIOD ENDING  
30 JUNE 2005

Trustee:

SA Metropolitan Fire Service  
Superannuation Pty Ltd  
(ACN 068 821 750)  
99 Wakefield Street,  
Adelaide SA 5000  
ABN 12 755 456 100  
AFSL 284890

This Annual Report forms  
part of and must be read  
in conjunction with your  
2005 Annual Statement  
of Benefits.

Prepared October 2005



# Chairman's Report



As has been the case for the last few years there have been many issues for the Trustee and Fund's staff to deal with during the last 12 months.

Investment returns have again been strong with all asset classes producing positive returns for the year. The Australian sharemarket was up 26% with overseas shares up nearly 10%\*. This has resulted in the Fund being able to produce a return of 13.3% for the year, well ahead of inflation of 2.5% and above the average manager in the Aon investment survey of balanced funds.

\* Source: Mercer Investment Consulting

As part of the ongoing monitoring of the Fund's investment managers, the Trustee has reviewed the managers used and made some changes. Investments with Wellington Management Company (overseas shares) have been terminated and transferred to Zurich Australia Limited and investments with Warakirri have been changed to another facility managed by them. In addition, the investment the Fund had in the head-quarters building lease has been paid out on 1 July 2005 with proceeds being invested amongst other asset classes.

The Trustee also reviewed the Fund's crediting interest rate arrangements and determined to make a change to the 3 year average that applied.

With effect from 1 July 2004, the rate to be allocated to members' accounts at each annual review (1 July) will be based on the actual rate of return for the year, after allowance for taxation and the cost of operating the Fund. In addition, the interim rate to be used for members leaving the Fund during the year will be based on the last known quarter's return plus a cash rate from the end of the last quarter to the date of payment from the Fund.

The Trustee has also been reviewing the overall operation of the Fund given

changes to legislation effective from 1 July 2006 requiring all trustees to be licensed. We are currently considering other alternative arrangements we believe will provide greater flexibility to the Trustee and benefits to members.

I would like to acknowledge the efforts of Alan Kent, the Fund's Manager, since he joined us in November last year. Alan has been able to quickly acclimatise to the requirements of the Fund and has been very valuable given the issues that have arisen since his commencement.

The Government also announced the abolition of the superannuation surcharge with effect from 1 July 2005. Whilst members may receive assessments for prior years, there will be no surcharge assessments for the 2005/6 financial year and beyond.

With effect from 1 July 2005 the Federal Government's choice of fund legislation commenced which has resulted in some employees now having the ability to choose which fund they would like their superannuation guarantee contributions to be directed to.

Due to the nature of the defined benefit arrangements provided to permanent employees, choice is not available for any permanent employee of the Fire Service. Retained fire-fighters do have access to choice as they are provided with accumulation benefits.

I would encourage any member to carefully consider all the issues and obtain some appropriate advice on their own personal circumstances before making a nomination to have their SG contributions directed to another fund.

Bob Tidswell  
Chairman

# Report from the Trustee of

The Trustee of the Fund is a company, **SA Metropolitan Fire Service Superannuation Pty Ltd** (ACN 068 821 750). The sole activity of the company is to act as Trustee of the Fund.

There are eight Directors of the Company, four Employer representatives and four Member representatives.

The Corporation appoints the Directors who are Employer representatives.

The Member Representative Directors are elected from two separate electoral groups. The United Fire Fighters Union Inc (UFU) nominates three Directors and Fund members who are not eligible to join the UFU elect one Director. The period of office for each Director is up to three years (or longer if the Trustee determines there are special circumstances). Subject to their being renominated and being willing, Member Representative Directors can be re-elected for a further term.

Directors who are either Employer or UFU nominated Member representatives, will cease to hold office if the nomination by the relevant organisation is withdrawn or they become ineligible under relevant legislation.

For the Director who is elected by the Fund members who are not eligible to join the UFU, he or she will cease to hold office if written notice to that effect is given to the Trustee by a majority of the relevant Fund members, or becomes ineligible under relevant legislation.

A formal set of rules governing the appointment and removal of Member Directors has been established and is available on request from the Manager.

The Directors of SA Metropolitan Fire Service Superannuation Pty Ltd as at 30 June 2005 were:

## Employer Representatives

- > Grant Lupton
- > Mick Smith
- > Anthony Norman
- > Garry Powell

## Member Representatives

Nominated by the UFU

- > Phil Harrison
- > William Jamieson
- > Gregory Northcott

Elected by Fund members who are not eligible to join the UFU

- > Robert Tidswell

## Trustee Indemnity Insurance

The Trustee has an Indemnity Insurance Policy in place as a prudent measure due to legislative requirements and trustee responsibilities.

## Support Staff

The Trustee employs 2 staff that assist the Directors in the operation of the Fund.

Alan Kent is the Fund's Manager and responsible for the day to day operation of the Fund.

Alan has been assisted throughout the year by Maria Michaels and Veronica Varga. Maria will be going on maternity leave in late 2005 with Veronica to return to again assist Alan and members.

## Administration

Mercer Human Resource Consulting Pty Ltd (Mercer) maintains member records, annually updates members' benefits and produces benefit statements, receives contributions, pays benefits and provides general technical superannuation advice to the Trustee and Manager when required. Mercer developed and now maintains the Fund's Internet site.



## Advisers

In addition to administration services, the Trustee also uses the services of specialist consultants to ensure the efficient operation of the Fund and its continuing compliance with Government legislation.

These services include the following:

- **Death and Disablement Insurance**  
AMP Life Limited  
33 Alfred Street, Sydney NSW 2000
- **Accounting**  
Mercer HR Consulting  
Level 5, EDS Centre  
108 North Terrace, Adelaide SA 5000
- **Auditing and Tax Services**  
PricewaterhouseCoopers  
91 King William Street  
Adelaide SA 5000
- **Actuary**  
Mr Laurie Brett  
Brett & Watson Pty Ltd  
157 Grenfell Street  
Adelaide SA 5000
- **Legal**  
DMAW Lawyers  
Level 3, 80 King William Street  
Adelaide SA 5000  
  
Mercer Legal  
33 Exhibition Street  
Melbourne VIC 3000
- **Investment Adviser**  
Aon Consulting Pty Ltd  
201 Kent Street, Sydney NSW 2000

## Investment Managers

The Trustee uses professional managers to invest the Fund's assets to maximise returns.

The managers used by the Fund as at 30 June 2005 are:

- Barclays Global Investors Australia Ltd,  
Level 1, 111 Harrington Street  
Sydney NSW 2000
- Coastal Capital Limited,  
Level 4, 111 Harrington Street  
Sydney NSW 2000
- Deutsche Asset Management,  
Level 21, 83 Clarence Street  
Sydney NSW 2000
- JF Capital Partners,  
Level 23, Bourke Place  
600 Bourke Street, Melbourne VIC 3000
- Macquarie Investment  
Management Ltd,  
Level 15, 20 Bond Street  
Sydney NSW 2000
- Massachusetts Financial Services (MFS)  
Investment Management, through BNP  
Paribas Asset Management  
(as the Responsible Entity)  
60 Castlereagh Street, Sydney NSW 2000
- Alpha Investment Management Pty Ltd,  
Level 13, 350 Collins Street  
Melbourne VIC 3000
- Warakirri Asset Management Pty Ltd,  
Level 3, 53 Queen Street  
Melbourne VIC 3000
- Zurich Funds Management,  
505 Little Collins Street  
Melbourne VIC 3000

During the year, the Trustee terminated its investment with Wellington and transferred these assets to Zurich Australia Limited.

## Contributions

For the year ended 30 June 2005, all contributions due and payable to the Fund have been received.

# report

# Co-Contributions the Government

The co-contribution is a contribution by the Government to match personal after-tax contributions you pay to a superannuation fund.

The amount of the co-contribution you will get depends on your income\* and the personal after-tax contribution you have made during the financial year. From 1 July 2004 onwards, the Government contributes up to \$1.50 for each \$1.00 of personal after-tax contributions you make to super. The maximum amount of the co-contribution for a financial year is \$1,500 and is available to people whose income is \$28,000 or less.

This maximum or cap then phases down by 5 cents for each dollar of additional income and cuts out completely for incomes of \$58,000 or more. You also need to meet other conditions to be eligible for the co-contribution as detailed below.

The table below shows the total contribution required in order to gain the maximum level of co-contribution available from the government.

## Eligibility for the Government co-contribution

The co-contribution is currently only available to people who earn at least 10% of their income from employment as an employee even if there is no entitlement to employer superannuation contributions and will not be available to any self-employed persons who are able to claim a tax deduction for their contributions.

You must also be under age 71 at the end of the year. It is not available to most temporary residents.

*Claiming the co-contribution... you don't need to do anything*

The Trustee must give the Tax Office information about your contributions and those made by the Fire Service. Using this information and information in your tax return, the Tax Office will work out if you are entitled to receive a co-contribution. Any co-contribution payable will then be sent directly to the Fund.

We recommend that you speak to a financial adviser to work out how this might apply to you.

Your total income*	Maximum co-contribution available	Contribution required by you to obtain maximum co-contribution
Under \$28,000	\$1,500.00	\$1,000.00
\$30,000	\$1,400.00	\$933.33
\$35,000	\$1,150.00	\$766.67
\$40,000	\$900.00	\$600.00
\$45,000	\$650.00	\$433.33
\$50,000	\$400.00	\$266.67
\$55,000	\$150.00	\$100.00
\$57,000	\$50.00	\$33.33
\$58,000	\$0.00	\$0.00

\* Income is your assessable income plus your reportable fringe benefits.



## matches your after-tax contributions to super

### Fees, Surcharge and Taxes

The Trustee pays the expenses of operating the Fund and any taxes payable from the Fund in the manner allowed by the Trust Deed.

Taxes, as imposed by the Government, may be deducted from contributions, from investment income and from any benefit payable to a member. Tax on contributions is deducted from employer contributions (including salary sacrifice contributions) when received by the Fund and tax payable on benefits is deducted from benefits at the time they are paid.

For higher income earners there is an additional tax, known as the surcharge, on all employer contributions and member pre-tax contributions received prior to 1 July 2005. If you have not provided your tax file number, surcharge may also automatically apply irrespective of what you earn.

The surcharge still applies for the period to 30 June 2005 and phases in gradually once your adjusted taxable income exceeds \$99,710 and applies at the maximum rate if your adjusted taxable income exceeds \$121,075. These figures are for the 2004/2005 tax year.

The maximum rate of surcharge is 12.5% for 2004/2005 but has been abolished with effect from 1 July 2005.

Adjusted taxable income includes your taxable income, reportable fringe benefits, most benefits paid by an employer on leaving employment, any

employer contributions or member pre-tax (salary sacrifice) contributions paid to a superannuation fund and certain income in respect of family and other trusts.

If the Fund is required to pay surcharge tax in respect of you, the tax payable will be deducted from your surcharge payment account in the Fund. This account will be charged interest at the Fund's crediting interest rate. If you rollover benefits into the Fund from another super fund or from your employer, any liability to pay the surcharge tax for contributions to that fund which has not been paid or in respect of the employer payment, may be transferred to the Fund. Your end benefit will be reduced by the amount of your surcharge payment account.

If the Trustee receives a surcharge assessment in respect of your membership after you have left the Fund we will return it to the Tax Office.

The Tax Office will either forward it to the fund to which your benefit was paid, or to you if your benefit was paid directly to you.

# contributions

# Fees and Charges

## Consumer Advisory Warning

### DID YOU KNOW?

- Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.
- For example, total annual fees and costs of 2% of your fund benefit rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).
- You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.
- You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

- If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a superannuation calculator to help you check out different fee options.

The following table shows the Fund's expenses or fees and charges that might apply to your superannuation benefits.

- All expenses are current and may be revised, increased or added to or adjusted by the Trustee from time to time due to changes to, for example, the superannuation environment (eg Government regulations) or the trust deed. The Trustee may also introduce new fees. While it is not anticipated that fees and charges will change, if there is an increase in fees the Trustee must notify you 30 days in advance of the change or as required by legislation.
- The Fund pays all insurance costs in relation to your death and disablement benefits from the Fund's assets and does not reduce your benefit.
- No GST is payable by you on any of the fees and charges described below.
- You should read this fee information carefully, as it's important that you understand how these fees can affect your benefits in the Fund.

## Fees and Other Costs when your money moves in or out of the Fund

Type of fee or cost	Amount	How and when paid
<b>Establishment fee</b> The fee to open your investment	Nil	N/A
<b>Contribution fee</b> The fee on each amount contributed to your investment either by you or your employer	Nil	N/A
<b>Withdrawal fee</b> Applicable to Parked Benefits and transfers to other funds under portability rules. The fee on each amount you take out of your investment	\$60.00* per withdrawal (first withdrawal free)	This fee is deducted from your account at the time a payment is made.
<b>Termination fee</b> Applicable to Parked Benefits only. The fee to close your investment	\$60.00*	This fee is deducted from your account at the time your final payment is made.
<b>Management costs</b> The fees and costs for managing your investment	An asset based fee of approximately 1.20% pa of your Defined Benefit member contribution account and Accumulation Benefit (estimate only). This estimate is based on the management fee for the year ending 30 June 2005. This fee is calculated annually and may differ in subsequent years.	This fee is deducted when determining the Fund's crediting interest rate.
Parked members only	A weekly administration fee of \$1.90* which is in addition to the asset based fee above.	This fee is deducted at each 1 July or on ceasing to be a member of the Fund

\* This amount may be indexed each 1 January in line with Average Weekly Ordinary Time Earnings (AWOTE). For more information see "Indexation of Fees" later in this report.



The table below contains an example of the fees payable for a member (other than Parked members) investing in the Fund over a one year period using certain assumptions about your contributions and account balance. You should use this table to compare the Fund with other superannuation products.

## Example of fees and costs for one year

Example	Amount	Balance of \$50,000 with total contributions of \$5,000 during year
Contribution Fees	Nil	For every \$5,000 you will incur no cost.
PLUS Management Costs	1.20% of your leaving service benefit	And, for every \$50,000 you have in the Fund you will be charged \$600.00 each year.
EQUALS Cost of Fund		If you put in \$5,000 during a year and your balance was \$50,000, then for that year you would be charged fees of \$600.00*. This represents the estimated amount of management costs.

*\*Additional fees may apply: If you leave the Fund or withdraw amounts you may also be charged a withdrawal fee of \$60.00 for each withdrawal. These fees may be indexed each year in line with AWOTE. For more information see "Indexation of Fees" on page 10 of this Annual Report.*

## An explanation of Fees and Costs

This section provides further information on fees and costs.

**Family Law: fees for information and for splitting your super – charged to members and/or their former spouses for various services**

Where fees apply	Fee	Who pays the fee
Application for information – in the format specified under the Family Law Act		
■ For Defined Benefit valuation	\$250	Payable by the person requesting the valuation.
■ No valuation required	Nil	N/A
Splitting a benefit	\$385	Shared equally by both parties and will be deducted from each super benefit at the time the benefit is split
Flagging a benefit	Nil	N/A

*For more information about Family Law and how it may affect you, please call or write to the Manager.*

# fees and charges

# Fees and Charges

## Variation to fees

The fees outlined previously are determined by the Trustee from time to time based on the expenses incurred in running the Fund and may be revised, increased, added to or adjusted by the Trustee from time to time. You will be notified of any changes to the fees outlined on the previous page.

## Member protection

Superannuation legislation requires that administration charges for members whose withdrawal benefits are less than \$1,000 do not exceed the investment earnings credited in respect of the relevant reporting period except in limited circumstances. The intention of the legislation is to protect members with small account balances against any erosion of this benefit due to administration charges.

Because the administration and investment fees are adjusted against the Fund crediting interest rate, members pay in proportion to their super account balances and the usual member protection does not apply where a member's benefit is less than \$1,000.00.

## Insurance premiums

Insurance premiums are currently paid from the Fund and factored into the contributions you make. If this arrangement were to change in the future you will be appropriately advised. There is no insurance cover for Parked or Deferred members.

## Fees for Parked Benefit Members

In addition to the withdrawal fee detailed on page 8, Parked benefit members are required to pay an administration fee of \$1.90 per week which is deducted from their account balance at each review (1 July) or on exiting the Fund. This amount may change from time to time.

## Indexation of Fees

The fees for withdrawals, terminations and administration fees for Parked members (see the Fees and Other Costs table on page 8) are subject to annual indexation based on increases in the annual rate of Average Weekly Ordinary Time Earnings (AWOTE).



## Objectives

The Trustee seeks to provide a framework for setting investment objectives that are relevant to managing superannuation fund assets today and in the future.

Various factors have been considered in framing the Fund's objectives and these include:

- the nature of the Fund's benefit design;
- some of the relevant characteristics of the membership profile;
- the financial state of the Fund;
- the risk/return preferences of the members.

The Trustee is required by law to set investment objectives for the Fund. The objectives outlined are not a financial forecast or a guarantee of any future returns from the Fund.

In 2005, the Trustee reviewed the Fund's investment objective and changed it to aim to achieve a rate of return which is greater than the increase in the Consumer Price Index (CPI) by 5% over rolling 5 year periods.

## Investment - Performance Monitoring

The Trustee has employed the services of Aon Consulting to monitor the performance of each investment manager and the Fund as a whole. In particular, the following is closely monitored:

- The overall performance of each manager in comparison to agreed benchmarks and a peer group of similar managers.
- The efficiency with which each manager is managing the monies allocated.

- That the manager's styles are complementary to each other.
- That the managers collectively are delivering the investment strategy considered appropriate.
- The level of risk being taken by each manager relative to value added.

## Investment Performance Compared to Objectives

This year has proven to be a positive year for investors as equities markets rebounded and all major asset classes delivered positive returns.

The International equities markets index (MSCI ex Aust) was up 9.8% (in local currency terms) for the year ending 30 June 2005 and the Australian equities index (S&P/ASX200) was also up by 26.4%.

As at 30 June 2005, the investment performance over the various periods is as follows.

Period of Performance	Fund Return	Return Objective
*1-year	13.3%	13.2%
**5-year	5.2% pa	8.3% pa

The return objectives for each period are as follows:

- \*1 year - the average growth manager from the Aon Investment Consulting survey.
- \*\*5 years - increase in CPI + 5% pa.

## Strategy

The aim of the investment strategy is to meet the expectation of satisfying the objectives identified by the Trustee as detailed previously.

The Trustee, in consideration of advice from Aon Consulting and the Actuary, has maintained a strategic allocation of growth assets (shares and property) at 75% of the total assets of the Fund and maintained the defensive assets (fixed interest and cash) at 25%.

The current investment profile of the Fund seeks to achieve the following long-term allocations:

Investment (Asset) Class	% of Portfolio
Australian Equities	32.5
Overseas Equities	32.5
Alternative Assets	10.0
Fixed Interest	25.0
Total	100.0

There is also a Strategic Currency Hedge overlay facility in place at a 15% Hedge Ratio with a target ratio of 25% in the medium term, subject to prevailing currency market conditions and the Fund's circumstances.

Full details of the Fund's investment objectives and strategy are set out in the Fund's Investment Policy Statement which is available upon request.

# Investments

## Maintaining an Acceptable Level of Risk

External investment managers are required to take steps to ensure that risk is kept at an acceptable level.

The Trustee does not directly utilise derivative instruments. External investment managers may utilise derivatives in managing pooled investment vehicles in which the Trustee invests. Where this is the case, the Trustee considers the associated risks and the controls in place by analysing the manager's Risk Management Statements (RMSs).

## About Risk

Most investments have some element of risk associated with them. Generally, investment risk is the chance that an investment will be different to what you expect. The Fund's investments could rise or fall in value or produce a return which is less than is anticipated. Rises and falls in value occur for a variety of reasons and sometimes quickly. The types of investment risks which may have an impact on the Fund's investments include:

- Individual asset risk – the risk attributable to individual assets within a particular asset class.
- Market risk – the risk of major movements within a particular asset class.
- Political risk – current domestic and international political stability can impact on your investment.
- Inflation risk – the risk that money may not maintain its purchasing power due to increases in the price of goods and services (inflation).
- Timing risk – the risk that, at the date of investment, your money is invested at higher market prices than those available soon thereafter. Alternatively, it can also mean the risk that, at the date of redemption, your investments are redeemed at lower market prices than those that were recently available or that would have been available soon thereafter.
- Investment manager risk – the risk that a particular investment manager will under perform (this could be for example because their view on

markets is wrong or because of their investment style or because they lose key investment personnel).

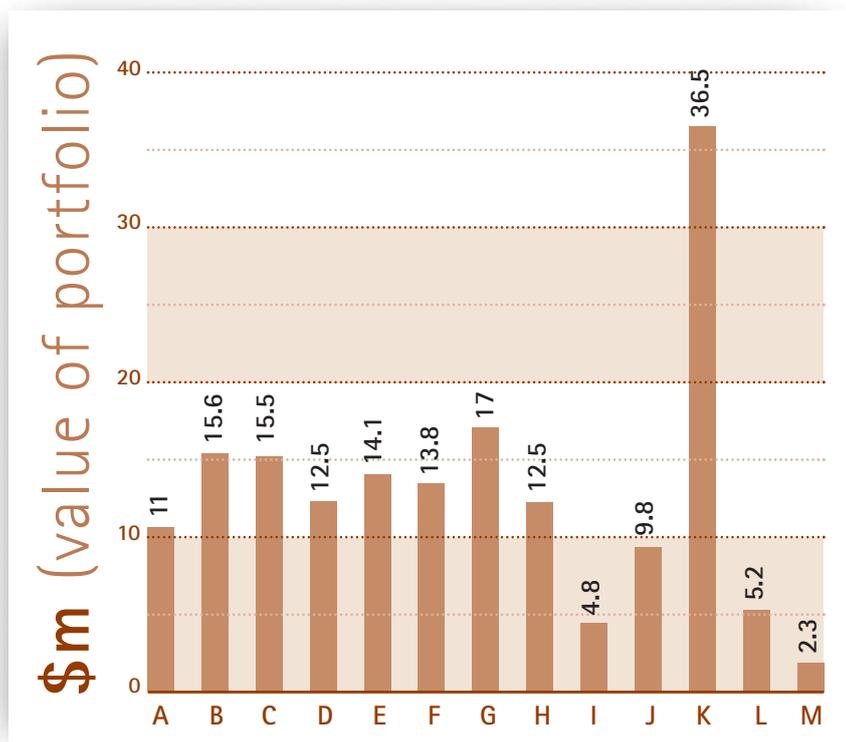
- Credit risk – the risk that a debt issuer will default on payment of interest and principal.
- Liquidity risk – the risk that you will be unable to redeem your investment at your chosen time.
- Currency risk – the risk that overseas investments gain or lose value as a result of a falling or rising Australian dollar.

You should be aware that investment returns can fluctuate up and down and the value of your investment in the Fund may increase or decrease over time and may include negative returns from time to time. You should also not rely on past investment performance as an indicator of future performance.



## The Fund's Investments

To achieve the Fund's investment objective, the Fund's investments (\$171 million at 30 June 2005), are invested with a number of investment managers. In addition, the Fund had an internally managed investment comprising a Capital Indexed investment in the Headquarters building. This investment was redeemed with effect from 1 July 2005 with the monies invested in other asset classes.



- A Alpha Investment Management** - an investment in an Australian Equities unit trust.
- B JF Capital Partners** - an investment in an Australian Equities unit trust.
- C Deutsche Asset Management** - an investment in an Australian Equities unit trust.
- D Barclay Global Investors** - an investment in an Australian Equities Long/Short unit trust.
- E Massachusetts Financial Services Investment Management** - an investment in an International Equities unit trust.

- F Zurich** - an investment in an International Equities unit trust.
- G Coastal Capital Limited** - an investment in an International Equities Long / Short unit trust.
- H Macquarie Investment Management Limited - Macquarie Global Small Companies Solution** - a unit trust investment in International Small Companies.
- I Macquarie Investment Management Limited - Macquarie Alternative Investment Trusts 1, 2 and 3** - unit trust investments in development capital.

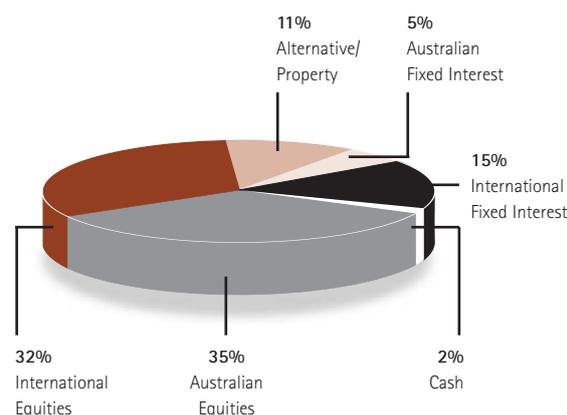
- J Warakirri Asset Management Pty Ltd** - unit trust investment in a fund of hedge funds.
- K Macquarie Investment Management Limited - Macquarie Global Bond Solution** - a unit trust investment in International and Australian Fixed Interest.
- L Headquarters building** - an interest in a lease over the Headquarters building
- M Cash at Bank** - an interest bearing deposit account.

## Investment Sectors

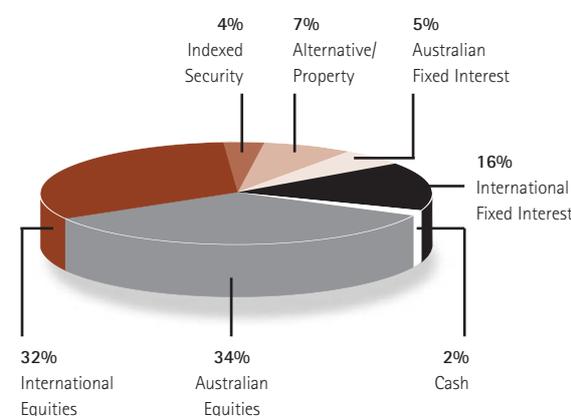
The assets are invested in a well diversified portfolio of shares, property and fixed interest securities with some exposure to other sectors. By maintaining a wide range of assets, the Fund is less affected by market fluctuations in any one particular sector.

The following charts illustrate the percentage of assets held in each of the major investment sectors at 30 June in each of the last two years.

### 30 June 2005



### 30 June 2004



# Investments

## Investment Returns

The investment returns, as calculated by the Fund's Actuary, are as follows:

Period	Return
1.7.00 - 30.6.01	5.0%
1.7.01 - 30.6.02	-9.0%
1.7.02 - 30.6.03	2.4%
1.7.03 - 30.6.04	16.6%
1.7.04 - 30.6.05	13.3%

The investment return achieved on the Fund's assets as an annual percentage over the five-year period ending 30.6.05 was 5.2% pa.

The investment returns are after investment charges and tax on the investment earnings of the investment facilities used and an allowance for expenses of operating the Fund.

During the course of the year, the Trustee identified an understatement in the return for the year ended 30 June 2004. As a result, the earning rate of the Fund's assets for 2004 increased from 13.8% to 16.6%. This resulted in the crediting interest rate for 2004 increasing from 2.0% to 2.8%.

To rectify this understatement, all members have been allocated an additional interest amount in this year's statement to compensate for the incorrect rate used in 2004. In addition, members that have left the Fund will be paid additional amounts to ensure they are not disadvantaged.

## Crediting Interest Rate

### Annual Crediting Interest Rate

The Trustee determines the crediting interest rate at each Annual Review Date (1 July) for the preceding year. The rate is determined as the actual net rate of return of the assets after allowing for tax and the costs of investing the Fund's assets and an allowance for the expenses of operating the Fund. Prior to 1 July 2004 the crediting rate was based on the money weighted return for the previous 3 years.

The crediting interest rate applies to contributions in any year and assumes that the contributions are paid evenly over that year.

The crediting interest rates for the last five Annual Review Dates were as follows:

Period	Crediting Rate
1.7.00 - 30.6.01	7.1%
1.7.01 - 30.6.02	1.8%
1.7.02 - 30.6.03	-0.7%
1.7.03 - 30.6.04	2.8%
1.7.04 - 30.6.05	13.3%

The average crediting rate over the 5 year period ending 30 June 2005 was 4.7% pa.

### Interim Crediting Interest Rate

For members ceasing employment before the next review date, an interim crediting interest rate is used. The Trustee determines the interim crediting interest rate on a quarterly basis (1 July, 1 October, 1 January and 1 April) and is calculated as the actual rate of return for the last known quarter plus the rate applicable to the Fund's bank account for the period from the end of the last quarter.

The Trustee also reserves the right to vary the interim rate or the method in which it is calculated should there be significant market movements that may have a financial impact on the Fund.

## Trust Deed Amendments

The Trustee made the following amendments to the trust deed during the year.

- Introduce an immediate benefit payable to members that have elected to defer their benefit in the Fund until age 50 but subsequently wish to withdraw their benefit from the Fund.
- Introduction of spouse accounts to allow members to make contributions to the Fund on behalf of their spouse.
- Allow the Fund to receive the Government co-contribution should a member be entitled to them.

## Family Law Legislation

The Trustee has approval from the Attorney General to use a different method to calculate the value of a member's defined benefit entitlements in the Fund.

For the purposes of Family Law valuations, a retirement age of 60 applies when calculating the value of any defined benefit entitlement. This only applies for permanent employees and is not applicable to Retained Fire-fighters.

## Spouse Superannuation

Members are able to make contributions to a superannuation arrangement for their spouse and, depending on their spouse's income, possibly gain a tax offset. Whilst there are maximum tax offsets that apply to contributions you elect to make for your spouse, there is no maximum on the amount you can contribute.

Under the spouse arrangements, you can claim a tax offset of up to 18% of your contributions when your spouse earns less than \$13,800 per annum.



The maximum offset available is \$540 assuming your spouse earns less than \$10,800 and you make a contribution of \$3,000 for the year.

You can pay your spouse contributions to the Fund by lump sum deposits at any time. Lump sum deposits must be a minimum of \$500. All contributions must be made from after tax income to be eligible for the tax offset. You cannot allocate salary sacrifice contributions to your spouse account.

For more details on the benefits of spouse superannuation, please contact the Fund Manager for a copy of the Fund's Product Disclosure Statement.

You will also be able to access information on spouse accounts via the Fund's website.

## Parked Benefits Facility

This is a facility whereby members who are eligible to receive a retirement or permanent disablement benefit from the Fund, are able to retain or park their benefit in total or in part in the Fund.

The Parked Benefits facility is not an allocated pension or an annuity.

Parked Benefit members cannot make contributions to the Fund nor deposit any rollovers or lump sum deposits.

Parked Benefits are not considered for any potential surplus allocations.

The features of the Parked Benefits facility are as follow:

- Parked Benefits currently increase with the Fund's Crediting Interest Rate.
- Unlimited number of withdrawals - Parked Benefit members can access their cash benefits at any time. (Normal Preservation rules apply)
- Minimum amount of withdrawal is \$5,000.00 for each withdrawal.
- A withdrawal fee of \$60 will be charged for each withdrawal except for the first.

- An administration fee will be charged at \$1.90 per week.
- The fees are reviewed effective each 1 January and are based on the cost for the service provided to the Fund by its administrator.
- Members can cancel their Parked Benefit at any time and the balance will be paid out or rolled over (normal Preservation Rules apply) with no penalty. The withdrawal fee will be payable if applicable.

Full details of the Parked Benefits facility are contained in the Fund's Product Disclosure Statement. You should read this before parking your benefits in the Fund.

Any member requiring more information can contact the Fund's Manager.

## Preservation Rules

The Federal Government legislates preservation rules. Preservation requires that a certain portion of a superannuation benefit must be maintained in superannuation or rolled-over until permanent retirement after a specific preservation age.

All contributions made after 30 June 1999 and benefit accruals (increases in benefits) after 30 June 1999 are preserved.

The preservation ages are shown in the following table:

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

## Retained Fire-fighters – Death and TPD Benefits

Benefits payable on the death or total and permanent disablement of a Retained Fire-fighter member will be the balance of:

1. Superannuation Guarantee Contributions with interest at the Fund's crediting interest rate.
2. Member contributions compounded with interest at the Fund's crediting interest rate (if applicable).
3. Rollovers, compounded with interest at the Fund's crediting interest rate (if applicable).
4. Plus the insured component.

The insured component is calculated according to the following table. The value of the one unit as at 1 July 2005 is \$3,824.

Age attained in Years of Member at date of Death or TPD	Number of Units
39 or less	35
40	34
41	33
42	32
43	31
44	30
45	29
46	28
47	27
48	26
49	25
50	24
51	23
52	22
53	21
54	20
55	19
56	18
57	17
58	16
59 to 64	15

# Important General Information

## Insurance Continuation Option applicable for all members – if you leave the Fund

While you are an employee of any participating employer and a member of the Fund, you may receive death and disablement insurance cover. However, if you leave your employer this cover only continues for 30 days. You may wish to consider continuing this insurance by buying a personal policy through the Fund's insurer. The policy can be for the same amount of cover you had while in your Fund. If you are between 55 and 60 the cover is for death only. Death and permanent disablement cover is available if you are under age 55. No continuation option is available if you are over age 60. Other terms and conditions may apply.

The insurer may require some evidence of good health, and you must take up this insurance within 60 days of ceasing employment. For more information, please contact the Fund's Manager.

## Enquiries and Complaints

A formal procedure has been established for dealing with enquiries and complaints from members and beneficiaries about the operation of the Fund.

In the first instance, all questions should be directed to the Fund's Manager.

If you are not satisfied with the response, you may then lodge a formal written complaint with the Trustee via the Fund's Manager.

Formal written complaints will be reported to the Trustee, which must issue a response to the individual making the complaint within 45 days.

Any member or beneficiary who is still not satisfied may take the complaint to the Superannuation Complaints Tribunal.

## Superannuation Complaints Tribunal (SCT)

This Tribunal, based in Melbourne, is an independent body established by the Federal Government to provide an economical and fair method of resolving complaints about decisions of fund trustees.

Members must have had their complaints dealt with by the Fund's internal dispute resolution mechanism before the complaint will be heard by the SCT.

The contact details of the Tribunal are:

Location: Level 15  
31 Queens Street  
Melbourne VIC 3000  
Postal: Locked Bag 3060 GPO  
Melbourne VIC 3001  
Email: [info@sct.gov.au](mailto:info@sct.gov.au)  
Telephone: 1300 780 808

The Tribunal will not deal with complaints about the management of the Fund as a whole.

There were no complaints made to the Tribunal during the year.

## Financial Advice

- Require financial advice?
- Planning for your retirement?
- Looking for financial independence?
- Need to know how much extra do you put into super to top-it-up ?

The Trustee has a preferred advisory firm that can provide members with financial advice on a range of issues including wealth creation, insurance, taxation and estate planning.

The Trustee has chosen Industry Fund Financial Planning (IFFP) for this role. IFFP is the financial planning division of Industry Fund Services Pty Ltd whose Australian Financial Services Licence (AFSL No. 232514) authorises IFFP to provide financial planning services. While the trustee has chosen IFFP this is not to be construed as a recommendation or endorsement by the trustee to use IFFP.

## Internet Site

### Have you accessed your super online lately?

The Fund, through its administrator Mercer, has a website that enables you to access information about your benefits at any time.

The address is:

**[www.superfacts.com](http://www.superfacts.com)**

- To login you use your existing membership number and PIN.
- In addition, you must enter an Employer Number.  
**Employer Number is 700375.**

If you have misplaced your PIN, or are experiencing difficulties in connecting to the website, you should contact the Superfacts Helpdesk on 1300 132 573.

Some of the features of the website are:

- Summary and detailed views of your current superannuation benefits.
- Access to a library of over 130 financial well-being articles sorted into 32 topics such as 'financial planning', 'taxation' and 'wealth creation'.
- View and update your address and beneficiaries online.
- View the contributions that have gone into your super.
- Download all Fund forms and documents.

Your super is a valuable employee benefit and the Fund's website helps you to make the most of it.



You are free to select any financial adviser you wish to provide you with advice on your superannuation.

Members wishing to seek advice from IFFP can do so by calling IFFP and speaking to any one of the financial advisors available.

**Industry Fund Financial Planning**  
Level 2, 104 Frome Street  
ADELAIDE SA 5000  
Ph: 8125 2500

Most advice that can be given over the phone is provided at no cost to members.

Interviews and plans are charged to the member seeking the advice at very competitive rates. The first hour at interview is free. Members seeking this service should always check with the advisors on the cost of the service to be provided.

#### **Please Note:**

- Although the trustee has an arrangement with IFFP for the provision of limited advice but this should not be seen as a recommendation or endorsement of IFFP by the Trustee. The Trustee strongly recommends that any member seeking advice should at least obtain a second opinion from another licensed financial advisory firm before acting on any advice given by IFFP.
- Members seeking advice from IFFP must consider the advice they are given in context to their own personal circumstances and other opinions they have received.
- The Fire Service, Trustee and its staff, accept no responsibility for the advice given by IFFP.
- You are free to seek financial advice from any appropriately licensed adviser of your choice.

## **IF YOU DON'T GIVE INSTRUCTIONS**

### **Retained Fire-fighters**

Following your termination of employment with a participating employer you generally have 90 days from when you receive information from the Fund to make arrangements for your super. If you don't advise the Trustee of where your benefit is to be paid your benefit will be sent to an Eligible Rollover Fund (ERF) on your behalf. This benefit will then cease to be payable from the Fund and can be claimed by you by contacting the ERF. An ERF is simply a holding account where your benefit will remain until you notify the ERF where you would like your money to be transferred.

For this purpose, the Trustee has selected the Australian Eligible Rollover Fund (AERF). The AERF can be contacted as follows:  
**Australian Eligible Rollover Fund**  
Locked Bag 5429  
PARRAMATTA NSW 2124  
Telephone: 1800 677 424  
Fax: 02 9947 4411

Where a member's benefits are transferred to the AERF:

- the person ceases to be a member of the Fund
- any insurance cover with the Fund ceases
- the benefit will be credited to an account in the AERF, where it will earn interest and pay fees under the rules of the AERF.

#### **About the Australian Eligible Rollover Fund (AERF)**

Set out below is a summary of some of the more significant features of the AERF, current as at the date of this report. For detailed information please contact the AERF directly.

- The trustee of the AERF is Perpetual Trustee Company Limited ABN 42 000 001 007.
- All members of the AERF are protected, which means that administration fees (other than tax) charged against the minimum benefits component of a

member's benefit cannot exceed the investment earnings of the minimum benefits for a given reporting period. Member protection does not cover those fees and charges which are deducted from gross returns of the AERF before income is allocated to member accounts, nor does it protect a benefit against a negative earning rate.

- The assets of the AERF are invested in underlying investment products offered by ING Investment Management Limited ABN 23 003 731 959, Colonial First State Investments Limited ABN 98 002 348 352, Suncorp Life and Superannuation Limited ABN 87 073 979 530, MLC Investments Limited ABN 30 002 641 661, MLC Limited ABN 90 000 000 402, Zurich Australia Limited ABN 92 000 010 195, Tower Australia Limited ABN 70 050 109 450, and Perpetual Investment Management Limited ABN 18 000 866 535 (collectively the Investment Sponsors) in accordance with the proportions specified in the AERF trust deed.
- There is no choice of investment available to members within the AERF.
- The investment objective of the AERF is to provide members with long term growth and moderate volatility through investment in a diversified portfolio with exposure to both growth assets (equities and property) and defensive assets (fixed interest and cash) through managed funds offered by the Investment Sponsors.
- The AERF maintains an investment fluctuation reserve to help smooth the earning rate credited to members accounts. However there is no guarantee that the investment returns will not be negative.
- The trustee declares (generally within 3 months of the end of a financial year) an earning rate to credit to all member accounts in respect of that financial year. Members leaving the AERF prior to the declaration of the earnings rate for the previous financial year, will be credited with the interim earning rate.

# Important General Information

- Depending in which sub-plan of the AERF an account is held, weekly administration fees, paid to the AERF's administrator and ranging from \$0.32 to \$0.37, are deducted from that account (although during periods of negative returns, the administration fees are deducted from the gross returns of the AERF). Each of the trustee fee, the fees charged by the Investment Sponsors and an allowance for expense recovery are deducted from the AERF's gross returns before the trustee declares the earning rate. The aggregate of these fees is currently 1.16% p.a. (although part of this is an estimate based on past expenses).
- The AERF is unable to accept contributions from members or their employers, however, rollovers from other superannuation funds are permitted.
- The AERF does not provide insurance cover.

## Permanent Fire-fighters

Following your termination of employment with a participating employer you have 90 days from when you receive information from the Fund to make arrangements for your super. If you don't advise the Trustee of where your benefit is to be paid you will remain in the Fund as a Parked Member as detailed on page 15. The amount of your benefit will be based on the amount payable for the Immediate Benefit as detailed in the Fund's Product Disclosure Statement.

## Protecting your privacy

In order to provide your superannuation benefits and to properly manage the Fund, it's necessary for the Fund to hold personal information about you. This information identifies you as a Fund member and typically includes your name, address, date of birth, gender, occupation, salary, Tax File Number and any other information that is required.

The Fund generally collects this information from either you or your employer. Your personal information may be disclosed to the Fund's administrator and professional advisers, insurers, government bodies, your employer and other parties as required and permitted by law, including the trustee of any other fund you may transfer to. By becoming a member of the Fund, it's assumed that you consent to this handling of your personal information. If you do not provide the Trustee with your personal information, the Trustee may not be able to provide all of your superannuation benefits.

You may request access to your personal information held by the Trustee. Should any of your personal information be incorrect, you have the opportunity to correct it. There are, however, some circumstances where you may be denied access to your information. The Fund's Privacy Officer will advise if any of these circumstances apply.

The Fund abides by the National Privacy Principles under the Privacy Act 1988 (Cth) and has adopted a Privacy Policy which sets out in detail the way it handles members' personal information. If you would like a copy of the Fund's Privacy Policy please contact the Fund's Privacy Officer by writing to:

**Privacy Officer**  
SA Metropolitan Fire Service  
Superannuation Fund  
GPO Box 98, Adelaide SA 5001

## Further Information

Most information that you will need about the Fund is in the Product Disclosure Statement, your Annual Statement of Benefits and in this Report.

You are entitled to inspect or obtain copies of the following additional information on request:

- Trust Deed
- Returns, Certificates or Notices submitted to or received from the Australian Prudential Regulation Authority
- Audited accounts and Auditors' reports
- Extracts of information from the latest Actuarial investigation
- The Rules governing the appointment and removal of Member Directors.

The Fund's financial statements will be available once the audit of the Fund has been completed. This is expected to be finalised by 30 November 2005.

If you have any question on any aspect of the Fund please contact:

Telephone: (08) 8204 3826,  
or  
(08) 8204 3713

Fax: (08) 8204 3610

Postal Address: GPO Box 98  
Adelaide SA 5001

Visiting Address: Adelaide Station  
99 Wakefield St,  
Adelaide SA 5000

*Photos provided by Scott Pearson*

**Disclaimer** This annual report has been prepared by the Trustee to meet its legislative obligations under the Corporations Act. Any information contained in this annual report does not take account of the specific needs, personal or financial circumstances of any persons. Readers should obtain specialist advice from a licensed financial adviser before making any changes to their own superannuation arrangements. The terms of your membership in the Fund are set out in the Fund's trust deed, and should there be any inconsistency between this annual report and the Fund's trust deed, the terms of the Fund's trust deed prevail. While all due care has been taken in the preparation of this report, the Trustee reserves its right to correct any errors and omissions. This document contains general information about investments and investment performance. Please remember that past performance is not necessarily a guide to future performance. You should also consider the Fund's Product Disclosure Statement.

# Financial Statements



## STATEMENT OF THE CHANGE IN NET ASSETS OF THE FUND AVAILABLE TO PAY BENEFITS IN THE 2004 AND 2005 YEAR OF INCOME.

	2003/4 \$,'000	2004/5 \$,'000
<b>FUND ASSETS AT THE START OF THE YEAR</b>	<b>\$131,974</b>	<b>\$157,157</b>
<b>PLUS</b>		
Company contributions	\$5,099	\$5,165
Member contributions	\$2,557	\$2,524
Interest received/dividends/income	\$11,993	\$13,514
Transfer from other Funds	\$325	\$276
Net movement in market value of investments	\$11,650	\$8,851
Other (e.g. insurance rebates)	\$393	\$486
<b>Total gross income</b>	<b>\$32,017</b>	<b>\$30,816</b>
<b>LESS</b>		
Benefits paid out	\$4,548	\$6,722
Administration expenses	\$530	\$685
Life insurance premiums	\$873	\$847
Taxation	\$883	\$2,655
<b>Total outgoings</b>	<b>\$6,834</b>	<b>\$10,909</b>
<b>FUND ASSETS AS AT END OF YEAR</b>	<b>\$157,157</b>	<b>\$177,064</b>

## STATEMENT OF NET ASSETS OF THE FUND

	2004 \$,'000	2005 \$,'000
<b>FUND ASSETS</b>		
<b>Investment by facility</b>		
Pooled Superannuation Trusts	\$24,652	\$31,229
Insurance Policies	\$0	\$13,826
Units in Unit Trusts	\$122,176	\$118,444
Direct Investments	\$5,469	\$5,226
Cash at bank	\$2,025	\$2,347
<b>Total fund investments</b>	<b>\$154,322</b>	<b>\$171,072</b>
Current assets (receivable)	\$5,900	\$9,664
Deferred Tax Assets	\$143	\$29
<b>Total Fund assets</b>	<b>\$160,365</b>	<b>\$180,765</b>
<b>LESS</b>		
<b>Liabilities</b>		
Benefits payable	\$2,549	\$2,185
Provision for tax	\$31	\$1,084
Other liabilities	\$628	\$432
<b>Total liabilities</b>	<b>\$3,208</b>	<b>\$3,701</b>
<b>NET ASSETS AS AT 30 JUNE</b>	<b>\$157,157</b>	<b>\$177,064</b>

The above information is an abridged summary of the Fund's accounts rounded to the nearest \$,000.  
Full audited financial statements will be available by the end of November 2005.



Prepared by:  
SA Metropolitan Fire Service  
Superannuation Pty Ltd  
(ACN 068 821 750)  
as Trustee of the  
SA Metropolitan Fire Service  
Superannuation Fund  
ABN 12 755 456 100  
AFSL 284890

October 2005

