

**Local Government Superannuation Scheme
Pool A**

Financial Report

For the Year Ended 30 June 2000

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2000

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AUDITOR'S REPORT	

Local Government Superannuation Scheme Pool A

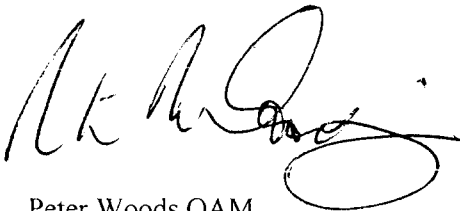
TRUSTEE DECLARATION TO THE MEMBERS FOR THE YEAR ENDED 30 JUNE 2000

The Directors of LGSS Pty Limited (ABN 68 078 003 497) being the Trustee of the Local Government Superannuation Scheme Pool A declare that:

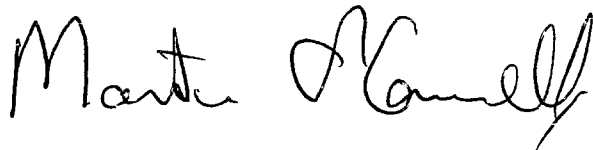
1. The accompanying financial report of the Local Government Superannuation Scheme Pool A presents fairly the Financial Position of the Scheme as at 30 June 2000 and the results from operations for the year then ended in accordance with Australian Accounting Standards and other mandatory professional reporting requirement;
2. The financial report has been prepared in accordance with the requirements of the Trust Deed;
3. The Scheme has been conducted in accordance with its constituent Trust Deed; and
4. In the Directors' opinion there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board of Directors of LGSS Pty Limited

Signed at Sydney this *Twenty Eighth* day of December 2000.



Peter Woods OAM
Director



Martin O'Connell
Director

**OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000**

	Notes	<u>2000</u> \$'000	<u>1999</u> \$'000
Investment Revenue			
Investment Revenue	7	9,978	11,945
Changes in Net Market Value of Investments	8	<u>34,896</u>	<u>8,803</u>
Total Investment Revenue		44,874	20,748
Investment Expenses	1(f)	<u>(1,005)</u>	<u>(598)</u>
Net Investment Revenue		<u>43,869</u>	<u>20,150</u>
Contributions Revenue			
Employer Contributions	9	66,674	52,804
Member Contributions	9	18,677	5,993
Transfers in		45,928	36,833
Other Income		<u>1</u>	<u>3</u>
Total Contribution Revenue		<u>131,280</u>	<u>95,633</u>
Total Revenue		<u>175,149</u>	<u>115,783</u>
Expenses			
Scheme Administration Expenses		(327)	(1,604)
General Expenses		(10)	(5)
Insurance Premium		<u>(135)</u>	<u>(104)</u>
Total Expenses		<u>(472)</u>	<u>(1,713)</u>
Operating Result Before Abnormal Item and Income Tax		174,677	114,070
Income Tax Expense	5	(12,977)	(9,400)
Superannuation Contributions Surcharge	1(I)	<u>(450)</u>	<u>(280)</u>
Benefits Accrued as a Result of Operations		<u>161,250</u>	<u>104,390</u>

The above Operating Statement should be read in conjunction with the accompanying Notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2000**

	Notes	<u>2000</u> \$'000	<u>1999</u> \$'000
Investments			
Short Term Investments		23,649	37,376
Australian Fixed Interest		108,666	37,933
Australian Equities		101,229	63,576
International Investments		114,182	61,930
Property Trusts		20,329	18,951
Pooled Superannuation Trusts		66,279	85,303
Investment in Transit		-	1,531
Total Investments	2	<u>434,334</u>	<u>306,600</u>
Other Assets			
Cash	13(a)	10,585	16,745
Receivables	3	<u>9,369</u>	<u>2,839</u>
Total Other Assets		<u>19,954</u>	<u>19,584</u>
Total Assets		<u>454,288</u>	<u>326,184</u>
Less:			
Liabilities			
Payables	4	1,231	3,908
Provision for Income Tax	5	8,095	4,930
Provision for Deferred Income Tax		<u>2,655</u>	<u>1,986</u>
Total Liabilities		<u>11,981</u>	<u>10,824</u>
Net Assets Available to Pay Benefits		<u><u>442,307</u></u>	<u><u>315,360</u></u>
Represented by:			
Liability for Accrued Benefits			
Funds Allocated to Members' Accounts		435,349	311,467
Funds Not Yet Allocated to Members' Accounts	6(b)	2,017	1,205
Death or Invalidity Reserve	6(d)	3,162	2,688
Accumulation Reserve	6(c)	<u>1,779</u>	-
Total Liability for Accrued Benefits		<u><u>442,307</u></u>	<u><u>315,360</u></u>

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2000**

	Notes	2000 \$'000	1999 \$'000
Cash Flows from Operating Activities			
Contributions Received from Employers		61,546	53,066
Contributions Received from Members		18,377	6,062
Transfers from other Funds		45,867	36,833
Interest Received		398	220
Other		29	-
Benefits Paid		(34,303)	(17,544)
Scheme Administration Expenses Paid		(1,843)	(5)
Investment Expenses Paid		(105)	(70)
Insurance Premiums Paid		(124)	(104)
General Expenses		(10)	-
Surcharge Paid		(450)	(280)
Income Tax Paid		(9,143)	(10,467)
Net Cash Provided from Operating Activities	13(b)	(80,239)	67,711
Cash Flows from Investing Activities			
Redemptions from Investments		44,244	9,040
Applications to Investments		(130,643)	(65,381)
Net Cash used in Investing Activities		(86,399)	(56,341)
Net increase in Cash Held		(6,160)	11,370
Cash at the Beginning of the Financial Year		16,745	5,375
Cash at the End of the Financial Year	13(a)	10,585	16,745

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

1. STATEMENT OF ACCOUNTING POLICIES

(a) Description of Scheme

The Local Government Superannuation Scheme Pool A (the Scheme) is an accumulation Scheme consisting of Local Government members transferred from the Pooled Fund in 1997 in accordance with sections 127 and 128 of the Superannuation Administration Act, 1996 (the Act). LGSS Pty Limited acts as Trustee to the Scheme and holds in trust all assets of the Scheme. The Scheme is a reporting entity for financial reporting purposes.

Local Government Superannuation Scheme Pool A consists of three divisions. Division A represent members transferred from FSS, Division E represents members transferred from PSESS and Division F is an allocated pensions and rollover scheme.

Divisions A and F's custodial activities are provided by Commonwealth Custodial Services Limited. The following fund managers perform the Schemes management activities:

▪ Cash Portfolio	100% - Deutsche Asset Management (Australia) Limited
▪ Australian Fixed Interest Portfolio	50.1% - BT Funds Management Limited 49.9% - Norwich Investment Management Limited
▪ International Fixed Interest Portfolio	51.5% - Rothschild Funds Management Limited 48.5% - Merrill Lynch Mercury Asset Management Limited
▪ Australian Equity Portfolio	59.3% - HSBC Asset Management Australia Limited 40.3% - Deutsche Asset Management (Australia) Limited 0.2% - Credit Suisse Asset Management Australia Limited 0.2% - Westpeak Investment Advisors Limited
▪ International Equity Portfolio	65.0% - State Street Global Advisors Australia Limited 34.8% - National Corporate Investments Limited 0.2% - Putnam
▪ Property Trust Portfolio	68.7% - Paladin Australia Limited 31.3% - Rothschild Funds Management Limited
▪ Inflation Linked Bonds	100% - Credit Suisse Asset Management Australia Limited

Division E investments are managed by BT Funds Management Limited and Westpac Banking Corporation. Division E members have the option of investing in the above structure or maintaining BT or Westpac as their funds manager.

(b) Basis of Preparation

The financial report has been drawn up in accordance with Australian Accounting Standard AAS25 "Financial Reporting by Superannuation Plans", Urgent Issues Group Consensus Views, other applicable accounting standards, the provisions of the Trust Deed and other mandatory professional reporting requirements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(c) Investments

DIVISION A & DIVISION F

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

The valuation of each class of investment as at 30 June 2000 is determined as follows:

Short Term Investments	Market rates
Australian and International Fixed Interest	Relevant fixed interest securities markets
Equities - Australian	Relevant stock exchange official quotation as at reporting date
- International	Valued at reporting date and translated into Australian dollars at current exchange rate
Property Trusts	Stock exchange official quotation.

DIVISION E

Investments are recorded at balance date at net market value.

Net contributions received from members are invested into pooled superannuation trusts managed by BT Funds Management Limited and into a Cash Management Bank Account with Westpac at the end of each month. Movements in unit redemption values in the pooled superannuation trusts are brought to account in the Operating Statement as changes in net market values. Corresponding investment management expenses are reflected in the unit redemption prices.

(d) Income Tax

The Scheme has adopted the liability method of tax effect accounting in accordance with the provision of Australian Accounting Standard AAS 3 "Accounting for Income Tax (Tax-effect accounting)". The income tax expense shown in the Operating Statement is based on the operating surplus or deficit adjusted for any permanent differences.

The tax effect of the timing differences, which occur where items are allowed for income tax purposes in a period different from that in which they are recognised in the financial statements, is included in the provision for deferred income tax or future income tax benefit as applicable at current taxation rates.

Future income tax benefits are not brought to account unless realisation of the assets is assured beyond reasonable doubt.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(e) Contributions

Member and employer contributions are recorded on a cash basis and do not include amounts relating to the period which may be received subsequent to balance date.

(f) Management Expenses

Scheme administration expenses, other than expenses of administering the death or invalidity insurance provision of the Scheme, are charged directly to members' accounts to the extent permissible through legislation.

Death or invalidity insurance expenses are charged directly to the Death or Invalidity Reserve.

Investment expenses are charged directly against investment revenue.

(g) Liability for Accrued Benefits

The liability for accrued benefits is the present obligation to pay to members and beneficiaries represented by the carrying amount of the Net Assets Available to Pay Benefits.

(h) Foreign Currency Transactions

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

(i) Superannuation Contributions Surcharge

No provision has been made in these financial statements for the amount of the superannuation contributions surcharge which may be payable by the Scheme under the Superannuation Contributions Tax (Assessment and Collection) Act 1997. The Trustee is unable to determine the amount of the surcharge until assessments are received from the Australian Taxation Office.

As the surcharge is levied based upon individual members' taxable income any surcharge for the year ended 30 June 2000 subsequently levied against the Scheme will be charged to the relevant members' benefits or otherwise dealt with in accordance with the provisions of the Trust Deed and relevant legislation. The benefits of members not subject to the surcharge will be unaffected.

(j) Roundings

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

(k) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in the presentation in the current year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

2. INVESTMENTS

INVESTMENTS 2000

Investments Held – Divisions A and F

	CASH PLUS \$'000	CAPITAL GUARDED \$'000	BALANCED \$'000	DIVERSIFIED \$'000	HIGH GROWTH \$'000	TOTAL \$'000
Short Term Investments	20,085					20,085
Australian Fixed Interest		12,265	30,140	63,682	2,579	108,665
Australian Equities		2,868	18,071	69,332	10,958	101,229
International Investments		7,893	28,487	67,156	10,546	114,183
Property Trusts		1,361	4,651	12,774	1,543	20,329
Total	<u>20,085</u>	<u>24,387</u>	<u>81,349</u>	<u>212,944</u>	<u>25,726</u>	<u>364,491</u>

Investments Held – Division E

	Unit Price \$	Number of Units	Redemption Value \$'000	Increase in Unit Price %
BT Stable Capital Scheme	4.2300	6,820,611	28.852	6.98%
BT Retirement Scheme	65.0790	575,107	37.427	12.67%
Short Term Investments			3.564	
Total			<u>69.843</u>	

INVESTMENTS 1999

Investments Held – Division A

	CASH PLUS \$'000	CAPITAL GUARDED \$'000	BALANCED \$'000	DIVERSIFIED \$'000	HIGH GROWTH \$'000	TOTAL \$'000
Short Term Investments	20,936	1,739	2,490	8,119	263	33,547
Australian Fixed Interest	-	3,900	9,570	24,316	147	37,933
Australian Equities	-	1,599	8,070	51,520	2,387	63,576
International Investments	-	2,194	8,480	48,708	2,548	61,930
Property Trusts	-	496	2,415	15,209	831	18,951
Total	<u>20,936</u>	<u>9,928</u>	<u>31,025</u>	<u>147,872</u>	<u>6,176</u>	<u>215,937</u>

Investments Held – Division E

	Unit Price \$	Number of Units	Redemption Value \$'000	Increase in Unit Price %
BT Stable Capital Scheme	3.9540	9,390,536	37,130	6.46%
BT Retirement Scheme	57.7610	834,003	48,173	7.94%
Short Term Investments			3,829	
Investment in transit			1,531	
Total			<u>90,663</u>	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

3. RECEIVABLES

	2000	1999
	\$'000	\$'000
Contributions Receivable	5,408	-
Investment Income Due and Receivable	1,784	1,466
Investment Sales	2,143	1,346
Other Receivables	34	27
Total Receivables	9,369	2,839

4. PAYABLES

	2000	1999
	\$'000	\$'000
Refunds & Unclaimed Monies	-	22
Investment Purchases	770	2,013
Other Payables	461	1,873
Total Payables	1,231	3,908

5. INCOME TAX

Income tax expense in the Operating Statement represents the tax on net changes for the year before tax, adjusted for permanent differences.

The calculation of tax provided for is as follows:

	2000	1999
	\$'000	\$'000
Operating result before income tax	174,677	114,070
Permanent differences		
Non- assessable investment revenue	(17,220)	(6,810)
Non-assessable contributions (includes transfers)	(63,178)	(42,425)
Other Income	33	-
Anti Detriment Deduction	(63)	-
Death or Invalidity Assurance	(1,192)	(1,070)
	(81,620)	(50,305)
Base for determining tax expense	93,057	63,765
Movement in timing differences		
Creditors & Accruals	(5,074)	-
Income from investments	615	(1,634)
	88,598	62,131
Base for determining tax payable	88,598	62,131
Income tax expense calculated at 15% comprises:		
Current income tax payable before tax credits	13,289	9,319
Less: Tax Credits	(980)	(897)
Current Income Tax Payable	12,309	8,422
Under/Over Provision for Last Year	(1)	732
Deferred Income Tax Expense	669	246
Income tax expense	12,977	9,400
Current Tax Payable	12,309	8,422
Less: Installment Paid	(4,214)	(3,492)
Provision for income tax	8,095	4,930

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

6. LIABILITY FOR ACCRUED BENEFITS

	2000	1999
	\$'000	\$'000
(a) Changes in the Liability for Accrued Benefits		
Liability for Accrued Benefits – at Beginning of the Year	315,360	228,514
Add: Benefits Accrued as a Result of Operations	161,250	104,390
Less: Benefits Paid		
- Members' Accounts	(33,521)	(17,217)
- Death or Invalidation Reserve	(782)	(327)
Liability for Accrued Benefits - at End of Year	442,307	315,360
(b) Funds Not Yet Allocated to Members' Accounts	2,017	1,205

Funds not yet allocated to members' accounts relates mainly to:

1. Timing differences between the receipt of cash and receipt of information required for allocation; and
2. Timing differences between investment earnings & investment distribution.

Division A

(c) Movement in Administration Reserve

Balance at the Beginning of the Year	-	-
Transfer from Members' Accounts	3,555	-
Administration Fee Paid	(1,776)	-
	1,779	-

(d) Movement in Death or Invalidation Reserve

Balance at the Beginning of the Year	2,688	2,015
Transfer from Members' Accounts	1,256	1,000
Death or Invalidation Benefits Paid	(782)	(327)
Balance at the End of the Year	3,162	2,688

The Scheme's actuary, Martin Stevenson of William M Mercer, has stated that there is a strong probability that the Death or Invalidation Reserve at 30 June 2000 is adequate to meet the claims which have arisen prior to that date but had not been settled by 30 June 2000.

7. INVESTMENT INCOME

DIVISIONS A & F

Interest	4,926	1,883
Dividends	6,491	9,942
Other	(1,599)	(7)
Total	9,818	11,818

DIVISION E

Interest	160	127
Total Investment Income	9,978	11,945

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

8. CHANGES IN NET MARKET VALUE

30 JUNE 2000

	HELD AT REPORTING DATE \$'000	REALISED DURING THE YEAR \$'000	TOTAL \$'000
<i>Divisions A & F</i>			
Short Term Investments	34	140	174
Australian Fixed Interest	2,123	(341)	1,782
Australian Equities	11,978	708	12,686
International Investments	(473)	12,734	12,261
Property Trusts	29	1,133	1,162
	<u>13,691</u>	<u>14,374</u>	<u>28,065</u>
<i>Division E</i>			
BT Stable Capital Fund	1,857	286	2,143
BT Retirement Fund	4,140	548	4,688
	<u>5,997</u>	<u>834</u>	<u>6,831</u>
Total	<u><u>19,688</u></u>	<u><u>15,208</u></u>	<u><u>34,896</u></u>

30 JUNE 1999

	HELD AT REPORTING DATE \$'000	REALISED DURING THE YEAR \$'000	TOTAL \$'000
<i>Divisions A & F</i>			
Short Term Investments	96	683	779
Australian Fixed Interest	(3,262)	(210)	(3,472)
Australian Equities	6,596	(252)	6,344
International Investments	546	9	555
Property Trusts	(664)	-	(664)
	<u>3,312</u>	<u>230</u>	<u>3,542</u>
<i>Division E</i>			
BT Stable Capital Fund	1,859	120	1,979
BT Retirement Fund	3,157	125	3,282
	<u>5,016</u>	<u>245</u>	<u>5,261</u>
Total	<u><u>8,328</u></u>	<u><u>475</u></u>	<u><u>8,803</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

9. FUNDING ARRANGEMENTS

Compulsory Employer Contributions

The percentage of salary or wages of employees prescribed as the rate of compulsory employer (Superannuation Guarantee) contributions between 1 July 1999 to 30 June 2000 was 7% (1999: 7%).

Optional Employer Contributions

Employers may make additional contributions to the Scheme for employees in respect of whom compulsory employer contributions are being made.

Optional Member Contributions

Employees as defined in the Act, may make voluntary contributions to the Scheme in the form of periodical payments or single payments. Payments include benefits transferred or rolled over from another superannuation fund, approved deposit fund, or retirement savings account.

10. INVESTMENT STRATEGY SELECTION

Division A & F

Members can choose from five different options in determining their investment strategy. If a member subject to member protection has not chosen a particular investment strategy the account balance is invested in the Cash Plus strategy. If a member with an account balance greater than \$1,000 has not chosen a particular investment strategy, an automatic investment strategy selection will be made on the basis of the member's age as shown below.

INVESTMENT STRATEGY	MEMBERS AGE GROUP
High Growth	No automatic allocation. Must be selected by members.
Diversified	Members aged 18 – 45
Balanced	Members aged 46 – 54
Capital Guarded	Members aged 55 and over
Cash Plus	Automatic strategy for accounts under \$1,000 (subject to 'member protection'). Must be selected by other members.

Division E

Members must elect to invest in BT or Westpac Cash Management. Members electing BT are able to nominate the proportion to be invested in either the BT Stable Capital Fund or BT Retirement Fund.

From 1 July 1999, Division E members had the option of investing in the same investments strategy options as Division A and F members.

11. GUARANTEED BENEFITS

No guarantees have been made in respect of any future payments to members concerning accrued benefits.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

12. VESTED BENEFITS

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

	2000	1999
	\$'000	\$'000
Vested benefits as at 30 June	<u>435,349</u>	<u>311,467</u>

13. CASH FLOW INFORMATION

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash represents cash at bank. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2000	1999
	\$'000	\$'000
Cash at Bank	<u>10,585</u>	<u>16,745</u>

The Scheme does not have any credit standby arrangements or loan facilities.

(b) Reconciliation of Benefits Accrued as a Result of Operations to Net Cash Flow from Operating Activities

Benefits Accrued as a Result of Operations	161,250	104,390
Benefits Paid	(34,303)	(17,544)
Investment Revenue	(43,541)	(20,000)
Non-bank Other Income	-	(3)
Benefits Paid from Investment	-	229
	<u>83,406</u>	<u>67,072</u>
Changes in Assets and Liabilities		
Decrease / (Increase) in Receivables	(6,530)	132
Increase / (Decrease) in Creditors	(2,677)	2,631
Increase / (Decrease) in Provision for Income Tax	3,165	(1,313)
Increase / (Decrease) in Provision for Deferred Income Tax	669	246
Non-Cash Receivables/Payables	<u>2,206</u>	<u>(1,057)</u>
Net Cash Flow from Operating Activities	<u>80,239</u>	<u>67,711</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

14. FINANCIAL INSTRUMENTS

The information pertaining to financial instruments set out below is made in accordance with the provisions of AAS33 "Presentation and Disclosure of Financial Instruments".

For the purpose of these financial statements, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include both primary instruments (such as receivables, payables and equity securities) and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements and interest rate and currency swaps). The Scheme's monies are invested in a variety of financial instruments included in the asset classes summarised in Note 2.

(i) Credit Risk Exposures

The net market value of financial assets, including derivatives, included in the financial report represents the Scheme's exposure to credit risk in relation to those assets.

The Scheme does not have any significant exposure to any individual counterparty or industry. Its assets are invested by individual investment managers and in specific investment trusts.

(ii) Liquidity Risk Exposures

Liquidity risk is the risk that there are insufficient liquid assets available to pay the beneficiaries of the Scheme. This risk is managed by assessing, on both a short term and long term basis, the Scheme's cash flow requirements.

(iii) Currency Risk Exposures

Exposure to foreign exchange rate movements at 30 June 2000 is contained in the International Investment Trusts.

(iv) Derivatives

Derivatives are used in managing portfolios as a hedge against market movements in the values of physical assets and as a means of effecting a change in the asset mix of the investment portfolio of the Scheme. Derivative instruments currently used are futures contracts, exchange traded options, forward rate agreements and foreign exchange contracts.

All derivative contracts are written against cash, physical securities or other specific commitments and are not leveraged. Derivatives are not used for speculative purposes. These activities are undertaken within authorised and clearly defined limits.

At reporting date, the nominal principal amounts and net fair value of derivatives held by the Scheme are as follows:

14. FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2000	Notional Principal Amounts \$'000	Net Market Value \$'000
Australian Fixed Interest Futures	2,144	(1)

30 June 1999	Notional Principal Amounts \$'000	Net Market Value \$'000
Australian Fixed Interest Futures	4,956	(4)
Australian Share Price Index Futures	372	(1)
	5,328	(5)

(v) Interest Rate Risk

The Scheme invests in financial assets for the primary purpose of obtaining a return on investments on behalf of its members. The Scheme's investments are subject to interest rate risks and the return on the investments will fluctuate in accordance with movements in the market interest rates.

(vi) Net Fair Values Disclosures

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash, cash equivalents and short term investments: The carrying amounts approximate fair value because of their short term maturity.

Non-current investments/securities: For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset, adjusted for transaction costs necessary to realise the asset. For investments where there is no quoted market price, the last sale price or calculated underlying value is used, adjusted for transaction costs.

15. RELATED PARTY INFORMATION

The Trustee of the Scheme is LGSS Pty Limited. The names of the directors of LGSS Pty Limited in office during the year ended 30th June 2000 are as follows:

Employer representatives

Cr P Woods OAM	
Cr J Wearne	
Ms B O'Connor	Appointed 8/9/99
Mr L Kelly	Appointed 8/9/99
Cr D Campbell	resigned 31/8/99
Cr E Carolan	resigned 8/9/99

Employee representatives

Mr I Robertson	
Mr G De Courcey	resigned 22/10/99
Mr M O'Connell	Appointed 22/10/99
Mr J Ernst	Appointed 18/10/99
Mr B Mason	Appointed 18/10/99
Mr G Humphries	resigned 8/9/99
Mr J Merchant	resigned 8/9/99
Mr W Smith	appointed 8/9/99 resigned 18/10/99
Ms S Terpstra	appointed 8/9/99 resigned 18/10/99

15. RELATED PARTY INFORMATION (CONTINUED)

	2000	1999
	\$	\$
(a) Remuneration Received or Due and Receivable by Directors of LGSS Pty Limited (for both Pool A and Pool B)	<u>127,916</u>	<u>161,587</u>
(b) Number of Directors whose total income falls within each successive \$10,000 band of income:		
\$ 0 - \$ 9,999	11	3
\$ 10,000 - \$ 19,999	1	-
\$ 20,000 - \$ 29,999	2	2
\$ 30,000 - \$ 39,999	1	2
\$ 40,000 - \$ 49,999	-	1
	<u>15</u>	<u>8</u>

(c) Transactions entered into during the year with Directors and their related entities

There have been no transactions between the directors and the Scheme, except for the payment to the directors for services rendered in relation to their duties as directors of LGSS Pty Limited, and for the reimbursement of administration costs incurred by the directors whilst attending to Trustee business.

Independent Report by Approved Auditor

To the Trustee and Members of
Local Government Superannuation Scheme Pool A

A) Financial statements

Scope

I have audited the financial statements of Local Government Superannuation Scheme Pool A for the year ended 30 June 2000 as set out on pages 3 to 18 attached. The scheme's trustee is responsible for the financial statements. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of the scheme.

My audit has been conducted in accordance with Australian Auditing Standards issued by the Australian Accounting Research Foundation issued by the Australian Accounting Research Foundation on behalf of CPA and the Institute of Chartered Accountants in Australia to provide reasonable assurance whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards issued by the Australian Accounting Research Foundation on behalf of CPA and the Institute of Chartered Accountants in Australia, and other mandatory professional reporting requirements, so as to present a view which is consistent with my understanding of the scheme's financial position, the results of its operations and its cash flows.

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

Audit opinion

In my opinion, the financial statements present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of Local Government Superannuation Scheme Pool A as at 30 June 2000 and the results of its operations and its cash flows for the year ended 30 June 2000.

B) Compliance

Scope

I have conducted tests in accordance with Australian Auditing Standards as necessary to provide reasonable assurance whether the trustee of the Local Government Superannuation Scheme Pool A has, in all material respects:

- a) complied with the relevant requirements of the following provisions (to the extent applicable) of the Superannuation Industry (Supervision) Act 1993 and Regulations:

sections 19(2), 19(3), 36, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 111, 112, 113, 117, 118, 121, 122, 124, 125, 152, 153, 154, 163, 169;

regulations 2.10(1), 2.13(1), 2.21(3), 2.33(2), 2.43(1), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and

- b) adhered to the Guidelines for preparing Risk Management Statements ("Guidelines") issued by APRA in Circular II.D.7 on Derivatives (to the extent applicable)

for the year ended 30th June 2000.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

My procedures with respect to regulation 6.17 included testing whether amounts identified by the trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations.

My procedures with respect to the Guidelines consisted of confirming whether any Risk Management Statements was to be prepared by the scheme's trustee under the Guidelines contained in APRA Circular II.D.7 at any time during the year of income. These procedures indicated that only a Part A Risk Management Statement should be prepared by the scheme's trustee. This has been prepared and is broadly consistent with the requirement of the Guidelines.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the Superannuation Industry (Supervision) Act 1993 and Regulations or Guidelines apart from those specified. The scheme's trustee is responsible for complying with the Superannuation Industry (Supervision) Act 1993 and Regulations and appropriately applying the Guidelines.

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

Qualification

The following requirement of the Superannuation Industry (Supervision) Act and regulations have not been complied with during the year for the following reasons:

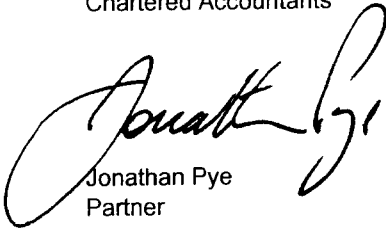
- Under S.36 an approved return must be lodged with APRA within four months following the year end. This year's return was not lodged until January 2001.

Qualified audit opinion

In my opinion, except for the matter referred to in the qualification paragraph, the trustee of Local Government Superannuation Scheme Pool A has complied, in all material respects, with the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and applied the Guidelines specified above for the year ended 30 June 2000.



Arthur Andersen
Chartered Accountants



Jonathan Pye
Partner

Sydney, 28 December 2000

Independent Report by Approved Auditor

To the Trustee and Members of
Local Government Superannuation Scheme Pool A

A) Financial statements

Scope

I have audited the financial statements of Local Government Superannuation Scheme Pool A for the year ended 30 June 2000 as set out on pages 3 to 18 attached. The scheme's trustee is responsible for the financial statements. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of the scheme.

My audit has been conducted in accordance with Australian Auditing Standards issued by the Australian Accounting Research Foundation issued by the Australian Accounting Research Foundation on behalf of CPA and the Institute of Chartered Accountants in Australia to provide reasonable assurance whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards issued by the Australian Accounting Research Foundation on behalf of CPA and the Institute of Chartered Accountants in Australia, and other mandatory professional reporting requirements, so as to present a view which is consistent with my understanding of the scheme's financial position, the results of its operations and its cash flows.

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

Audit opinion

In my opinion, the financial statements present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of Local Government Superannuation Scheme Pool A as at 30 June 2000 and the results of its operations and its cash flows for the year ended 30 June 2000.

B) Compliance

Scope

I have conducted tests in accordance with Australian Auditing Standards as necessary to provide reasonable assurance whether the trustee of the Local Government Superannuation Scheme Pool A has, in all material respects:

- a) complied with the relevant requirements of the following provisions (to the extent applicable) of the Superannuation Industry (Supervision) Act 1993 and Regulations:

sections 19(2), 19(3), 36, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 111, 112, 113, 117, 118, 121, 122, 124, 125, 152, 153, 154, 163, 169;

regulations 2.10(1), 2.13(1), 2.21(3), 2.33(2), 2.43(1), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and

- b) adhered to the Guidelines for preparing Risk Management Statements ("Guidelines") issued by APRA in Circular II.D.7 on Derivatives (to the extent applicable)

for the year ended 30th June 2000.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

My procedures with respect to regulation 6.17 included testing whether amounts identified by the trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations.

My procedures with respect to the Guidelines consisted of confirming whether any Risk Management Statements was to be prepared by the scheme's trustee under the Guidelines contained in APRA Circular II.D.7 at any time during the year of income. These procedures indicated that only a Part A Risk Management Statement should be prepared by the scheme's trustee. This has been prepared and is broadly consistent with the requirement of the Guidelines.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the Superannuation Industry (Supervision) Act 1993 and Regulations or Guidelines apart from those specified. The scheme's trustee is responsible for complying with the Superannuation Industry (Supervision) Act 1993 and Regulations and appropriately applying the Guidelines.

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

Qualification

The following requirement of the Superannuation Industry (Supervision) Act and regulations have not been complied with during the year for the following reasons:

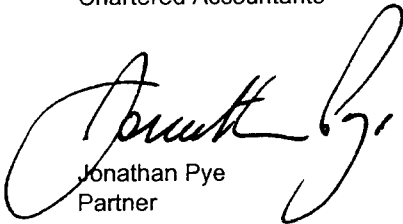
- Under S.36 an approved return must be lodged with APRA within four months following the year end. This year's return was not lodged until January 2001.

Qualified audit opinion

In my opinion, except for the matter referred to in the qualification paragraph, the trustee of Local Government Superannuation Scheme Pool A has complied, in all material respects, with the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and applied the Guidelines specified above for the year ended 30 June 2000.



Arthur Andersen
Chartered Accountants



Jonathan Pye
Partner

Sydney, 28 December 2000