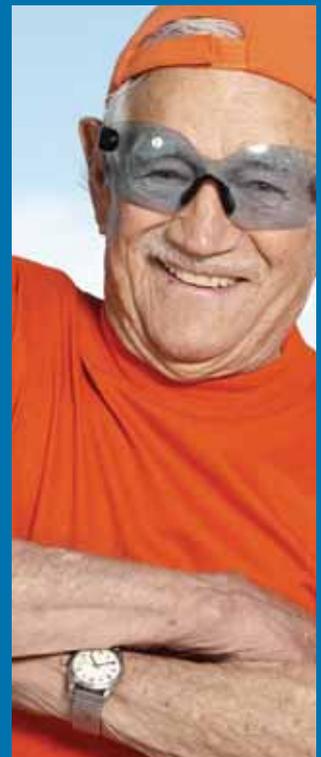


looking to a **BRIGHTER** future



Annual Report 2005

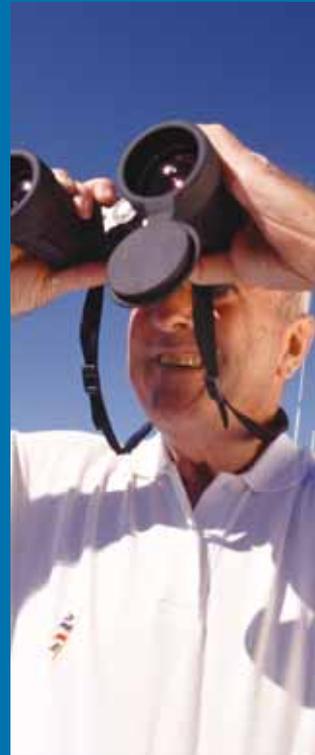


LOCAL GOVERNMENT®  
SUPERANNUATION SCHEME

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// Solid and consistent returns help you look to a brighter future. //

## Letter from the Chair

### Dear Member,

On behalf of the Board, I have great pleasure in presenting the Local Government Superannuation Scheme's 2005 Annual Report.

The 2004/5 financial year has been a rewarding year for our members, especially for those invested in strategies that had a high exposure to local shares.

Members of the Retirement and Defined Benefit Schemes enjoyed a return of 14.2% for the year. The "Balanced" investment option, which is used by most Accumulation Scheme members, returned 11.9% for the year. A detailed report on how the different investment strategies performed can be found on pages 12-15.

It's also been a good year for your Scheme generally and a very busy one. We have made several advancements in our continuous drive to improve our products and services to you. It's all part of looking to a brighter future.

During the financial year, we reviewed the Scheme's Australian share portfolio in order to further diversify the number of fund managers we use and provide better returns to you over the long-term. As a result, BT, ABN AMRO, Orion and Perennial were added to the list of managers looking after your money.

We also acquired new administration technology and have taken the Scheme's administration in-house. Thank you for your patience during this period of transition. Our goal is to provide you with a better and more comprehensive service once we finalise this project.

In order to follow what's viewed as best practice in the superannuation industry, we have also started to report Accumulation Scheme account balances in units. Indeed, you may have noticed that your recent annual statement looked slightly different and for the first time detailed how many units you have in the Scheme and the value of those units.

To help you better secure your financial future, the number of Financial Planners we have on staff has been increased and we have introduced an Estate Planning service. We've also added considerably to the savings you can enjoy through our Fair Go Member Benefits Program. Our Financial Planners are salaried unlike some institutions that allow advisers to chase personal commissions often at members' expense.

The introduction of Choice of Superannuation Fund on July 1, 2005, grabbed newspaper headlines, but appears not to have been much of an issue to most of our members. Members are, no doubt, aware of the many benefits they enjoy by being part of this Scheme. In particular, its consistently strong investment performance and the low costs that are achieved because the Scheme is owned by its members. We are a 'profit to members' Scheme unlike many institutions that are 'profit to their company shareholders'.

When it comes to superannuation, long-term investment performance is what really matters. Over time, solid and consistent earnings, without high costs eating into them can make a huge difference in how much one has to retire on. It's all about looking to a brighter future and planning for it.

The Board and I look forward to continuing to serve you and thank you for your ongoing support.

**Peter Woods OAM**

Chair

Local Government Superannuation Scheme



# Highlights of 2004/2005



## Our results are looking to a brighter future for you:

- Assets up by \$0.6 billion
- 14.2% return for the Retirement and Defined Benefit Schemes
- 11.9% return for the Balanced investment option
- Acquisition of Local Government Financial Services from the Local Government & Shires Associations

During the year, your Scheme benefited from a number of positive changes, which continue to enhance the outlook for your future. Some of the most important highlights are:

- Your Scheme continues to grow. It had assets of almost \$4.4 billion at the end of June 2005, compared to \$3.8 billion a year earlier, and its membership stood at 95,138. It is also part of a grouping of superannuation schemes that together have more than 135,000 members and over \$8.2 billion in funds under management. This gives us the economies of scale and buying power to keep our fees low and to deliver a range of quality products and services that help you improve your financial well-being.
- Your Scheme acquired Local Government Financial Services from the Local Government & Shires Associations. The purchase was considered a strategic investment opportunity for the Scheme, but will also allow Councils to leverage off the Scheme's investment expertise and to benefit from its large infrastructure and support network.
- Your Scheme has been expanding its support network for members in regional NSW by officially launching a Newcastle office last year. As part of our continuous drive to further enhance services to members, we will be phasing-in personalised "case management" at our regional offices. This means that instead of talking to different people each time you contact the Scheme about issues such as exits and insurance, you will deal with the one person. This move is expected to improve the speed and efficiency with which your requests are handled.

- In line with what is considered best practice in the superannuation industry, we have commenced reporting your account balances to you in units. As you may have noticed, the recent statement we sent you now includes details of the number and value of units you hold in this Scheme. From an administration standpoint, units provide a faster and far more efficient means of reporting to you.
- A study completed at the end of last year by independent research house, Woolcott Research, found that members in our Scheme are far more satisfied with their super funds than most NSW workers. In fact, 51% of our members were extremely satisfied with their Scheme compared to only 37% of other NSW workers.
- On the communications front, the Scheme's 'Your toll-free retirement roadmap Highway 58' campaign recently received a Merit Award in the Australian Superannuation Funds Association's 2005 Communication Awards. Your Scheme also won a silver medal at the Conference of Major Superannuation Funds Communication Awards for its 'Creating Wealth' Handbook earlier in the year.





// Looking to a brighter future involves planning. //

## Important events and **looking ahead**

- Over the past few months, the administration of this Scheme, which had previously been outsourced, has been taken in-house. As part of this move, we have also upgraded our technology. This has been a mammoth project and we've appreciated your patience along the way. For members, this initiative means better online functionality and faster access to information. For employers, it means that your dealings with the Scheme will be more secure, streamlined and efficient.
- Retirement Scheme members can now enjoy two enhancements. First, we now allow them, if their employer agrees, to make their compulsory member contributions by way of salary sacrifice. They can also make either pre-tax and/or post-tax optional "top-up" contributions. This will help ensure that members are able to make superannuation contributions in a more tax efficient manner. Secondly, Retirement Scheme members are now offered Member Investment Choice, which allows them to better cater for their specific investment needs and risk profile. They can either remain in the Trustee Selection option, or they can choose an investment option more suited to their circumstances from the same menu available to members of the Accumulation Scheme. For more information on these changes, please see the Product Disclosure Document on our website at [www.lgsuper.com.au](http://www.lgsuper.com.au).
- 'Choice of Superannuation Fund' was introduced in July, although not all members are eligible for it. The publicity surrounding its introduction, however, has highlighted the advantages of being in an industry fund. It has encouraged members to examine the many benefits of this Scheme, including its low fees and consistent investment returns. What have also made us stand out are the many services available to members at no additional cost. Services such as seminars, financial planning, work site visits and access to conveniently located regional offices.
- We are making a special offer to members who have left (or are leaving) the employ of one of our sponsoring employers/Councils. Once they leave, these members are no longer able to continue contributing to the Scheme even though many would like to. These members can now remain part of our group by migrating to FuturePlus Super, our public offer fund. Members who take up this offer will be charged NO entry or exit fees and will NOT lose any of their benefits such as automatic insurance cover. They will also enjoy the benefit of our new Case Management process, providing a single point of contact for any enquiries they may have.
- The Federal Government recently introduced, with effect from 1 July 2005, an option for individuals who are aged at or over preservation age and still working to access their superannuation benefit as a non-commutable pension. Under the policy, an allocated pension cannot be commuted and cashed out as a lump sum while a person is still working. However, once a person retires or reaches age 65 they can commute the pension and access their full benefits. Please contact Member Services if you require further information on this matter.
- Your Scheme has been expanding its support network for members in regional NSW. Last July, we officially launched our Newcastle Office and plans are well advanced to open in Parramatta next year.
- You will soon be able to make a binding nomination of beneficiary payable to your estate. A binding nomination is a facility that allows members to choose who should receive their superannuation benefits in the event of their death. The Scheme's Trustees are then bound by the member's nomination.



# Services to members



## We're looking to improving services to make your future brighter:

As a member of the Local Government Superannuation Scheme, you belong to a Scheme that is run exclusively for Local Government employees in NSW.

We offer you a broad range of services designed to make your future brighter. Some of these include:

- Low fees
- A track record of impressive investment returns
- Access to financial planning at no additional cost
- Flexibility in your investment strategy
- A great range of insurance options
- Savings through our Fair Go Member Benefits Program
- Pre-retirement seminars (for members aged 50 or over)
- Retirement workshops (for members two years away from retirement)
- Wealth creations seminars (to help you build your wealth at any age)
- A competitive home loan service
- Extensive work site visits
- Call Centre support to answer your questions
- Access to Client Services staff and financial planners at our Sydney office and regional network including in Lismore, Newcastle, Orange, Wagga Wagga, Wollongong, Albury\* and Goulburn\*. A new regional office will open in Parramatta next year.
- A comprehensive range of tools and calculators on the internet to help you determine your ideal investment strategy, work out a budget, calculate insurance premiums and estimate your superannuation benefit and allocated pension options at retirement

- Member communications to keep you up-to-date, including newsletters, statements and Annual Reports.

For more information on these services and to check whether you are making the most of all the services available to you, call a Member Services Officer on **1300 369 901**.

*\*Note: Albury and Goulburn offices are staffed one day per month - bookings are essential on 1300 369 901.*

### Fair Go Member Benefits Program

To help you save money (and accumulate more for your retirement), your Scheme has negotiated a range of special offers and packaged them for you in the Fair Go Member Benefits Program.

Over the past financial year, the range of special deals and discounts included in the program has been significantly expanded. One of our most recent additions is the Fair Go Will Service which allows you to create your Will online - for as little as \$20!<sup>1</sup>

Two options are available:

#### ■ Do-It-Yourself Wills

You can now create your Will online at home with the Fair Go DIY Will. This lawyer-approved product is written in plain English with step-by-step directions and explanations.

#### ■ Solicitor Wills<sup>2</sup>

The Solicitor Will facility follows the same principle as the DIY option, however, at the end of the process, you submit it electronically to a solicitor for legal checking and approval.

<sup>1</sup> Price refers to DIY Will for a single person.

<sup>2</sup> Members are also able arrange an appointment with a firm of solicitors via an arrangement with the USU.





// We now have more financial planners to help you plan for a brighter future. //

The Fair Go program also offers you discounts and special deals on:

- Health insurance
- Non-prescription pharmaceutical items
- Regional air travel with Regional Express
- Car rentals
- Mobile packages and products
- Telephone calls and Internet services
- Accommodation deals across Australia and in New Zealand
- Lifestyle products and services such as wine packages, gym membership and a host of recreational and tourist facilities in NSW.

For full details, ask for a copy of the Fair Go brochure. Call Member Services on **1300 369 901**.

### Financial Planning

As a member of this Scheme, you are entitled to talk to a financial planner at no additional cost to yourself to discuss how to build your wealth and plan for your retirement. During the year, we have increased the number of planners we have on hand to assist you and we've also added an Estate Planning service. All our financial planners are salaried employees and earn no commission on the advice they provide, so their advice is impartial.

Our financial planners can work through your individual needs and, where appropriate, prepare a comprehensive financial plan for you.

Members can make an appointment to see a financial planner at any one of our six regional offices or two satellite offices. Contact Member Services on **1300 369 901**, or visit the Local Government Superannuation Scheme website [www.lgsuper.com.au](http://www.lgsuper.com.au) to find out more.

### Seminars

You may have noticed that the number of seminars we conduct each year has been increased. These seminars are presented by our team of friendly Account Managers at work sites and at local venues on subjects including:

- Retirement
- Redundancy
- Non-super investment savings
- Tax and social security
- Budgeting
- Superannuation
- Wealth Creation

Our seminar program is available on our website at [www.lgsuper.com.au](http://www.lgsuper.com.au) and you can book your place at one of these events by calling Member Services on **1300 369 901**.

### Member Services Contact Centre

The most common way for members to contact us is by phone, through our Member Services Contact Centre.

All our Member Services Officers have completed an extensive training and induction program so that they can provide members with accurate and appropriate information. They are graded using both internal and external criteria to ensure they are offering the highest quality service.



# Services to members - continued



## We have taken administration in-house.

Our aim is to greatly enhance services to you. Thank you for your patience during this transition.

The Member Services Contact Centre also complies with Financial Services Reform requirements. To speak to a Member Services Officer simply call **1300 369 901**.

### Regional offices

We have offices in the following locations:

Sydney	28 Margaret Street
Orange	187 Summer Street
Wagga Wagga	2/209 Baylis Street
Wollongong	Shop 2, 60 Burelli Street
Lismore	81-83 Molesworth Street
Newcastle	161 King Street
Albury*	429 Swift St
Goulburn*	148 Auburn St

*\*By appointment only. These offices are staffed for one day a month only. It is essential that you phone 1300 369 901 to book an appointment..*

### Low cost home loans

Chifley Financial Services, which is partly owned by your Scheme, provides a range of highly competitive home loans to members. It offers you low interest rates and a choice of loans to suit your circumstances. Other features include:

- \$0 Application fee\*
- \$0 monthly account keeping fee
- \$0 Split loan fee
- \$0 Electronic redraw fee
- A redraw facility

The loan terms are transparent to ensure members always understand the loan conditions. For more information, call Chifley on **1800 800 002**.

*\* All fees and charges including full details of the matters set out below will be disclosed in any loan contract. Loan setup: There will be additional costs and charges and the amount payable will depend on whether or not the loan proceeds. Although there is no loan document preparation fee, some charges such as valuation fees and costs charged by the lender's solicitors are payable. These charges may be non-refundable should the loan be approved and not proceeded with. Early repayment: An early repayment fee may be payable.*

*Chifley Financial Services Limited (ABN 75 053 704 706), trading as Chifley Home Loans, are provided through an agreement with AMS Limited (AMS) which is responsible for arranging of loans and product development. Effective 1 December 2003, AMS has appointed as its agent AFIG Wholesale Pty Limited (AFIG) as Mortgage Servicer to manage the processing and administration functions. Chifley Home Loan is does not guarantee the obligations of AMS Limited or any of its appointed agents (i.e. AFIG). Chifley Financial Services Limited is also an Australian Financial Services Licensee (AFSL 231148).*

### Website calculators and services

Our website offers a comprehensive range of tools and calculators to help members work out possible solutions relating to their own personal circumstances. These include:

- Risk Profiling questionnaire;
- Superannuation and Allocated Pension calculator;
- Insurance Premium calculators;
- Salary Continuance calculator; plus
- Other calculators available through FuturePlus ([www.futureplus.com.au](http://www.futureplus.com.au)) which can help members with budgeting, working out borrowing limits, insurance, loans, term deposit, and looking at whether to rent vs. buy.

To register for web access, simply go to [www.lgsuper.com.au](http://www.lgsuper.com.au) and click on the web access registration link.





// Small steps taken now  
to save for retirement can  
make a big difference later. //

### Website improvements

As part of our continual drive to enhance our services to you, we have upgraded our technology and taken the management of our administration system in-house. This means that we can now offer you greatly enhanced online capabilities. You will soon be able to go online and view up-to-date account details, including your latest salary benefit points and benefit estimates. Register yourself at [www.lgsuper.com.au](http://www.lgsuper.com.au) to ensure you benefit from these changes.

### It's never too early to get switched-on to saving for retirement

For some people, retirement may seem a long way off, but time has a nasty habit of flying by. Small steps taken now to save for retirement can make a big difference later. The best way to build wealth is to start investing as early as possible and to allow your investments to grow by earning interest.

The alternative to saving for your retirement is to rely on the aged pension. Currently, the pension provides around \$12,711 a year for a single person and \$21,226 a year for a couple. Difficult to live on? Certainly, which is why saving for an independent retirement is so important.

Another consideration is that these days, people are living longer and will therefore enjoy longer periods of retirement than their predecessors. Sounds great, but to fully enjoy the opportunities your retirement might offer will require funding. And that funding will only be available if you plan now.

If you're female, saving and planning for retirement is even more important, since statistics show that the life expectancy for women is even greater than that for men.

As we've already said, the earlier you start investing, the more you will save. One reason for this is that you expose more money to the benefits of compounding – allowing interest to be earned not only on the money you invest, but also on the interest it earns. That's interest on capital as well as interest on interest.

Saving for retirement through superannuation has many advantages, including:

- You can add to your investment on a regular basis.
- Access to your investment is restricted so you can't be tempted to spend it before you retire.
- You may receive Government incentives for making personal contributions.
- Superannuation offers you many tax advantages.

Some of the tax advantages of saving through superannuation:

- Super fund earnings are taxed at 15% and the actual tax paid is often less because of tax deductions and tax offsets, making the tax rate much lower than most people's marginal rate.
- Capital gains on superannuation investments are effectively taxed at 10%.
- There's a lower tax rate on lump sum payments after you turn 55. In most cases, you would be able to receive at least \$129,000 tax-free.
- There are tax concessions on pensions which could see you receive about \$27,000 tax-free in an allocated pension or annuity.

Because of these tax advantages, you may be able to accumulate more through super than through other investment alternatives.

As always, however, before making any financial decision, it is best to seek advice from a qualified financial planner so that your decision best reflects your particular circumstances. FuturePlus Financial Services, your Scheme's service provider, has a team of financial planners available to assist you.





## Local Government Superannuation Scheme is off to a good start with the three investment options rated by SuperRatings –

High Growth, Balanced and Capital Guarded - producing top quartile performances over the previous twelve months.

### We are being rated against our peers

This Scheme has recently signed up with one of the leading superannuation fund ratings agencies so that we can compare ourselves to the rest of the superannuation marketplace using their independent assessment expertise.

So far there's great news from SuperRatings, which monitors investment performance for over 60 of the major superannuation funds in Australia. Its latest figures show that the Local Government Superannuation Scheme is off to a good start with the three investment options rated by SuperRatings – High Growth, Balanced and Capital Guarded - producing top quartile performances over the previous twelve months.

8

### Peace of mind through insurance

What would happen if you passed away suddenly or were badly injured? Would your family, already placed under emotional distress, also face financial difficulties?

Most members of the Local Government Scheme enjoy insurance cover (check with Members Services to find out what type of cover you have), but will your present level of cover be enough to pay off your debts or ensure your family is provided for without having to their standard of living?

As unpleasant as they are, these important questions could prevent you and your family from suffering unnecessary hardship in the future.

Insurance is vital part of any wealth creation plan, because it helps to protect your assets, your security and your family. This is why your Scheme provides Voluntary Insurance Cover through its insurer PrefSure Life Ltd. The types of cover provided under this policy are:

### Lump Sum and Death Benefit

Lump Sum and Death Benefit cover will pay a lump sum if you die. You choose the level of cover you want up to a certain maximum.

### Life and Total and Permanent Disability (TPD) insurance

Life and TPD insurance will pay a lump sum if you die or become totally and permanently disabled. You choose the level of cover you want. For example, you may choose to receive a lump sum sufficient to discharge any outstanding debts or you may go for a bigger amount which can be invested to help meet any ongoing regular income needs of your survivors. The premium you pay will be determined by the level of cover you've chosen, your age and the type of work you do.

### Salary Continuance

Salary Continuance insurance helps replace your regular salary or earnings if you are unable to work for a period of time due to illness or accident, by providing a regular income stream for a set period of time.

You select the:

- Percentage of current gross salary or earnings that you wish to insure, up to a maximum of 75% of salary and 9% superannuation guarantee contributions subject to a maximum of \$240,000 per annum.
- Waiting period (90 days) that applies before the insurer starts paying you an income stream.
- Length of time over which the benefit is paid - for example two years or to 65 years old.





// Insurance is a  
vital part of any wealth  
creation plan... //

The premium you pay will be affected by these variables. However, premiums for Income Protection are tax deductible and benefit payments will form part of your assessable income.

Remember that applications for Voluntary Insurance are subject to approval by the Insurer. For full terms and conditions of this Insurance please contact Member Services.

### Super and insurance

One way to obtain life, TPD or Income Protection insurance is through your Scheme. The benefit of doing this is that the premiums are paid from your superannuation contributions, meaning that you don't pay for the cost of the insurance directly. If you don't want your super savings to be reduced by insurance premiums, you can make a contribution towards your super to pay for insurance. A tax-effective way of doing this is to pay for your premiums using pre-tax dollars via salary sacrifice contributions. You also get to take advantage of the wholesale insurance rates your Scheme has negotiated which are among the cheapest insurance rates available.

### Review your insurance needs regularly

Taking insurance isn't a one-off event. As you move along the path to retirement, part of your planning process should include regular reviews of your insurance needs to ensure that you aren't over or under insured as your needs and circumstances change.

For more information on insurance, contact us on **1300 883 788**. One of our Financial Planners can work with you to determine whether you have the best cover to meet your particular circumstances.

### Balanced Scorecard

The Scheme is now making use of a tool called the Balanced Scorecard in order to ensure that we continue to enhance our services to you and constantly improve our efficiencies.

The Balanced Scorecard is a way of assessing business performance that balances the measures of financial performance, internal operations, innovation and learning, and customer satisfaction. It helps to focus not only on the financial targets, but also on the internal processes, learning and growth issues.

Since it was first introduced by Robert Kaplan and David Norton in 1992, the Balanced Scorecard is used by many major companies around the world as a tool that helps them clarify their vision and strategy and translate these into action. When fully implemented, the Balanced Scorecard is meant to transform strategic planning from an academic exercise into the nerve centre of an organisation.

We trust that you will soon be able to see the results of this tool as we strive to deliver better products and services and to keep our costs down.





**The 2004/2005 financial year was an outstanding one for Australian shares, which posted their second consecutive year of double-digit returns.**

## How the Sectors Performed

The Australian economy showed signs of slowing as the 2004/05 financial year drew to an end. One of the main reasons for this was a tightening in consumer spending on the back of a slump in the housing sector. With the housing market in the doldrums, consumers pulled in their belts and were reluctant to borrow more against their homes.

### Australian shares

The 2004/2005 financial year was an outstanding one for Australian shares, which posted their second consecutive year of double-digit returns. The S&P/ASX 200 Accumulation Index returned 26.2% for the year, its strongest performance in eight years.

The rise was broadly based but underpinned by strong Chinese demand for resources and booming world commodity prices. Resources stocks put in a stellar performance while "Mid Caps" (medium sized companies) outperformed the broader market.

### International shares

International share markets generally performed well for much of financial year, but experienced a volatile June quarter when concerns about US and global growth and rising world oil prices dented investor confidence.

Measured by the Morgan Stanley Capital International (MSCI) World Index, excluding Australia, the major global markets as a group returned less than 1%, well below the strong result of the previous year, expressed in Australian dollar terms.

The best performing region was Europe, while the Japanese market moved sideways. Emerging markets enjoyed another good year.

## Listed property trusts

Members who own residential property may be surprised to learn that your Scheme's returns from property have remained strong. This is because your Scheme invests in Listed Property Trusts (LPTs) and directly in properties such as shopping centres, office buildings and factories, rather than residential property.

In a year dominated by merger and acquisition activity and expansion of its international operations, the LPT sector again produced an excellent annual return, despite a fall in the March quarter. Measured by the benchmark S&P/ASX 200 Property Accumulation Index, the sector returned 18.4%, exceeded only by the broader Australian equity market return. Direct property investments were boosted by strong domestic economic growth, with retail and industrial property putting in the best showing.

## Fixed interest securities

Fixed interest markets produced improved but mixed results in the 12 months to June. The market was dominated at various times by concerns about the strength of domestic and global growth, potential inflationary pressures and rising interest rates. Although official cash rates were raised once by the Australian Reserve Bank (early March) and on several occasions in the US by the Federal Reserve, longer-term bond yields fell in the final six months of the year (i.e. bond prices rose) in both markets, thus boosting returns.

Measured by the UBS Warburg Composite Bond Index, the Australian market returned 7.8% compared with the 5.6% return on cash investments, measured by the UBS Warburg Bank Bill Index. The Australian market again underperformed the 11.6% return to major global fixed interest markets measured by the Lehman Brothers Global Aggregate Index.





// Low fees and great service. They count towards your brighter future. //

## Your Superannuation explained

The Local Government Superannuation Scheme was established on 1 July 1997, to specifically cater for employees of NSW Local Government employers. The Scheme is divided into two Pools (Pool A and Pool B). The diagram at right shows the Scheme's structure. FuturePlus Financial Services provides superannuation and financial services to members of the Scheme and is 50% owned by the Scheme.

### Pool A Consists of the Assets of Three Divisions:

- Accumulation Scheme - Division A
- Executive Scheme - Division E
- Allocated Pension and Rollover Plan - Division F

### Pool B Consists of the Assets of Three Divisions:

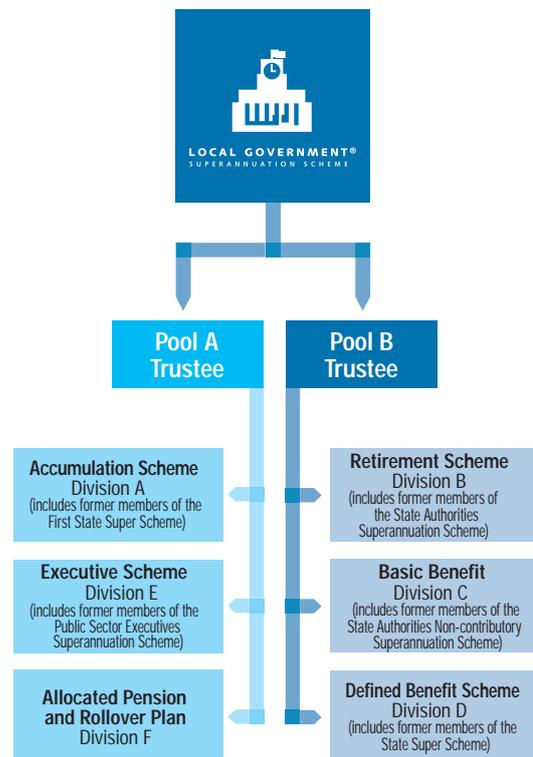
- Retirement Scheme - Division B
- Basic Benefit - Division C
- Defined Benefit Scheme - Division D

The following section lists the strategies for each of the available investment options, along with more detailed information on past performance, asset allocations and definitions. Net earnings rates disclosed in this Report may not be the same as the rate credited to a member's benefit because of the effect of Scheme Administration Fees. Please note that past net earning rates are not an indicator of future net earning rates and that members benefits invested in any particular strategy are not guaranteed and the value of their investment may rise or fall.

The net earnings allotted to your accounts during this Statement period are calculated daily based upon the difference in the applicable unit prices of the underlying investment strategies you are invested in. These unit prices are derived to be the average market value of the investments in your underlying investment strategy after

adjustments for taxes, fees and expenses. You should note that any direct fees, contributions tax or expenses such as insurance premiums are deducted directly from your account and are not taken into account when deriving applicable unit prices.

### Local Government Superannuation Scheme Divisions



For more information go to [www.lgsuper.com.au](http://www.lgsuper.com.au) check the Product Disclosure Statement, or call Member Services on **1300 369 901**.



# Investment Strategies

## High Growth For high investment growth above inflation over the longer term.

### Definition

The High Growth strategy generally invests about 90% of its funds in traditional growth assets, such as Australian and international equities and property. This combination aims to earn high real investment growth above inflation over a minimum period of 10 years. Because the emphasis is on growth, you should keep in

mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short-term.

### Objective

5.5% investment return per annum above inflation over 10 years.

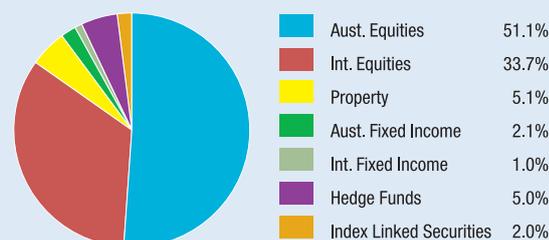
### Risks

There is a significant chance that the investment value may decrease in the short-term. The chance of a negative return in any year is 1 in 3.

### Risk profile

High

Actual Asset Allocation as at 30 June' 2005



## Diversified For real investment growth above inflation over the medium- to long-term.

### Definition

The Diversified strategy generally invests about 70% of its funds in growth assets, such as Australian and international equities and property. This combination aims to earn real investment growth above inflation over a period of 5 years. Because the emphasis is still on growth, you should keep in mind that there may be what

financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short-term. This volatility is not as great as it is in the High Growth strategy.

### Objective

4.7% investment return per annum above inflation over 5 years.

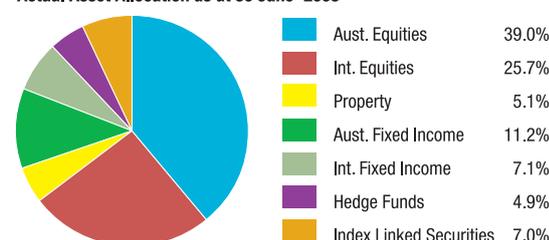
### Risks

There is potential for the value of the investment to decrease in the short-term. The chance of a negative return in any year is 1 in 4.

### Risk profile

High/Medium.

Actual Asset Allocation as at 30 June' 2005



## Balanced For real investment growth above inflation over the medium-term.

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### Definition

The Balanced strategy generally invests about 50% in growth assets and 50% in income-producing assets, such as interest-bearing securities. This combination offers real investment growth above inflation over 3 years. There are more assets that produce income, which makes the strategy more

stable than the High Growth and Diversified strategies.

### Objective

4% investment return per annum above inflation over 3 years.

### Risks

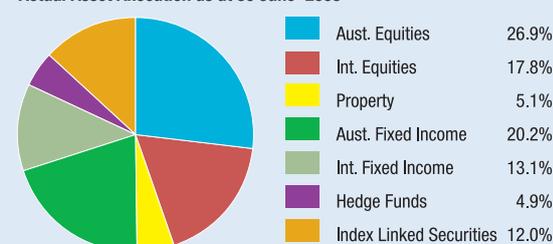
Although the emphasis is on spreading your investment over various asset classes,

there is a possibility that the value of the investment will decrease in the short-term. The chance of a negative return in any year is 1 in 5.

### Risk profile

Medium.

Actual Asset Allocation as at 30 June' 2005



## Capital Guarded For shorter term investing with good security and some potential for growth.

### Definition

The Capital Guarded strategy generally invests 30% in growth assets and 70% in income-producing assets. This combination aims to keep investment return fluctuations to a minimum. Although it is relatively more stable than the High Growth, Diversified and Balanced

strategies, the returns and the value of the investment can still fluctuate.

### Objective

3.5% investment return per annum above inflation over 3 years.

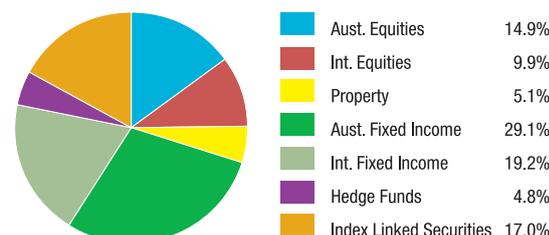
### Risks

Although the emphasis is more on security, returns and the value of the investment can still fluctuate. The chance of a negative return in any year is 1 in 8.

### Risk profile

Medium/Low.

Actual Asset Allocation as at 30 June' 2005



#### Asset Allocation as at 30 June<sup>1</sup>

	Strategic 2005	Actual 2005	Actual 2004
Aust. Equities	51.0%	51.1%	50.7%
Int. Equities	34.0%	33.7%	34.5%
Property	5.0%	5.1%	4.9%
Aust. Fixed Income	2.0%	2.1%	6.0%
Int. Fixed Income	1.0%	1.0%	2.0%
Hedge Funds	5.0%	5.0%	0.0%
Index Linked Securities	2.0%	2.0%	1.9%

<sup>1</sup> All figures are represented to one decimal place.

#### Investment Returns over 5 years as at 30 June<sup>1</sup>

	2001	2002	2003	2004	2005
Accumulation and Executive Schemes (Divisions A and E)	2.9%	-8.8%	-2.6%	16.6%	15.6%
Rollover Plan (Division F)	2.4%	-9.5%	-3.8%	16.1%	13.9%
Allocated Pension Plan (Division F)	2.6%	-10.9%	-4.1%	17.5%	15.3%

#### Annualised 5 year Returns as at 30 June 2005<sup>1</sup>

Accumulation and Executive Schemes (Divisions A and E)	4.3%
Rollover Plan (Division F)	3.3%
Allocated Pension Plan (Division F)	3.3%

#### Asset Allocation as at 30 June<sup>1</sup>

	Strategic 2005	Actual 2005	Actual 2004
Aust. Equities	39.0%	39.0%	38.9%
Int. Equities	26.0%	25.7%	26.4%
Property	5.0%	5.1%	4.9%
Aust. Fixed Income	11.0%	11.2%	15.1%
Int. Fixed Income	7.0%	7.1%	7.9%
Hedge Funds	5.0%	4.9%	0.0%
Index Linked Securities	7.0%	7.0%	6.8%

<sup>1</sup> All figures are represented to one decimal place, except for 2003 Accumulation and Executive Schemes (Divisions A and E) Investment Returns over 5 years (-0.04%)

#### Investment Returns over 5 years as at 30 June<sup>1</sup>

	2001	2002	2003	2004	2005
Accumulation and Executive Schemes (Divisions A and E)	4.0%	-5.4%	-0.04%	12.9%	13.7%
Rollover Plan (Division F)	3.5%	-6.1%	-0.3%	12.7%	12.7%
Allocated Pension Plan (Division F)	3.6%	-7.0%	-0.9%	13.9%	14.0%

#### Annualised 5 year Returns as at 30 June 2005<sup>1</sup>

Accumulation and Executive Schemes (Divisions A and E)	4.8%
Rollover Plan (Division F)	4.2%
Allocated Pension Plan (Division F)	4.4%

#### Asset Allocation as at 30 June<sup>1</sup>

	Strategic 2005	Actual 2005	Actual 2004
Aust. Equities	27.0%	26.9%	27.0%
Int. Equities	18.0%	17.8%	18.4%
Property	5.0%	5.1%	4.9%
Aust. Fixed Income	20.0%	20.2%	24.2%
Int. Fixed Income	13.0%	13.1%	13.8%
Hedge Funds	5.0%	4.9%	0.00%
Index Linked Securities	12.0%	12.0%	11.7%

<sup>1</sup> All figures are represented to one decimal place.

#### Investment Returns over 5 years as at 30 June<sup>1</sup>

	2001	2002	2003	2004	2005
Accumulation and Executive Schemes (Divisions A and E)	5.0%	-2.1%	2.7%	9.6%	11.9%
Rollover Plan (Division F)	4.5%	-2.9%	2.0%	9.2%	11.0%
Allocated Pension Plan (Division F)	4.8%	-3.3%	2.2%	10.5%	12.3%

#### Annualised 5 year Returns as at 30 June 2005<sup>1</sup>

Accumulation and Executive Schemes (Divisions A and E)	5.3%
Rollover Plan (Division F)	4.6%
Allocated Pension Plan (Division F)	5.1%

#### Asset Allocation as at 30 June<sup>1</sup>

	Strategic 2005	Actual 2005	Actual 2004
Aust. Equities	15.0%	14.9%	15.1%
Int. Equities	10.0%	9.9%	10.2%
Property	5.0%	5.1%	4.9%
Aust. Fixed Income	29.0%	29.1%	33.3%
Int. Fixed Income	19.0%	19.2%	19.8%
Hedge Funds	5.0%	4.8%	0.0%
Index Linked Securities	17.0%	17.0%	16.7%

<sup>1</sup> All figures are represented to one decimal place.

#### Investment Returns over 5 years as at 30 June<sup>1</sup>

	2001	2002	2003	2004	2005
Accumulation and Executive Schemes (Divisions A and E)	6.2%	1.2%	5.2%	6.4%	10.2%
Rollover Plan (Division F)	5.6%	0.4%	4.7%	6.3%	9.5%
Allocated Pension Plan (Division F)	5.9%	0.3%	5.3%	7.0%	10.6%

#### Annualised 5 year Returns as at 30 June 2005<sup>1</sup>

Accumulation and Executive Schemes (Divisions A and E)	5.8%
Rollover Plan (Division F)	5.2%
Allocated Pension Plan (Division F)	5.8%

## Cash Plus An investment fund for very short-term investments.

### Definition

The Cash Plus strategy invests 100% of available assets in short-term securities, such as cash deposits, and bank, government and semi-government securities. The investment return should be more than personal bank deposit rates. It offers maximum security to those very close to retirement.

### Objective

1.5% investment return per annum above inflation over 1 year.

### Risks

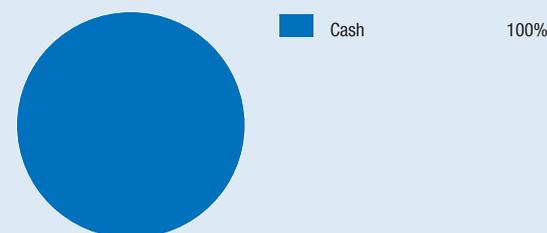
There is a chance that your investment will not keep up with inflation and therefore its real value will decrease over time. The prospect of loss of value due

to inflation increases the longer you leave your investment in cash.

### Risk profile

Low.

Actual Asset Allocation as at 30 June' 2005



## BT Institutional Retirement PST

A balanced fund which invests across a broad range of asset sectors.

### Definition

The BT Institutional Retirement PST is a balanced fund which invests across a broad range of asset sectors, including equities, property, fixed interest and cash.

### Objective

Aims to provide a return (before fees) that exceeds the Fund's benchmark over the long-term (5+ years) through stock selection and asset allocation.

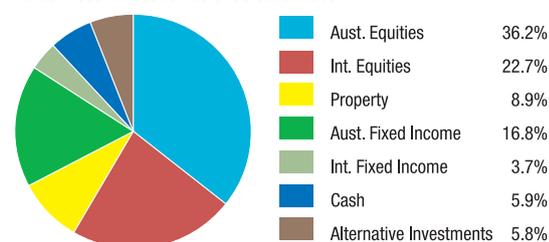
### Risks

There is potential for the value of the investment to decrease in the short-term.

### Risk profile

High/Medium.

Actual Asset Allocation as at 30 June' 2005



## BT Institutional Conservative Growth PST

A fund which invests primarily in fixed interest investments.

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### Definition

The BT Institutional Conservative Growth PST invests primarily in fixed interest investments, but can hold up to 30% in other assets, including equities and property.

### Objective

Aims to provide a return (before fees) that exceeds the Fund's benchmark over the medium term (3+ years) through stock selection and asset allocation.

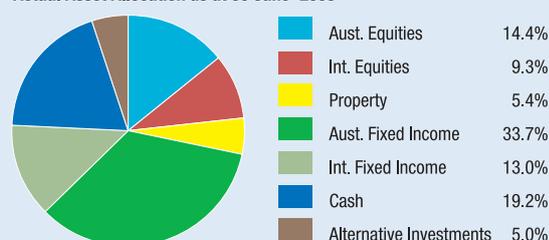
### Risks

Although the emphasis is more on security, returns and the value of the investment can still fluctuate.

### Risk profile

Medium/Low

Actual Asset Allocation as at 30 June' 2005



## Retirement and Defined Benefit Schemes (Pool B)

A fund for high growth above inflation over the longer term.

### Definition

The Scheme generally invests approximately 80% of its assets in traditional growth assets such as Australian and International Equities and Property. This combination aims to earn high real growth, above inflation over a minimum period of 5 years. Because the emphasis is on growth

there may be some short term volatility in this selection. In other words the value of the investment may fluctuate over the short term, although to a lesser extent than the High Growth strategy.

### Objective

5% investment return per annum above inflation over 5 years.

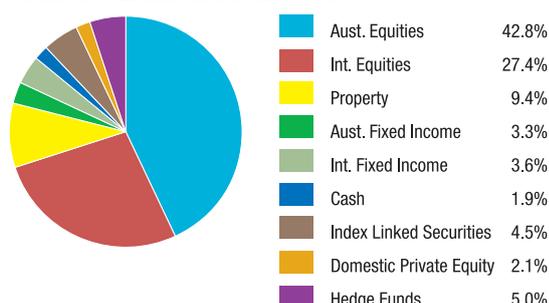
### Risks

There is a significant chance that the investment may decrease in the short term. The Scheme has a risk objective of less than 25% chance of a negative nominal return in any year.

### Risk profile

High/Medium.

Actual Asset Allocation as at 30 June' 2005



#### Asset Allocation as at 30 June<sup>1</sup>

	Strategic 2005	Actual 2005	Actual 2004
Cash	100%	100%	100%

<sup>1</sup> All figures are represented to one decimal place.

#### Investment Returns over 5 years as at 30 June<sup>1</sup>

	2001	2002	2003	2004	2005
Accumulation and Executive Schemes (Divisions A and E)	6.9%	3.7%	3.5%	4.2%	4.2%
Rollover Plan (Division F)	6.4%	2.9%	3.6%	4.1%	3.8%
Allocated Pension Plan (Division F)	6.5%	3.6%	3.8%	4.8%	4.4%

#### Annualised 5 year Returns as at 30 June 2005<sup>1</sup>

Accumulation and Executive Schemes (Divisions A and E)	4.5%
Rollover Plan (Division F)	4.2%
Allocated Pension Plan (Division F)	4.6%

#### Asset Allocation as at 30 June<sup>1</sup>

	Strategic 2005	Actual 2005	Actual 2004
Aust. Equities	38.0%	36.2%	38.5%
Int. Equities	22.0%	22.7%	26.1%
Property	8.0%	8.9%	8.0%
Aust. Fixed Income	17.0%	16.8%	16.2%
Int. Fixed Income	8.0%	3.7%	4.2%
Cash	2.0%	5.9%	5.0%
Alternative Investments	5.0%	5.8%	2.0%

<sup>1</sup> All figures are represented to one decimal place.

#### Investment Returns over 5 years as at 30 June<sup>1</sup>

	2001	2002	2003	2004	2005
Executive Scheme (Division E)	-0.2%	-5.2%	-4.7%	14.7%	15.9%

#### Annualised 5 year Returns as at 30 June 2005<sup>1</sup>

Executive Scheme (Division E)	3.7%
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#### Asset Allocation as at 30 June<sup>1</sup>

	Strategic 2005	Actual 2005	Actual 2004
Aust. Equities	15.0%	14.4%	15.4%
Int. Equities	8.0%	9.3%	10.3%
Property	5.0%	5.4%	5.1%
Aust. Fixed Income	35.0%	33.7%	34.7%
Int. Fixed Income	15.0%	13.0%	12.7%
Cash	22.0%	19.2%	19.8%
Alternative Investments	0.0%	5.0%	2.0%

<sup>1</sup> All figures are represented to one decimal place.

#### Investment Returns over 5 years as at 30 June<sup>1</sup>

	2001	2002	2003	2004	2005
Executive Scheme (Division E)	3.1%	0.5%	5.3%	6.4%	9.6%

#### Annualised 5 year Returns as at 30 June 2005<sup>1</sup>

Executive Scheme (Division E)	5.0%
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#### Asset Allocation as at 30 June<sup>1</sup>

	Strategic 2005	Actual 2005	Actual 2004
Aust. Equities	39.5%	42.8%	42.6%
Int. Equities	26.5%	27.4%	28.9%
Property	11.0%	9.4%	10.2%
Aust. Fixed Income	4.0%	3.3%	7.0%
Int. Fixed Income	4.0%	3.6%	3.5%
Cash	2.0%	1.9%	1.1%
Index Linked Securities	5.0%	4.5%	4.7%
Private Equity	3.0%	2.1%	2.0%
Hedge Funds	5.0%	5.0%	-

<sup>1</sup> All figures are represented to one decimal place.

#### Investment Returns over 5 years as at 30 June<sup>1</sup>

	2001	2002	2003	2004	2005
Retirement and Defined Benefit Schemes (Pool B)	5.0%	-5.8%	0.4%	13.4%	14.2%

#### Annualised 5 year Returns as at 30 June 2005<sup>1</sup>

Retirement and Defined Benefit Schemes (Pool B)	5.2%
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# Investment Managers and Advisors

The Trustee has invested the majority of its assets in the Local Government Investment Fund (LIF), a wholesale investment trust. The Trustee also invests its property exposure in the Local Government Property Fund. Below are the managers currently appointed by LIF to manage the assets of the Scheme:

## Aberdeen Asset Management

Aberdeen Asset Management Limited (Aberdeen) is a wholly-owned, Australian-based subsidiary of Aberdeen Asset Management PLC. The Aberdeen Group manages funds in excess of A\$50bn (as at 31 December 2004) for a range of clients, including individuals and institutions, through mutual and segregated funds. The Group has offices in the UK, US, Europe, Singapore, Hong Kong and Australia.

In Australia, Aberdeen currently has over A\$3.3bn (as at 31 December 2004) in assets under management. Aberdeen's exclusive focus is funds management. Aberdeen manage a portion of the Scheme's Australian Equities.

## ABN Amro Asset Management

ABN AMRO Asset Management (Australia) Limited is a subsidiary of ABN AMRO Holding NV which is a publicly listed company. ABN AMRO Holding NV is among the 20 largest financial institutions in the world and is the 10th largest financial institution in Europe. ABN AMRO Asset Management is a global asset manager headquartered in Amsterdam and represented in 30 countries around the world. It has a history of managing funds since 1933 and is one of the world's leading asset managers with A\$289 billion assets under management worldwide (as at 31 December 2004).

Domestically, ABN AMRO Asset Management established its business in 1996. The Australian business has total assets under management of A\$4.2 billion which includes A\$2.2 billion of Australian equities (as at 31 December 2004). The ABN AMRO Asset Management approach to Australian equity investing is based on the belief that superior long-term equity performance is driven by above-average, sustainable earnings growth.

ABN AMRO Asset Management have a mandate to actively manage a portion of the Scheme's Australian equities.

## Alliance Capital

Alliance Capital was founded in 1962 as the investment management arm of the US research boutique firm Donaldson, Lufkin & Jenrette. Alliance Capital provides investment management services to both institutional and individual investors through products that cover the full spectrum of risk/return choices. The business is supported by over 4,100 employees worldwide, including 580 investment professionals and has offices in 37 cities across 19 countries. In 2001, Alliance Capital established a joint venture with AXA Asia Pacific Holdings, creating Alliance Capital Management Australia Limited. The local operations manage over \$3.2 billion for Australian institutions (as at 31 December 2004).

Alliance Capital manage an international equities portfolio for the Scheme. Alliance Capital believes that research is the ultimate source of superior investment returns.

They employ bottom-up stock selection to deliver meaningful returns over time. Alliance's research team looks to identify trends in global markets and select the fastest growing industry sectors and stocks that will produce superior returns.

## AQR

AQR Capital Management, LLC is an independently owned investment management firm employing a disciplined multi-asset, global research process. (AQR stands for Applied Quantitative Research). AQR manages assets for some of the largest institutional investors from the United States, Europe and Asia. AQR manages over A\$15 billion (as at 31 December 2004) across its series of investment products. The Company is based in Greenwich, Connecticut.

AQR actively manages an international equity mandate for the Scheme.

## BT Financial Group

BT Financial Group currently has funds under management of A\$44 billion and manages \$3.6 billion in Australian equities (as at 31 December 2004). BT manage an Australian equities mandate for the Scheme using their active core investment style.

BT believe investment markets are not always rational or efficient and that these inefficiencies can result in periods where markets and securities are mispriced. Their Australian equity portfolios are manufactured by our in-house experts using their core investment style. Core means that BT are style indifferent, investing in both value and growth companies, without a predetermined value or growth bias. In-depth fundamental research drives stock selection decisions and is supported by a range of sophisticated quantitative tools.





// The Local Government Investment Fund has appointed a range of firms to manage the assets of the Scheme. //

### **Chifley Financial Services**

Chifley Financial Services was established over 10 years ago by Unions NSW. The Trustees of the Local Government Superannuation Scheme and the Energy Industries Superannuation Scheme and Unions NSW (formerly known as the Labor Council of NSW) each own one third of Chifley.

Chifley manage and operate the Chifley Investment Fund (ChIF), which is a registered managed investment scheme that offers investors access to a variety of major asset sectors. The Scheme invests in the ChIF Absolute Return strategy for its hedge fund exposure. This strategy is a "fund of funds" style hedge fund. Chifley employs a rigorous investment manager selection process that compares manager styles, processes and performance histories to construct a blend of best of breed managers. Chifley continuously monitors the investment managers with formal reviews, to ensure that they are performing to investment expectations, and that they are managing their asset investment allocation according to the agreed investment style and process.

### **Concord Capital**

Concord Capital, located in Sydney, was established in September 1997 as Lend Lease Active, and in July 2000 became an independent investment management house. Ownership of the business is shared equally by the 6 founding members, who have over 90 years of investment experience between them. Previously the team worked together as the Active Australian Equities team at Lend Lease Investment Management.

Concord Capital has funds under management exceeding A\$4 billion (as at 31 December 2004).

Concord Capital actively manages an Australian equity mandate for the Scheme.

### **Deutsche Asset Management**

Deutsche Asset Management is a key business unit of Deutsche Bank AG, one of the world's strongest financial institutions. They are one of the world's largest fund managers, with clients based in more than 60 countries. Globally, Deutsche Asset Management is responsible for managing more than A\$900 billion on behalf of institutional and retail clients, as well as private investors.

In Australia, Deutsche Asset Management is one of only a few truly global fund managers with a strong local presence. They manage over \$29 billion (as at 31 December 2004) on behalf of Australian based clients.

The Scheme utilises Deutsche's asset management capabilities in Australian equities.

### **FuturePlus Financial Services**

The Company was incorporated in January 1997 and is jointly owned by the Local Government Superannuation Scheme and the Energy Industries Superannuation Scheme.

The Scheme makes use of the internal investment management services that FuturePlus offer, and uses FuturePlus to manage a portion of the Australian fixed-interest portfolio, cash portfolio, direct property portfolio, as well as any overlays and rebalance activities.

### **Hawkesbridge**

Hawkesbridge was founded in 2001 and is a wholesale private equity funds manager. Their investment process has been developed to identify attractive investment opportunities that are not widely available in the market. Hawkesbridge Private Equity has been appointed to manage the Regional Development and Private Equity Trust on behalf of the Scheme.



# Investment Managers and Advisors

- continued

## Loomis, Sayles & Company

Loomis, Sayles & Company, L.P. is a wholly-owned subsidiary of CDC IXIS Asset Management. They manage an international fixed-interest mandate for the Scheme.

Loomis Sayles, a Boston based company, has served the investment needs of institutional, high net worth and mutual fund clients for more than 75 years. Loomis Sayles manages more than A\$80 billion (as at 31 December 2004) in equity and fixed income assets.

## Marvin & Palmer Associates

Founded in 1986, Marvin & Palmer Associates is an independent, principally employee-owned investment management firm that specialises in global equity management for institutional clients. Based in Wilmington, Delaware, in the US, Marvin & Palmer Associates has over A\$11 billion (as at 31 December 2004) under management.

Marvin & Palmer Associates combines a top-down approach with bottom-up fundamental research in the construction of portfolios, and invests in high-quality, large-cap, growth stocks. Marvin & Palmer Associates' approach focuses firstly on region, country, currency and sector analysis, followed by a review of individual companies. The decision-making process is based on a combination of relative price strength screening and fundamental analysis.

Marvin & Palmer Associates have a mandate to actively manage a portion of the Scheme's international equities.

## Orion Asset Management

Orion is a specialist Australian Equities funds manager, with over \$2.3 billion of assets under management (as at 31 December 2004). Orion was established in late 2002 and is 30% owned by Treasury Group Ltd, a company listed on the Australian Stock Exchange, and 70% by staff. Orion is utilised by the Scheme as an active manager of Australian equities.

Orion's investment philosophy is based upon the belief that markets are inefficient, and that the true value of individual stocks is often not reflected in the market on any particular day. They also believe that companies' earnings growth prospects are often mis-priced by the market and that a strong disciplined research process can identify these anomalies. Orion's investment style is a bottom up approach and they are strongly research driven and use technology intensively to identify ideas.

## Perennial Investment Partners

Perennial Investment Partners is a leading boutique investment management firm offering wholesale investment services to individuals, superannuation funds, companies and institutions. Perennial's largest shareholder is IOOF Investment Management Limited, which is part of the IOOF Group. This enables Perennial to offer the advantages of a specialist firm whilst providing the security of one of Australia's oldest funds managers. Perennial manages over \$12 billion (as at 31 December 2004) in Australian equities.

Perennial is one of the Scheme's active Australian equities managers.

## PIMCO

Pacific Investment Management Company LLC ("PIMCO") is a specialist investment management firm established in 1971. Its sole business has been fixed-interest (bond) management and PIMCO now manages over A\$370 billion (as at 31 December 2004) in fixed-interest assets worldwide, which ranks it as one of the world's largest specialist fixed-interest managers.

In Australia, PIMCO manages over A\$12 billion in fixed-interest securities on behalf of a range of clients. PIMCO manages an international fixed-interest portfolio for the Scheme.

PIMCO's investment approach emphasises active management, wide diversification and conservative risk-taking as the key factors in generating consistent returns. Its objective is to maximise total return while moderating volatility in client portfolios. PIMCO believes this low volatility outperformance is an objective best achieved through wide diversification across bond market sectors, issuers, industries and countries within global markets.

In implementing this process, PIMCO concentrates on top-down economic research to identify those factors likely to affect the levels of worldwide interest rates, and bottom-up credit analysis of individual bonds and issuers to identify the best values within and between sectors.

## State Street Global Advisors

State Street Global Advisors (SSgA) is the investment management arm of State Street Corporation, one of the largest money managers in the world. In Australia, SSgA manage funds exceeding A\$47 billion (as at 31 December 2004).

SSgA has been providing investment management services in global markets for over 20 years. In Australia, SSgA also offers a wide range of investment services. Your Scheme utilises SSgA's listed property management capabilities.





### **The Boston Company Asset Management**

The Boston Company Asset Management is part of the Mellon Financial Corporation. Founded in 1869, Mellon Financial Corporation today is a global financial services company headquartered in Pittsburgh, Pennsylvania, and has over A\$900 billion (as at 31 December 2004) in assets under management.

The Boston Company Asset Management (formerly Standish Mellon Asset Management) has over A\$50 billion in assets under management, of which \$6.2 billion (as at 31 December 2004) is for Australian clients. They offer a bottom-up approach to stock selection which focuses on fundamental research in a process-driven environment.

The Boston Company Asset Management is employed by your Scheme as an active manager of international equities.

### **Wellington Management Company**

Wellington Management Company LLP, is one of America's oldest and largest independent investment management firms. The firm is owned by 80 partners who are all active in the firm. The history of the company can be traced to the 1928 formation of America's first balanced mutual fund. In September 1996, Wellington Management became a limited liability company and established its presence in the funds management industry within Australia. It has over \$600 billion in assets under management (as at 31 December 2004).

Wellington is employed by your Scheme as an active manager of international equities. Wellington utilises an approach designed to add value through fundamental, or bottom-up, security analysis. The focus is on stock selection within industries; industry weights are kept similar to those of the MSCI World Index. Country weights are a result of the security selection process.

### **Russell Investment Group**

The Scheme employs the Russell Investment Group to provide guidance to the Trustee in selecting appropriate investment managers for the Scheme's assets.

Russell has a long and distinguished tradition of service as a trusted consultant to some of the world's largest superannuation funds. Providing independent advice on all aspects of investment management, today Russell's consultants guide the investments of more than A\$3 trillion, serving over 250 clients in more than 35 countries.



# Your Trustee



## Board Members

Pictured left to right:



*Peter Woods OAM, Ian Robertson, Beverley Giegerl, Martin O'Connell, Leo Kelly OAM, John Wearne AM, John Ernst, Barry Mason.*

### Your Trustee

The Trustee of your Scheme is LGSS Pty Limited (ABN 68 078 003 497). In accordance with the constitution of the Trustee Company, the Board consists of equal numbers of directors appointed by both employer and employee associations. The Board is supported by the Scheme's Chief Executive Officer - Brett Westbrook and Fund Secretary - Peter Lambert.

### Board Members

#### **Peter Woods OAM, Emeritus Mayor, BA, M LITT, Cert. Comm. Med., MACE FAICD**

Appointed by Local Government Association of NSW.  
Patron - Local Government Association of NSW; Chair - LGSS Pty Limited; Director - Chifley Financial Services Limited; Director - FuturePlus Financial Services Pty Limited; Director - Kokoda Trust Memorial Walkway; Member - Board of the Environment Protection Authority of NSW.

#### **Ian Robertson**

Appointed by Development & Environmental Professionals' Association (depa).  
Secretary - depa; Chair - Determinations Committee; Secretary - Australian Institute of Superannuation Trustees.

#### **Beverley Giegerl**

Appointed by Local Government Association of NSW.  
Councillor - Hurstville City Council; Treasurer - Local Government Association of NSW; President - Metropolitan Public Libraries Association; Member of the Governance and Audit Committee for the LGSA.

#### **Martin O'Connell**

Appointed by Local Government Engineers' Association.  
Director - Local Government Engineers' Association and Association of Professional Engineers, Scientists and Managers, Australia (NSW Branch); Director - Chifley Financial Services Limited; Chair - Audit, Compliance and Risk Management Committee.

#### **Leo Kelly OAM**

Appointed by Local Government Association of NSW.  
Mayor - Blacktown City Council; Vice President - Local Government Association of NSW; Member of NSW Local Government Committee for Planning, Environment and Industrial Waste Management; Member - NSW Local Government Boundaries Commission.

#### **John Wearne AM**

Appointed by Shires Association of NSW.  
Patron - Shires Association of NSW; Chair - Investment Committee; Commissioner - National Transport Commission; Director - Country Energy; Board Member - Australia Day Council of NSW; Chair - NSW ARTS Capital Infrastructure Advisory Committee; Trustee - Bluett Awards Foundation.

#### **John Ernst**

Appointed by United Services Union (NSW Division).  
President - Metropolitan Salaried Officers Branch, United Services Union (NSW Division); Deputy Chair - FuturePlus Financial Services Pty Limited.

#### **Barry Mason**

Appointed by United Services Union (NSW Division).  
Expenditure/Risk/Assets Co-ordinator - Kogarah Council; Chair - Local Government Financial Services Pty Limited; Deputy Chair - LGSS Pty Limited; Member of the Local Government Managers of Australia.



# Scheme Governance

## Role of the Board

The Board is responsible for setting the overall strategy for your Scheme and ensuring it is operating in accordance with the Trust Deed and all applicable laws. The Board meets monthly and receives and reviews reports from most third party service providers, such as your Scheme's administrators (FuturePlus Financial Services). Where necessary, the Board calls upon specialist advice from advisors, such as solicitors, accountants and the Scheme's actuary.

The Board has appointed two Committees to allow it to oversee the operations of your Scheme in greater detail. The Investment Committee (made up of John Wearne - Chair, Barry Mason, Ian Robertson and Peter Woods) generally meets twice a quarter. The main function of the Committee is to monitor the performance of the Scheme's investment managers and oversee the work of the Scheme's Investment Advisor Russell Investment Group.

The role of the Audit, Compliance and Risk Management Committee (made up of Martin O'Connell - Chair, John Ernst, Beverley Giegerl and Leo Kelly) is to review the internal controls and risk management of your Scheme and its service providers. Committee meetings are also attended by the Scheme's Internal Auditor - Leonard Yong. The Committee generally meets quarterly.

The financial services industry is becoming increasingly complex, as are the prudential requirements for trustees of superannuation funds. To assist in meeting this challenge, the Board regularly undertakes courses/seminars aimed at keeping their skills and knowledge up to date.

## Industry Regulator

The operations of your Scheme are supervised by the Australian Prudential Regulation Authority (APRA). Representatives of the Board meet APRA regularly, so as to keep the regulator informed about the activities of your Scheme. These meetings also provide an opportunity for the Board to hear APRA's views about the superannuation industry generally.

## Superannuation Licensing

In 2004, the Commonwealth Government passed legislation requiring trustees of APRA regulated superannuation funds be licensed and superannuation funds be registered. Licensing and registration must be affected by 30 June 2006. To be granted a license trustees must demonstrate that they are able to comply with the SIS Act, new operating standards and have risk management procedures in place. The Board has lodged its application for a license and expects to receive its license in the first quarter of 2006.

## Indemnity Insurance

The Trustee is indemnified by a policy of insurance in respect of its duties as Trustee of your Scheme.

## Sustainable Investing

The Trustee believes that it is not only important to maximise investment returns, but also to invest in a way that favours companies/projects that show a commitment to our community and the environment.

A few specific initiatives illustrate this:

- **Property Holdings** - The Trustee has adopted an environmental policy which, in part, is designed to increase energy and water efficiencies across those properties we directly own. Additionally, the policy encompasses waste reduction and recycling, indoor air quality, improving operations and maintenance, materials and resources, OH&S and environmental risk management.
- **Regional Development and Private Equity Trust** - The Regional Development and Private Equity Trust was set up to provide finance to companies that operate in rural NSW. Many of these are start up or management buy out companies. Our investment in the Trust is a relatively small one and the nature of these investments often take a number of years to materialise.
- **Socially Responsible Overlay (SRI)** - Our Australian equity managers invest in a range of companies, which may operate in areas such as gambling, uranium mining, logging of old forests and the like, or have a poor environmental record. Your Scheme runs a separate portfolio that sells the shares it holds in these areas and purchases alternative shares in companies that have good social/environment records. While your Scheme has only operated the overlay for a short time, it has performed reasonably well. However, more importantly, it ensures that your superannuation money is invested in industries that enhance the social/environmental profile, without affecting returns. Due to the success of the SRI overlay, the Trustee has approved its extension to cover your Scheme's International equity portfolio.



# Taxes, Fees and Charges



## General Tax Information.

### Taxation of Contributions

Your Scheme is required to pay tax of up to 15% on all employer contributions<sup>1</sup> received (including contributions made by way of salary sacrifice). Any tax payable in respect of these contributions is deducted from your account. Personal contributions made on an after-tax basis are not subject to tax.

*1 Net of allowable deductions e.g. administration and insurance fees.*

### Superannuation Surcharge Tax

In the 2004/2005 period, a surcharge was levied on tax-deductible member contributions and employer contributions where the 'adjusted taxable income' exceeds \$99,710. From 1 July 2004, the surcharge was 0.00001% for those with an 'adjusted taxable income' of \$99,710. This rose to a maximum of 12.5% for those with an 'adjusted taxable income' of \$121,075 or more.

Year	Maximum Rate %
Prior to 2003/2004	15%
2003/2004	14.5%
2004/2005	12.5%
2005/2006 and later	0.0%

The ATO determines the amount of surcharge (if any) which relates to your contributions. All surcharge amounts are deducted from your account and paid to the ATO on your behalf (except for Retirement or Defined Benefit Schemes).

### Fees and Other Costs

There are a number of fees levied by your Scheme.

These include:

### Investment costs

These are the fees and costs for investing the assets and for payment of certain other costs associated with operating your Scheme (full details of these types of fees can be found on our website or in your Product Disclosure Statement).

Note that the investment costs are not charged directly to your account, they are deducted from the particular investment strategy and deducted prior to the declaration of the relevant unit price.

### Administration Fee

The Trustee sets the Administration Fee at the level needed to recover the cost of administering a member's individual account. This fee is charged on a monthly basis to a member's account (except for Allocated Pension and Rollover Plan and Division D accounts). The following page lists all fees charged to members' accounts. For further details refer to the Product Disclosure Statement, contact Member Services on **1300 369 901**, or visit the website [www.lgsuper.com.au](http://www.lgsuper.com.au).

### Member Protection

If your account balance is less than \$1,000, any management fees deducted from your account cannot exceed the earnings on your account balance in that financial year. This means that your account balance will not fall because of management fees (insurance and taxes excluded). It is important to note that member protection will not fully apply in times of poor or negative returns, as superannuation law provides that the Scheme can charge a protected member a nominal management fee of no more than the investment return plus \$10 in such times subject to certain pre-conditions met by the Trustee.

### Fees Charged to Pool A

For the year ended 30 June 2005	Accumulation Scheme	Executive Scheme	Allocated Pension and Rollover Plan
Administration Fee-Non contributing member	75c	\$3.00 per month	N/A
Administration Fee-contributing member	75c	\$6.33	N/A
Basic Death or Invalidity cover	\$5.00 per month	N/A	N/A
Benefit Payment Fee	\$20	\$30	No charge
Investment Fee <sup>1</sup>	0.63% - 1.00%	0.63% - 1.00%	1.25% - 1.62%
Optional investment switch in any financial year	\$20 per switch <sup>2</sup>	\$30 per switch <sup>2</sup>	No charge

*1 The Investment Fee percentage will vary according to the investment option you select. Note also that members were advised earlier in the year that the trustee would establish a maximum investment fee of 1% with effect from 22 April 2005. This means that from that date the investment fee may not exceed 1% unless the trustee gives you prior notice. Investment Fee for the Allocated Pension and Rollover Plans includes investment management, financial planning and account administration fees*

*2 The first switch is free in any financial year. Any subsequent switches in that financial year are charged the stated amount.*



## Investment Fees Charged to Pool A<sup>1</sup>

For the year ended 30 June 2005	High Growth	Diversified	Balanced	Guarded Capital	Cash Plus
Accumulation and Executive Schemes (Divisions A and E <sup>2</sup> ) Management Fee (per annum)	0.78%	0.76%	0.75%	0.74%	0.63%
Allocated Pension and Rollover Plan (Division F) Management Fee (per annum)	1.62%	1.59%	1.56%	1.52%	1.25%

<sup>1</sup> The Investment Fee percentage will vary according to the investment option you select (see below). Note also that members were advised earlier in the year that the trustee would establish a maximum investment fee of 1% with effect from 22 April 2005. This means that from that date the investment fee may not exceed 1% unless the trustee gives you prior notice. The Investment Fee for the Allocated Pension and Rollover Plans includes investment management, financial planning and account administration fees.

<sup>2</sup> For information on the Executive Scheme BT options contact the Executive Scheme Relationship Manager – Member Services on 1300 369 901.

## The Fees Charged to Pool B<sup>1</sup>

For the year ended 30 June 2005	Retirement Scheme	Defined Benefit Scheme
Administration Fee (per annum)	Nil	Nil
Investment Fee (per annum) <sup>2</sup>	0.35%	0.35%

*Note that investment fees for Pool B members changed from 1 July and further changes were introduced from 1 October. Members were advised of these changes in advance. Should you wish details of these changes please contact Member Services or visit our website [www.lgsuper.com.au](http://www.lgsuper.com.au)*

<sup>1</sup> The fees shown only relate to accumulation accounts within the Scheme.

<sup>2</sup> This fee will vary from time to time but is capped at 0.55% per annum for the Retirement Scheme and Defined Benefit Scheme members. For the Basic Benefit Scheme members it is capped at 0.85% per annum and for the Deferred Members it is capped at 1.5% per annum.

## Family Law Fees

As at 30 June 2005, the following fees were payable for the provision of Family Law information and for the actual 'splitting of the benefit'.

Accumulation Scheme, Executive Scheme and Allocated Pension and Rollover Plan (includes GST)	
Request for information <sup>1</sup>	\$110
Benefit Split Fee <sup>2</sup>	\$88

Retirement, Basic Benefit and Defined Benefit Schemes (includes GST)	
Request for information <sup>1</sup>	
Current members	\$275
Deferred members	\$110
Pensioners	\$110
Benefit Split Fee <sup>2</sup>	\$88

<sup>1</sup> This fee is payable by the person requesting the information.

<sup>2</sup> This fee is generally payable by the member and non-member spouse in equal parts (\$44 each). However, if the non-member spouse is entitled to the whole amount of a splittable payment, the entire amount is payable by the non-member spouse. The member's share of the fee is deducted from the member's account and the non-member spouse's share is deducted from the non-member spouse's splittable payment prior to the transfer of the payment out of the Scheme.

There is also new fee and charges disclosure in your annual member statement and also in the Product Disclosure Statements which are available at [www.lgsuper.com.au](http://www.lgsuper.com.au)

# Financial Statements

## Pool A

### Operating Statement for the Year Ended 30 June 2005

	30-Jun-05 (\$ '000)	30-Jun-04 (\$ '000)
<b>Revenue</b>		
Net Investment Revenue	172,347	118,736
Employer Contributions	153,299	136,248
Member Contributions	13,331	7,588
Transfers In	141,496	118,157
Other Revenue	62	14
<b>Total Revenue</b>	<b>480,535</b>	<b>380,743</b>
<b>Less Outgoings</b>		
Administrative Expenses	8,849	9,001
Contributions Surcharge	1,301	1,079
Income Tax Expense	31,796	1,434
<b>Total Outgoings</b>	<b>41,946</b>	<b>41,514</b>
Benefits Accrued as a Result of Operations	438,589	339,229

The complete Financial Report, including the Auditor's Report is available on request by calling Member Services on 1300 369 901, or by going to our website [www.lgsuper.com.au](http://www.lgsuper.com.au)

### Statement of Financial Position for the Year Ended 30 June 2005

	30-Jun-05	30-Jun-04
<b>Investments</b>		
Short-term Investment	6,990	11,597
Australian Fixed Interest	0	(102)
Unit Trusts	1,379,140	1,102,705
International Investments	0	279
Pooled Superannuation Trusts	10,666	11,040
Unlisted Hedge Fund	68,793	0
<b>Total Investments</b>	<b>1,465,589</b>	<b>1,125,519</b>
<b>Other Assets</b>		
Cash	36,551	28,784
Receivables	552	501
<b>Total Assets</b>	<b>1,502,692</b>	<b>1,154,804</b>
<b>Less Liabilities</b>		
Payables	2,751	5,408
Current Tax Liability	15,615	8,149
Differed Tax Liability	6,748	3,000
<b>Total Liabilities</b>	<b>25,114</b>	<b>16,557</b>
Net Assets Available to Pay Benefits	1,477,578	1,138,247

## Large Investments

Local Investment Fund (LIF) is a wholesale investment trust and the majority of the assets of your Scheme are invested through LIF. The investment pool of LIF is allocated to a range of investment managers. Investment managers (and/or their weightings) are changed at appropriate times. Other than investments made through LIF and Chifley Investment Fund, during the year there were no individual investments that exceeded 5% of Pool A assets, or 5% in a single enterprise.



## Pool B

### Statement of Changes in Net Assets for the Year Ended 30 June 2005

	30-Jun-05 (\$ '000)	30-Jun-04 (\$ '000)
Net Assets Available to Pay Benefits at the Beginning of the Year	2,657,215	2,453,576
<b>Plus Revenue</b>		
Net Investment Revenue	396,857	349,730
Employer Contributions	2,303	1,766
Member Contributions	38,881	38,651
Transfers In	2,347	2,648
<b>Total Revenue</b>	<b>440,388</b>	<b>392,795</b>
<b>Less Outgoings</b>		
Benefits Paid	159,832	156,078
Administrative Expenses	9,743	9,731
Contributions Surcharge	1,054	1,016
Income Tax Expense (Benefit)	33,229	22,331
<b>Total Outgoings</b>	<b>203,858</b>	<b>189,156</b>
(Decrease)/Increase in Net Assets After Income Tax	236,530	203,639
Net Assets Available to Pay at the End of the Year	2,893,745	2,657,215

The complete Financial Report, including the Auditor's Report, is available on request by calling Member Services on 1300 369 901, or by going to our website [www.lgsuper.com.au](http://www.lgsuper.com.au)

### Statement of Net Assets for the Year Ended 30 June 05

	30-Jun-05 (\$ '000)	30-Jun-04 (\$ '000)
<b>Investments</b>		
Unit Trusts	2,463,625	2,341,953
Unlisted Hedge Fund	146,080	-
Australian Equities	60,064	52,015
International Investments	-	1,330
Property	277,365	271,183
<b>Total Investments</b>	<b>2,947,134</b>	<b>2,666,481</b>
<b>Other Assets</b>		
Cash	17,284	6,631
Receivables	182	5,910
Income Tax Receivable	-	5,926
<b>Total Assets</b>	<b>2,964,600</b>	<b>2,684,948</b>
<b>Less Liabilities</b>		
Payables	23,019	12,789
Current Tax Liability	16,565	-
Deferred Tax Liability	31,271	14,944
<b>Total Liabilities</b>	<b>70,855</b>	<b>27,733</b>
Net Assets Available to Pay Benefits	2,893,745	2,657,215

## Large Investments

Local Investment Fund (LIF) is a wholesale investment trust and the majority of the assets of the Scheme are invested through LIF. The investment pool of LIF is allocated to a range of investment managers. Investment managers (and/or their weightings) are changed at appropriate times. Only two other investments other than investments made through LIF exceeded 5% of Pool B assets, or 5% in a single enterprise. These were Local Government Property Fund and Chifley Investment Fund.

# More Information

## Service Providers

The following service providers assist the Trustee in effectively managing the Scheme:

### Actuary

Mercer Human Resource Consulting

### Administration

FuturePlus Financial Services Limited<sup>1</sup>

Mellon Human Resources and Investor Solutions Pty Limited (currently owned by and trading as Mercer Benefit Services) - until 30 September 2005.

### Auditor

Deloitte Touche Tohmatsu

### Asset Consultant

Russell Investment Group

### Custodian

JP Morgan Chase Bank

### Solicitors

Allens Arthur Robinson

Phillips Fox

### Secretariat to Trustee

FuturePlus Financial Services Pty Limited.

The Trustee reviews its service providers regularly and may from time to time make changes.

### Investment Managers

Aberdeen Asset Management (Australia) Limited

ABN AMRO Asset Management (Australia) Limited

Alliance Capital Australia Limited

AQR Capital Management LLC

Bank of Ireland - until 8 September 2005

BT Funds Management Limited

CDC IXIS Asset Management Australia

Chifley Financial Services Limited

Concord Capital Limited

Deutsche Asset Management (Australia) Limited

FuturePlus Financial Services Limited

Hawkesbridge Limited

Marvin & Palmer Associates, Inc

Orion Asset Management Limited

Perennial Value Management Limited

PIMCO

State Street Global Advisors, Australia, Limited

The Boston Company Asset Management LLC

Wellington International Management Company Pty Ltd

## Complaints

With our focus on quality service and transparency, the Trustee of your Scheme wishes to ensure that any enquiries or complaints are handled courteously and promptly. We hope that you will always receive satisfactory service from your Scheme and that all your enquiries are promptly attended to. However, if you are dissatisfied with the service you are receiving, you may lodge a formal complaint. This should be made in writing to:

Complaints Resolution Officer  
FuturePlus Financial Services Pty Limited  
PO Box N835  
Grosvenor Place NSW 1220

The Complaints Resolution Officer will consider your complaint on behalf of the Trustee and provide you with a response as soon as possible. If you are not satisfied with the response, or your complaint has not been resolved within 90 days, you have the option of referring your complaint to the Superannuation Complaints Tribunal.

The Tribunal is an independent body established by the Commonwealth Government to review certain types of decisions. The contact details are:

Superannuation Complaints Tribunal  
Locked Bag 3060 GPO  
Melbourne VIC 3001  
Ph: 1300 780 808

## Pool A Reserves

The Scheme operates the following reserves in Pool A:

### Death or Invalidity Reserve (DORI)

DORI operates to allow for the payment of certain death and disability benefits provided to members.

This reserve receives monies that are deducted from members' accounts from time to time. The Actuary regularly reviews this reserve to ensure that the premium charged to members is adequate to support likely future payments based on actuarial assumptions.

### Unit Pricing Equalisation Reserve (UPER)

UPER operates for the purpose of allowing reimbursement to members who have been disadvantaged by an error or anomaly and that amount cannot be recovered from external sources. The maximum amount that may be maintained in this reserve for this purpose is 0.3% of assets. If the reserve exceeds this figure for any reason, that excess amount may be credited to earnings and distributed to members.

<sup>1</sup> FuturePlus Financial Services Pty Limited (ABN 90 080 972 630) is an Australian Financial Services Licensee (AFSL 238445). FuturePlus took over responsibility for the administration of Retirement Scheme benefits from 1st July 2005 and for the Scheme as a whole from 1st October 2005.





// A variety of organisations assist your Scheme in looking to a brighter future. //

### Administration and Tax Reserves

Deductions are made from members' accounts and investment earnings to pay for the Scheme's income tax liabilities and operational expenses. These deductions are set out on page 22 of this Annual Report. They are invested in cash and applied towards the expenses they relate to as and when they become payable.

Changes to the balance held in each of the abovementioned reserve accounts as at 30 June 2005 for the last 3 years are as follows:

Year	DORI (\$ '000)	UPER (\$ '000)	Admin (\$ '000)	Tax (\$ '000)
2003	-72	1912	-43	4251
2004	46	1417	248	-4897
2005	4,434	619	(413)	(558)

### Derivatives

Derivatives are used to adjust the weightings of the various portfolios in line with the overall investment strategy. Various derivatives may be applied, such as futures and options. Strict investment guidelines which detail all limits approved on the use of derivatives that are in place. Currency hedging activities are also carried out in relation to the international equities portfolio, within strictly defined parameters. Derivatives can also be used to protect against possible adverse moves in the markets, to implement tactical asset allocations, or to enter or exit the market at a defined price level.

Under no circumstances can they be used to gear the investment portfolio or used for speculative trading. Various managers in LIF have, at times, made use of derivatives as part of their portfolio management activities during 2004/2005. The Trustees require that all

derivatives positions (a) are fully cash covered; (b) are offsets to existing assets; or (c) are used to alter the exposures in underlying asset classes.

### Eligible Rollover Fund

An Eligible Rollover Fund (ERF) is a fund which is established for the purpose of accepting and protecting benefits in respect of members of superannuation funds. If transferred to an ERF, a member ceases to have any rights which he or she previously had against the transferring fund. The Trustee has nominated the 'Australia's Unclaimed Super Fund' (AUSfund) as the ERF to which such members' benefits may be paid.

Contact details are as follows:

AUSfund Administration  
PO Box 2468  
Kent Town SA 5071  
Ph: 1300 361 798  
Fax: 1300 366 233

The Trustee will transfer a benefit to the nominated ERF in circumstances where a benefit is split under family law. A benefit may also be transferred to that ERF for inactive accounts with less than \$400.

### Privacy Policy

Your Scheme's Privacy Policy allows our financial planning arm, FuturePlus, to contact members that it believes may be approaching retirement. If a member approaching retirement wants to see a Financial Planner, the Policy also allows the Financial Planner whom they are seeing to access information about their superannuation benefit, so as to make the first interview productive and informative. This has been done as the Scheme believes that our members expect the Scheme to assist them in planning their retirement.

Your Scheme acknowledges that some members may not want information on their superannuation benefit used in this way, and if this is the case, please contact Member Services on **1300 369 901**.



# Important Changes

## Removal of surcharge

The Federal Government recently announced the abolition of the surcharge payable on surchargeable superannuation contributions. This means that the surcharge will not apply to superannuation contributions from 1 July 2005. However, any debt accrued prior to this date is still payable and will be deducted from your account.

## Retirement Scheme members can roll other monies into their Basic Benefit account

The 3% Basic Benefit for Retirement Scheme members can now accept other types of contributions, such as the Federal Government's co-contributions, eligible rollovers, award type contributions and other types of contributions permissible under superannuation law. Please contact Member Services for further information.

## Introduction of Member investment choice (MIC) for Retirement Scheme members

Your Scheme introduced MIC for the above members with effect from 1 October 2005. This provided members with 5 extra investment options to choose from with different levels of investment risk.

Contributory members of the Scheme can invest their Contributor financed benefit and their Basic Benefit accumulation account as part of MIC, while Deferred members can invest their total benefit. Retirement Scheme members were advised in writing of the introduction of MIC in August 2005. For further information on MIC, please contact Member Services.

## Introduction of salary sacrifice for Retirement Scheme members

The Scheme introduced salary sacrifice for the above members with effect from 1 October 2005. The Scheme can, from this date, accept salary sacrificed (i.e. before tax) superannuation contributions from contributory members. Such salary sacrifice contributions can now be accepted towards the normal contributions to the Scheme and also as top-up additional contributions. Retirement Scheme members were advised in writing of the introduction of Salary Sacrifice in August 2005. For further information please contact Member Services.

## Change of Administration

FuturePlus Financial Services took over responsibility for the administration of the Retirement Scheme benefits from 1st July 2005 and for the Scheme as a whole from 1st October 2005.

## Change of Insurer for the Accumulation and Executive Schemes

As reported at the last annual report, the Trustee has re-approved PrefSure Life Limited to provide voluntary insurance for members for a 3 year period. The new policies commenced from 1 December 2004. Any changes arising out of the re-approval of PrefSure have been communicated to the affected members. These changes may be still relevant to you if you are considering your insurance arrangements. Please refer to the website for further information, or call Member Services for a copy of the new Voluntary Insurance booklet which details all aspects about the new insurance arrangements.

## Choice of Fund

On 1st July 2005, the Choice of Superannuation Fund legislation came into effect, which meant that certain employees could choose which superannuation fund they wanted their compulsory superannuation guarantee contributions paid into. Not everyone is eligible to choose their own superannuation fund from 1 July 2005. Please check with your employer if you are uncertain of whether you are eligible for choice of funds.

## Trust Deed Changes

During the year a number of amendments were made to the Scheme's Trust Deed and Rules. Detailed below is a summary of these amendments and the date they were approved by the Trustee.

**17 September 2004** – Members in the Retirement Scheme and the Defined Benefit Scheme are now able to:

- agree with their employer that certain of their personal contributions be paid by way of a salary sacrifice arrangement (from 1 October 2005);
- exercise a range of member investment choice options as provided in relation to their Contributor's Benefit Account (from 1 October 2005); and
- to make personal contributions into their Division C accumulation account (other amounts such as rollovers and transfers in can also be receipted into this account) (from [please insert date here]).

**23 February 2005** – Routine amendments to reflect legislative changes for all Divisions of the Scheme in relation to changes to the work test and other age based statutory limits.



# Enquiries and Branches

## Enquiries

Contact Member Services on 1300 369 901  
(8.30 am - 5.00 pm Monday - Friday).

One-on-one consultations can be arranged between  
9.00 am - 4.30 pm at any one of our listed locations.

Our website is packed with information:

[www.lgsuper.com.au](http://www.lgsuper.com.au)



## Branches

<b>Sydney</b>	28 Margaret Street
<b>Orange</b>	187 Summer Street
<b>Wagga Wagga</b>	2/209 Baylis Street
<b>Wollongong</b>	Shop 2, 60 Burelli Street
<b>Lismore</b>	81-83 Molesworth Street
<b>Newcastle</b>	161 King Street
<b>Albury*</b>	429 Swift Street
<b>Goulburn*</b>	148 Auburn Street

*\* By appointment only. These offices are staffed for one day a month only.  
It is essential that you phone 1300 369 901 to book an appointment.*



