

2007 MEMBER ANNUAL REPORT



SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME





Trustee:

SA Metropolitan
Fire Service
Superannuation
Pty Ltd
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**SA METROPOLITAN
FIRE SERVICE
SUPERANNUATION
SCHEME**

This Annual Report
forms part of and
must be read in
conjunction with
your 2007 Annual
Statement of
benefits and your
30 June 2007
Transaction and
Fee Disclosure
Statement.

Prepared

October 2007

CHAIRMAN'S REPORT

The last 12 months have been **another busy year** for the Board with the introduction of the Federal Government's **Better Super legislation** and the change to an **exempt public sector scheme** to provide a better structure for the Scheme in the years ahead.

Since 30 June 2007 the Trustee has transferred the investment of all assets of the Scheme to Funds SA, the funds management organisation that invests a large amount of public sector super and non super assets. The Trustee believes that this change may provide benefits to members, both in investment returns provided and in greater flexibility.

As part of the move to Funds SA, the Trustee is able to gain ready access to numerous investment portfolios and has therefore determined to provide members with access to investment choice on their Accumulation related accounts in the Scheme with effect from 1 November 2007. More details about investment choice will be provided separately.

Investment markets continued to produce strong positive returns for the year to 30 June 2007 with the Fund/Scheme declaring a crediting rate for the period from 1 July 2006 to 30 June 2007 of 14.2% pa. The main factor affecting these returns was a return of 17% from Australian shares, 3.3% from international shares on an hedged basis and nearly 11% on an unhedged basis.

Whilst returns for the period to 30 June 2007 were strong, the period from 1 July onwards has shown that investment markets can be volatile at

times and can go up as well as down. Members should therefore be careful when considering any change to their investment arrangements when investment choice becomes available.

As part of the move to an exempt public sector scheme, the Scheme will not be

subject to many fees and charges that would have applied in the past. This will enable us to provide improved services to members.

As a result of the strong investment markets, the actuary recommended that there be a distribution of surplus for the year ended 30 June 2006. This allocation has been allocated to your Surplus Account in the Scheme with effect from 1 December 2006 after allowance for investment earnings from 1 July to 30 November.

The Trustee would like to express its appreciation for all the work completed by Alan Kent over the last 12 months that has placed the Scheme in a better position for the future.

Bob Tidswell
Chairman

As part of the move to an exempt public sector scheme, the Scheme will not be subject to many fees and charges that would have applied in the past.

CHAIRMAN'S REPORT



REPORT FROM THE TRUSTEE OF THE SCHEME

The Trustee of the Scheme is a company, **SA Metropolitan Fire Service Superannuation Pty Ltd**. The sole activity of the company is to act as Trustee of the Scheme.

There are eight Directors of the Trustee Company, four Employer representatives that are appointed by the Corporation and four Member representatives.

The Member Representatives are elected from two separate electoral groups. The United Fire Fighters Union Inc (UFU) nominates three Directors and Scheme 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 re-nominated 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 Scheme 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 Scheme 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 2007 were:

Employer Representatives

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

Member Representatives

Nominated by the UFU

- > Greg Northcott
- > William Jamieson
- > Michael Vander Jeugd

Elected by Scheme 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 Scheme.

Alan Kent is the Manager of the Scheme and responsible for the day to day operation of the Scheme, including visits to stations to talk to members.

Alan has been assisted throughout the year by Veronica Varga.

Administration

Mercer has been appointed by the Trustee to maintain member records, annually update members' benefits and produce benefit statements, receive contributions, pay benefits and provide general technical superannuation advice to the Trustee and Manager when required. Mercer developed and now maintains the Scheme's Internet site.

TRUSTEE'S REPORT

Advisers

In addition to administration services, the Trustee also uses the services of specialist consultants to ensure the efficient operation of the Scheme 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**
Sharyn Long Chartered Accountants
Level 6, 216 Georges Tce
Perth WA 6000
- **Tax Services**
PricewaterhouseCoopers Australia
91 King William Street
Adelaide SA 5000
- **Auditing Services**
Auditor-General's Department
200 Victoria Square,
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
201 Sussex Street
Sydney NSW 2000
- **Investment Adviser**
Aon Consulting Pty Ltd
201 Kent Street,
Sydney NSW 2000

Investment Managers

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

The managers used by the Scheme as at 30 June 2007 were:

- Barclays Global Investors
Australia Services Ltd
Level 1, 111 Harrington Street
Sydney NSW 2000
- Coastal Capital Limited
Level 4, 111 Harrington Street
Sydney NSW2000
- Aberdeen Asset Management
Australia Limited
Level 21, 83 Clarence Street
Sydney NSW 2000
- JF Capital Partners Limited
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 Australia Limited
118 Mount Street
North Sydney NSW 2060
- Dimensional Funds Australia Limited
Level 29, 1 Macquarie Street
Sydney NSW 2000

Since 1 July 2007, all assets of the Scheme have been transferred to Funds SA to invest on behalf of the Trustee. Funds SA does not invest any of the assets of the Scheme in its own right but appoints professional organisations to invest monies in various asset classes. The benefits of moving the assets to Funds SA is that they have a larger amount of monies invested resulting in the potential for lower fees and their historical investment performance has been very competitive with other alternatives. It also provides the Trustee with an efficient method of providing investment choice for members' accumulation related accounts ie voluntary, rollover and surplus accounts.

The overall investment risk profile of the Scheme's assets has changed slightly from its structure prior to the move to Funds SA with the benchmark allocation to growth assets (ie shares and property) increasing from 75% to 80% and exposure to income assets reducing from 25% to 20%.

Contributions

For the year ended 30 June 2007, all contributions due and payable to the Scheme have been received.



CO-CONTRIBUTIONS THE GOVERNMENT MATCHES

The co-contribution is a contribution, by the Government, of up to \$1.50 for each \$1.00 of personal after-tax member contributions paid 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. The maximum amount of co-contribution for a financial year is \$1,500 and is available to people whose income is \$28,980* or less. This maximum or cap then phases down by 5 cents for each dollar of additional income over \$28,980 and cuts out completely for incomes of \$58,980^ or more. You also need to meet other conditions to be eligible for the co-contribution - these are set out below.

* This amount is the lower threshold and is applicable for 2007/2008 and is indexed from 1 July each year.

^ This amount is equal to the lower threshold plus \$30,000.

The table below shows the after tax contribution required by you to gain the maximum level of co-contribution from the Government based on various

income levels. The actual amount of co-contribution you receive will depend on your actual income* and the level of contribution you make to the Scheme.

Eligibility for the Government co-contribution

The co-contribution will only be available to people who earn at least 10% of their income from employment as an employee or running a business or a combination of both.

You must also be under age 71 at the end of the financial year. The co-contribution is not available to most temporary residents.

The co-contribution is also not available in respect of tax deductible contributions (eg contributions made by a self-employed person and for which a tax deduction is claimed).

The trustee must give the tax office information about your contributions and those made by your employer. 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 Scheme or another fund to which you belong.

Your total income*	Maximum Co-contribution available	Contribution required by you to obtain maximum Co-contribution
Under \$28,980	\$1,500	\$1,000.00
\$30,000	\$1,449	\$966.00
\$35,000	\$1,199	\$799.33
\$40,000	\$949	\$632.67
\$45,000	\$699	\$466.00
\$50,000	\$449	\$299.33
\$55,000	\$199	\$132.67
\$57,000	\$99	\$66.00
\$58,980	\$0	\$0

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

YOUR AFTER-TAX CONTRIBUTIONS TO SUPER

Fees, Surcharge and Taxes

The Trustee pays the expenses of operating the Scheme and any taxes payable from the Scheme 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 Scheme 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.

The surcharge still applies for the period up 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 were for the 2004/2005 tax year.

The maximum rate of surcharge was 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 scheme and certain income in respect of family and other trusts.

If the Scheme is required to pay surcharge tax in respect of you for a prior year, the tax payable will be deducted from your surcharge payment account in the Scheme. This account will be charged interest at the Scheme's crediting interest rate.

If you rollover benefits into the Scheme from another super scheme or from your employer, any liability to pay the surcharge tax for contributions to that scheme which has not been paid or in respect of the employer payment, may be transferred to the Scheme. 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 Scheme 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.

Tax on contributions

Tax is deducted from employer contributions and any before-tax (salary sacrifice) contributions you make. This tax is normally deducted at 15% but contributions may also be subject to additional tax if you have not supplied your tax file number or exceed the contribution limits that apply from 1 July 2007. Tax may also be deducted in respect of any monies rolled into the Scheme and in respect of certain super benefits that contain an untaxed component.

Move to Funds SA

As previously advised in the Winter Super Info, the investment of the Scheme's assets have been transferred to Funds SA. Funds SA is the South Australian government owned corporation established in 1995 which manages the assets of the public sector superannuation funds and other government organisations. Funds SA currently have in excess of \$11 billion under management and will be able to readily facilitate the provision of a number of investment options to members.



FEES AND CHARGES

The following table shows the Scheme's expenses or fees and charges that 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 Scheme currently pays all insurance costs in relation to your death and disablement benefits from the Scheme'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 Scheme.

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

Type of fee or cost	Amount	How and when paid
Establishment fee The fee to open your investment	Nil	N/A
Contribution fee The fee on each amount contributed to your investment either by you or your employer	Nil	N/A
Withdrawal fee Applicable to Parked Benefits and transfers to other schemes 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.
Termination fee 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.
Management costs The fees and costs for managing your investment	An asset based fee of approximately 0.64% 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 2007. This fee is calculated annually and may differ in subsequent years.	This fee is deducted when determining the Scheme's crediting interest rate.
Parked and Spouse members only	A weekly administration fee of \$2.06* 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 Scheme.

* 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 or Spouse members) investing in the Scheme over a one year period using certain assumptions about your contributions and account balance. You should use this table to compare the Scheme 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	Approximately 0.64% of your leaving service benefit	And, for every \$50,000 you have in the Scheme you will be charged \$320.00 each year.
EQUALS Cost of Scheme		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 \$320.00*. This represents the estimated amount of management costs.

* Additional fees may apply: If you leave the Scheme 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.

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 scheme 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 scheme or your financial adviser.

Please Note: the Trustee is not able to provide any discounts to any of the fees outlined for any individual member.

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 has a superannuation calculator to help you check out different fee options.

FEES AND CHARGES *continued*

Variation to Fees

The fees outlined previously are determined by the Trustee from time to time based on the expenses incurred in running the Scheme 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.

Performance Based Fees

Where an investment manager used by the Trustee charges a performance based fee, the fee will be included in the management costs as set out in the "Fees and other costs" table on page 8 and be passed onto members by way of an adjustment to the Scheme's crediting interest rate.

Investment managers that charge a performance based fee only apply those fees when performance is greater than an agreed target. Accordingly, performance based fees arise when higher returns, relative to a specified target for a particular manager, are achieved.

As the agreed performance targets vary between managers it is not possible to provide a precise figure for the performance fees which will be applicable to the Scheme.

The total performance based fee for the period ending 30 June 2007 was approximately 0.276% of the Scheme's assets and may vary in the future between 0% and 0.6% based on the actual performance of the managers that have performance based fees. For example, if you had \$50,000 invested in the Scheme for the 12 month period ending 30 June 2007 the performance fee you would have paid was \$110.

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 Scheme 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 Scheme 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, Spouse or Deferred members.

Fees for Parked and Spouse Benefit Members

In addition to the withdrawal fee detailed on page 8, Parked and Spouse members are required to pay an administration fee of \$2.06 per week which is deducted from their account balance at each review (1 July) or on exiting the Scheme. This amount may change from time to time.

Indexation of Fees

The fees for withdrawals, terminations and administration fees for Parked and Spouse 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).

INVESTMENTS



Objectives

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

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

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

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

The Scheme's current investment objective is to aim to achieve a rate of return which is greater than the increase in the Consumer Price Index (CPI) by 4.5% over periods of eight years or longer.

Investment - Performance Monitoring

The Trustee employed the services of Aon Consulting to monitor the performance of each investment manager and the Scheme as a whole. In particular, the following was 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 are collectively 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 again 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 11% (in local currency terms) for the year ending 30 June 2007 and the Australian equities index (S&P/ASX200) was also up by 28.7%.

As at 30 June 2007, the Scheme has exceeded its previous investment objective as detailed in the following table.

Rate of Increase for CPI for 5 years to 30 June 2007	2.7%pa
Previous Investment Objective (CPI +5%)	7.9%pa
Total Rate of Return for Scheme for 5 years	12.2%pa

INVESTMENTS

INVESTMENTS continued

Strategy

The aim of the investment strategy is to meet the objectives identified by the Trustee, as detailed on the previous page.

The Trustee, in consideration of advice from the Actuary, has determined to vary the strategic allocation of growth assets (shares and property) to 80% of the total assets of the Scheme and defensive assets (fixed interest and cash) at 20% on moving to Funds SA.

The investment profile of the Scheme seeks to achieve the following long-term asset allocations:

Investment (Asset) Class	% of Portfolio
Australian Shares	38.0
Overseas Shares	27.0
Alternative Assets	5.0
Fixed Interest	6.0
Property	10.0
Inflation Linked Securities	8.0
Other Fixed Interest	5.0
Cash	1.0
Total	100.0

Full details of the investment objectives and strategy are set out in the Investment Policy Statement which is available from the Manager (see page 2 for details) upon request.

Maintaining an Acceptable Level of Risk

External investment managers used by Funds SA 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, Funds SA will consider the associated risks and the controls in place by analysing the manager's Derivative Risk Statements (DRSs).

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 Scheme'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 Scheme's investments include:

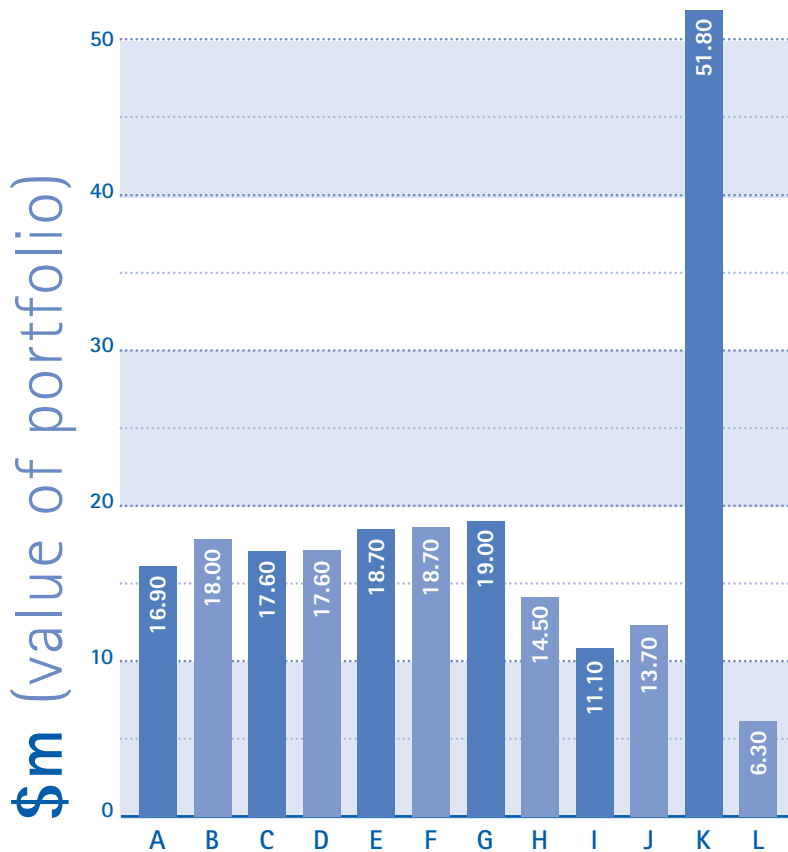
- Individual asset risk – the risk attributable to individual assets within a particular asset class.
- Market risk – the risk of major movements within a particular asset class.
- Political risk – current domestic and international political stability can impact on your investment.
- Inflation risk – 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 Scheme 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 Scheme's Investments

To achieve the Scheme's investment objective, the Scheme's investments (\$223.90 million at 30 June 2007), were invested with a number of investment managers.



- 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 Aberdeen Asset Management** - an investment in an Australian Equities unit trust.
- D Barclay Global Investors** - an investment in an Australian Equities Long/Short unit trust.

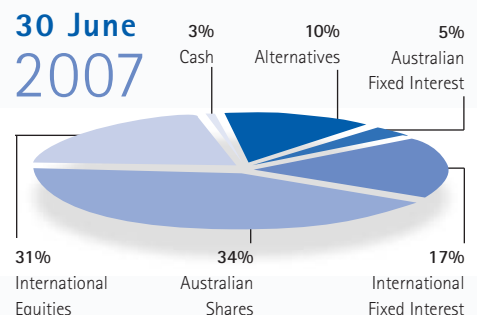
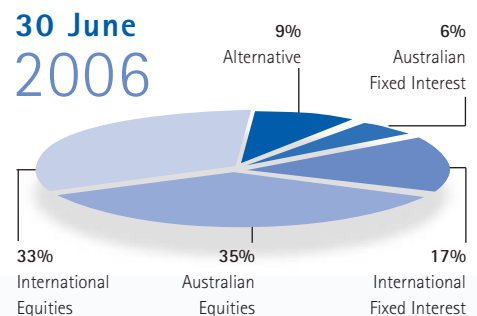
- E Massachusetts Financial Services Investment Management** - an investment in an International Equities unit trust.
- F Zurich** - an investment in an International Equities unit trust.
- G Coastal Capital Limited** - an investment in an International Equities Long / Short unit trust.
- H DFA Australia Limited - Global Small Company Trust** - a unit trust investment in International Small Companies.

- I Macquarie Investment Management Limited - Macquarie Alternative Investment Trusts 1, 2, 3 and 4** - unit trust investments in development capital.
- J Warakirri Asset Management Pty Ltd** - unit trust investment in a scheme of hedge schemes.
- K Macquarie Investment Management Limited - Macquarie Global Bond Solution** - a unit trust investment in International and Australian Fixed Interest.
- L Cash at Bank** - an interest bearing operating 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 Scheme 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.



Move to Funds SA

As previously advised in the Winter Super Info, the investment of the Scheme's assets has been transferred to Funds SA. Funds SA is the South Australian government owned corporation established in 1995 which manages the assets of the public sector superannuation funds and other government organisations. Funds SA currently have in excess of \$11 billion under management and will be able to readily facilitate the provision of a number of investment options to members.

INVESTMENTS *continued*

Investment Returns

The investment returns outlined below are applicable to the period of both the Scheme (from 1 December 2006) and for the SA Metropolitan Fire Service Superannuation Fund for the period prior to 1 December 2006.

Period	Return
1.7.02 - 30.6.03	2.4%
1.7.03 - 30.6.04	16.6%
1.7.04 - 30.6.05	13.3%
1.7.05 - 30.6.06	15.1%
1.7.06 - 30.6.07	14.2%

The investment return achieved on the Fund/Scheme's assets as an annual percentage over the five-year period ending 30 June 2007 was 12.2% pa.

The investment returns are after investment charges and tax on the investment earnings of the investment facilities. There is no deduction from the earning rate for the expenses of operating the Scheme.

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 Scheme's assets. 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 (*see table in next column*):

Period	Crediting Rate
1.7.02 - 30.6.03	-0.7%
1.7.03 - 30.6.04	2.8%
1.7.04 - 30.6.05	13.3%
1.7.05 - 30.6.06	15.1%
1.7.06 - 30.6.07	14.2%

It is important to note that past performance is not an indication of future performance. The average crediting rate over the 5 year period ending 30 June 2007 was 8.7% pa. As detailed in the above table, the Scheme's crediting interest rate may be positive or negative from time to time.

Interim Crediting Interest Rate

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

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 Scheme.

Indexation rate for Deferred Members

Members that have elected to defer their benefits in the Scheme on ceasing employment prior to age 50 have their benefits indexed each year. The rate that applies depends on when you elected to defer your benefit. For members that ceased employment prior to 23 June 2003 the annual indexation rate is based on the increase in CPI plus 3% whilst for members deferring benefits after 23 June 2003 the annual indexation rate is CPI.

The rates applicable for the year ending 30 June 2007 are as follows:

- Members electing to defer prior to 23 June 20034.8%
- Members electing to defer after 23 June 20031.8%

Trust Deed Amendments

The Trustee made the following amendments to the Trust Deed during the year.

- An amendment to implement the change to the late retirement benefit for permanent employees to ensure that an allocation of the Superannuation Guarantee related contributions is provided in addition to the normal retirement benefit.
- A change to allow the Trustee to make application to the Treasurer to enable it to invest the Scheme's assets with Funds SA.

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 Scheme.

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 off-set. There are maximum tax offsets that apply to contributions you elect to make for your spouse. There are also maximum amounts that can be contributed to the Scheme.

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 Scheme 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 Scheme Manager for a copy of the Spouse Benefit Guide. You will also be able to access information on spouse accounts via the Scheme's website.

Parked Benefits Facility

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

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

Parked Benefit members can also make contributions to the Scheme and 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 follows:

- Parked Benefits currently increase with the Scheme'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 \$2.06 per week.
- The fees are reviewed effective each 1 January and are based on the cost for the service provided to the Scheme 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 Scheme's Member Benefit Guide. You should read this before retaining your benefits in the Scheme.

Any member requiring more information can contact the Manager.

Preservation Rules

The Federal Government legislates preservation rules. Preservation requires that a certain portion of a superannuation benefit must be maintained in a superannuation scheme or rollover scheme 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 Scheme's crediting interest rate.
2. Member contributions (if any) with interest at the Scheme's crediting interest rate.
3. Rollovers, with interest at the Scheme'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 2007 is \$4,014 and is indexed each 1 July by the increase in CPI.

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
65 onwards	0

IMPORTANT GENERAL INFORMATION

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

While you are an employee of any participating employer and a member of the Scheme, 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 Scheme's insurer. The policy can be for the same amount of cover you had while in the Scheme. 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 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 Scheme. In the first instance, all questions should be directed to the Manager.

If you are not satisfied with the response, you may then lodge a formal written complaint with the Trustee via the 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 superannuation trustees.

Members must have had their complaints dealt with by the Scheme's internal dispute resolution mechanism before the complaint will be considered 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
Telephone: 1300 780 808

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

There were no complaints made to the Tribunal by Scheme members 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. You are free to select any financial adviser you wish to provide you with advice on your superannuation.

INTERNET SITE

www.superfacts.com

Have you accessed your super online lately?

The Scheme, 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

- To login you use your existing membership number and PIN.
- In addition, you must enter an Employer Number of **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 Scheme forms and documents.

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

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 adviser 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 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 Scheme 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 Scheme 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 Scheme
- any insurance cover with the Scheme 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

Set out below is a summary of some of the more significant features of the Australian Eligible Rollover Fund (AERF), current as at 1 July 2007:

- There is no investment choice available to members.
- 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 (equities and property) and defensive assets (fixed

interest and cash) through managed funds offered by some of Australia's leading investment managers.

- The annual earning rate for the AERF is dependent on the returns achieved by each Investment Manager having regard to:
 - investment returns of the AERF,
 - the costs incurred by the AERF which have not otherwise been charged to member balances in particular the costs of providing member protection, and
 - provision for income tax which may be payable in relation to taxable income derived during the relevant financial year.
- An interim crediting rate applies for members leaving the AERF at any time before the annual crediting rate is declared. The interim crediting rate is reviewed on a weekly basis or as otherwise required due to market conditions. The AERF reviews the interim earning rate having regard to:
 - the investment returns of the AERF since the last earning rate was declared
 - the costs incurred by the AERF which may include estimates for some costs, and
 - an estimation of income tax that may be payable by the AERF
- The following fees and charges apply to sub-plan A and sub-plan B members in the AERF:
 - Management costs of 1.39% p.a. (sub-plan A) or 1.07% p.a. & (sub-plan B) are deducted from the gross investment returns, before the earning rate is declared;
 - An Administration fee of \$0.35 per week for lost members and \$0.40 per week for other members (subject to member protection); and
 - A Withdrawal fee of \$33.97 for each withdrawal from the AERF.

IMPORTANT GENERAL INFORMATION continued

- The AERF is unable to accept contributions from members or their employers. However, Superannuation Guarantee vouchers and shortfalls are permitted.
- The AERF can also accept additional rollovers from other superannuation
- The AERF does not provide insurance benefits to members.

Should you wish to know more about the AERF, please call on 1800 677 424 for a copy of their Product Disclosure Statement or Email on:
aerfenquiries@perpetual.com.au

Permanent Fire-fighters

Following your termination of employment with a participating employer you have 90 days from when you receive information from the Scheme 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 Scheme 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 Scheme's Member Benefit Guide.

Protecting your privacy

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

any other information that is required.

The Scheme generally collects this information from either you or your employer. Your personal information may be disclosed to the Scheme'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 scheme you may transfer to. By becoming a member of the Scheme, 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 Scheme's Privacy Officer will advise if any of these circumstances apply.

The Scheme 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 Scheme's Privacy Policy please contact the Scheme's Privacy Officer by writing to:

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

Further Information

Most information that you will need about the Scheme is in the Member Benefit Guide, your Annual Statement of Benefits, your 2007 Transaction and Fee Disclosure Statement 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 Scheme's financial statements will be available once the audit of the Scheme has been completed. This is expected to be finalised by 30 November 2007.



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

PHONE (08) 8204 3826 or (08) 8204 3713

FACSIMILE (08) 8204 3610

POSTAL ADDRESS
GPO Box 98, Adelaide SA 5001

VISITING ADDRESS
Adelaide Station
99 Wakefield St, Adelaide SA 5000

EMAIL kent.alan@samfs.sa.gov.au

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 Scheme are set out in the Scheme's trust deed and, should there be any inconsistency between this annual report and the Scheme's trust deed, the terms of the Scheme'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 Scheme's Member Benefit Guide.

FINANCIAL STATEMENTS



STATEMENT OF THE CHANGE IN NET ASSETS 2007 \$,000

SCHEME ASSETS AT 1 DECEMBER 2006 0

PLUS

Net investment revenue	\$18,207,476
Employer Contributions	\$3,956,883
Member Contributions	\$2,623,499
Transfers from other funds	\$626,753
Transfer from SA Metro Fire Super Fund	\$212,585,875
Other revenue	\$214,490
Total revenue	\$238,214,976

LESS

Benefits paid	\$683,351
General administration expenses	\$439,694
Insurance premiums	\$489,962
Income tax expense	\$2,241,091
Total Expenses	\$3,854,098

FUND ASSETS AS AT 30 JUNE 2007 \$234,360,878

FUND ASSETS 2007 \$,000

INVESTMENT BY FACILITY

Investments	\$217,648,948
Cash at Bank	\$6,309,983
Other assets	\$682,186
Receivables	\$13,601,132
Total Assets	\$238,242,249

LIABILITIES

Provisions for tax	\$3,099,863
Other liabilities	\$781,508
Total liabilities	\$3,881,371

NET ASSETS AS AT 30 JUNE 2007 \$234,360,878

The above information is an abridged summary of the Scheme's accounts rounded to the nearest \$,000. Full audited financial statements will be available by the end of November 2007.

FINANCIAL STATEMENTS

Prepared by:
SA METROPOLITAN
FIRE SERVICE
SUPERANNUATION
PTY LTD
ACN 068 821 750
AFSL 284890

as Trustee for the
SA METROPOLITAN
FIRE SERVICE
SUPERANNUATION
SCHEME

October 2007

