LOCAL GOVERNMENT®
SUPERANNUATION SCHEME

annual report to members 1999–2000

- executive scheme
- accumulation scheme
- allocated pension & rollover plans

LOCAL GOVERNMENT®
SUPERANNUATION SCHEME

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The Local Government Superannuation Scheme (ABN 74 925 979 278) consists of two distinct schemes: Local Government Superannuation Scheme Pool A,; Local Government Superannuation Scheme Pool B.

The following report relates to the Local Government Superannuation Scheme Pool A. This covers members of the Accumulation and Executive Schemes, and the Allocated Pension and Rollover Plans.

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chairman's overview

On behalf of the Directors of the Trustee, I am pleased to present the Annual Report to Members of the Local Government Superannuation Scheme.

The Local Government Superannuation Scheme has had an outstanding year 1999–2000. The Scheme performed well, and Pool A assets grew to $400 million.

Calendar year 1999–2000 was the third year of operation of the re-established Local Government Superannuation Scheme in New South Wales. It was a positive year of achievement and advancement in the affairs of the Scheme, and demonstrated the benefits of planning, member focus and resource commitments over the prior years.

The sound investment performance significantly improved the retirement benefits of all Scheme members. The superior performance has now been maintained for three consecutive years, making the Local Government Superannuation Scheme one of the best in Australia.

Providing members with improved retirement benefits was just one of the Scheme's objectives during the year. Another pleasing result was the acceptance by the members of their own financial planning service – FuturePlus Financial Services Pty Limited.

This new financial planning arm of the Local Government Superannuation Scheme (jointly owned with the Energy Industries Superannuation Scheme) was created to provide members with a comprehensive, cost-effective financial planning and post-retirement service. Many members have taken advantage of this service ensuring that when they retire they continue to enjoy the same low-fee, high-value service they received as a scheme member.

One of the most significant Scheme initiatives this year was the launch of the Regional Development Trust. The Regional Development Trust will seek investment opportunities in regional and rural NSW. The Regional Development Trust is designed to provide competitive returns for Scheme members, and will benefit regional NSW by generating jobs and economic activity in those areas.

Since its inception in July 1997, The Local Government Superannuation Scheme has had many successes. Plans for the future will capitalise on these foundations. I wish to thank the Chief Executive Officer, Mr Brett Westbrook, our Executive Officers, Advisers, staff and Directors who worked so hard to ensure another successful year.

Peter Woods OAM
Chairperson
Local Government Superannuation Scheme

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highlights

The Local Government Superannuation Scheme is committed to improving the long-term benefit to members' retirement incomes. This is achieved via the implementation of long-term investment strategies which seek to maximise investment returns consistent with an appropriate risk/return profile.

The Scheme is committed to improving the delivery of member services and is aiming for industry leader status in this regard.

Improved member servicing throughout 1999–2000 was reflected by the success of the worksite visits program, the Retirement Seminars, and the acceptance of financial planning services through FuturePlus Financial Services Limited.

As at 30 June 2000:

- The Scheme had 50,835 members.
- Assets grew to $454.29 million.
- Contributions received totalled $125.79 million.
- Members received $34.30 million in benefit payments over the year.

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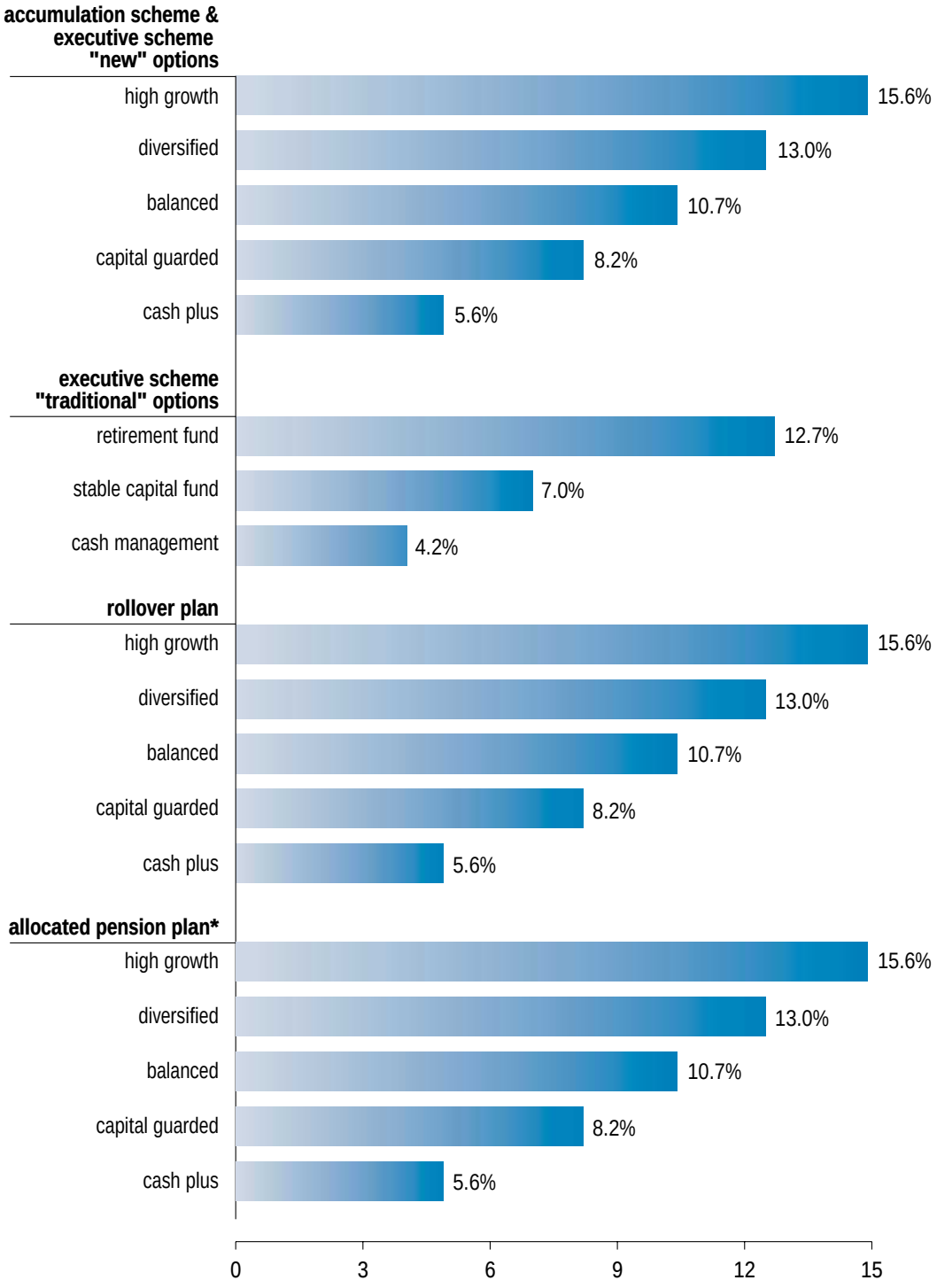
net investment

returns (after tax) for year ended 30 june 2000



* The Allocated Pension Plan is a new product invested in Pool A of the Local Government Superannuation Scheme.

Full year returns do not apply to all investment options in the Allocated Pension Plan.

The figures shown are Pool A returns and are for indicative purposes. The actual returns for the Allocated Pension Plan are marginally higher than those shown as a result of the favourable tax treatment applied to allocated pensions.

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mission statement

The Local Government Superannuation Scheme's major purpose is to provide security for the future of members when they leave the workforce due to retirement, resignation or disablement, as well as to provide security for members' beneficiaries in the event of death.

The Scheme aims to achieve this by:

- Targeting appropriate investment returns subject to designated risk levels.
- Reducing the costs of superannuation while enhancing the overall benefits for members.

The Trustee is committed to:

- Always acting in the best interests of members.

trustee

Peter Woods OAM, BA, MLITT, MACE
Appointed by Local Government Association of NSW

Chairperson, LGSS Pty Limited; President, Local Government Association of New South Wales; Mayor of Concord; President, International Union of Local Authorities (IULA) – Asia Pacific Region; Member, Board of Environment Protection Authority of NSW; Director, Inner Sydney Waste Board

John Wearne OAM
Appointed by Shires Association of NSW

Councillor, Bingara Shire Council; Patron and Former President, Shires Association of NSW; Former Senior Vice-President, Australian Local Government Association; Commissioner, National Roads and Transport Commission; Board Member, NSW Centenary of Federation Committee and Australia Day Council of NSW

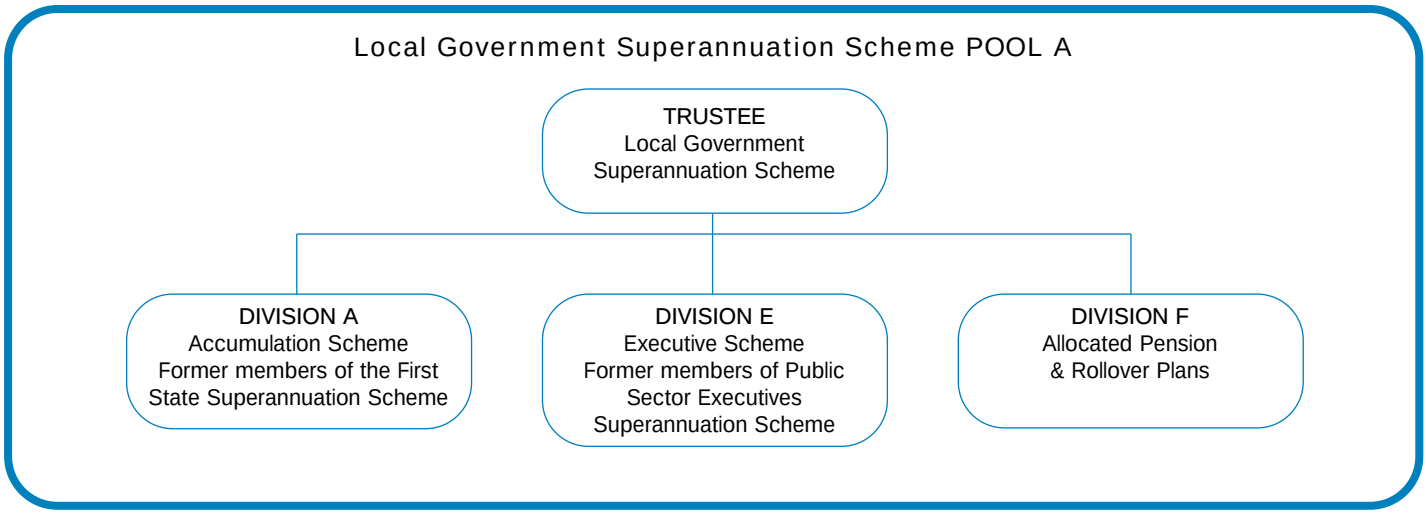
Bernadette O'Connor
Appointed by Local Government Association of NSW

Bachelor of Social Work Hons 1; Master Public Policy, Councillor City of Botany Bay, Executive Member, NSW Local Government Association, Member of NSW Local Government Finance Committee

Leo Kelly
Deputy Mayor, Blacktown Council; Executive Member, NSW Local Government Association; Member of NSW Local Government Committees – Planning, Environment, Industrial, Waste Management; Local Government Representative, NSW Department of Environment and Planning Green Space Program Selection Committee; Local Government Representative to Hawkesbury – Nepean Catchment Management Trust, Phosphorus Action Program Committee; Director, Waste Services NSW Member, NSW State Waste Advisory Council

- Continually improving the level of service to members.
- Developing first-class products and services for members.

The Scheme has two segregated pools of assets, Pool A and Pool B. This report has been produced for members covered by Pool A, which includes members of the Accumulation Scheme, the Executive Scheme, and the Allocated Pension and Rollover Plans.



Ian Robertson
Representing Environmental Health and Building Surveyors' Association of NSW

Secretary/Treasurer, the Environmental Health and Building Surveyors' Association of NSW (HABSA); Member, Local Government Reform Task Force

John Ernst
Representing Federated Municipal and Shire Council Employees Union of Australia (NSW Division)

President, Metropolitan Salaried Officers Branch (MEU) Chairperson, Superannuation Services Company

Barry Mason
Representing Federal Municipal and Shire Council Employees Union of Australia

Expenditure/Risk/Assets Co-ordinator, Kogarah Council; Associate Institute Municipal Management

Martin O'Connell
Representing Local Government Engineers' Association

Director, Local Government Engineers' Association and Association of Professional Engineers, Scientists and Managers, Australia (NSW Branch); Executive Members, Labor Council of NSW

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member services

During the year 1999–2000, the Scheme has focused on providing members with improved levels of communication, assistance, and quality advice.

These aims are being achieved via the worksite visits program, the Retirement and Financial Planning Seminars, the enhanced Web site (www.lgsuper.com.au) and the member newsletters.

The Scheme is committed to ensuring service providers deliver in a timely, efficient and cost–effective manner.

Enquires, Help and Advice

Member Services is your enquiry service centre. If you have any enquiries about the Scheme, these should be directed to:

Member Services
Ground Floor
28 Margaret Street
Sydney NSW 2000
Tel 1300 369 901
Fax (02) 9279 4131

Telephone enquiries can be made between 8.30am and 5.30pm, Monday to Friday, and personal interviews can be arranged with a Member Services Officer between 9am and 4.30pm, Monday to Friday.

Written enquiries should be sent to:

PO Box N835
Grosvenor Place
Sydney NSW 1220

Some examples of how you may be able to use the Member Services centre include:

- Enquiries about the amount of your benefit, when you may be able to receive it and rollover opportunities.
- Information concerning your current investment selection and alternatives available to you.
- Information on making member contributions.
- Information concerning death and invalidity cover.
- Reviewing copies of Scheme documents such as the audited accounts and the Trust Deed and Rules.

Remember, this service is a benefit of your membership. It is absolutely free of charge to you and we encourage you to use it.

LOCAL GOVERNMENT® SUPERANNUATION SCHEME

complaints

We hope that you will always receive satisfactory service from the Local Government Superannuation Scheme and that all your enquiries will be promptly attended to. However, if you are dissatisfied with the service you are receiving, we encourage you to lodge a formal complaint.

All complaints should be made in writing to:

Complaints Resolution Officer
Superannuation Services Company Pty Ltd
Level 12
28 Margaret Street
Sydney NSW 2000
Tel: (02) 9299 3000

The Complaints Resolution Officer, who maintains a register of all complaints and actions, will consider your complaint on behalf of the Trustee and provide you with a suitable 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 concern to the Superannuation Complaints Tribunal, located in Melbourne.

The Tribunal has been established by the Federal Government for the purpose of providing totally independent input into disputes which may arise between superannuation funds and their members, former members or beneficiaries. The Tribunal can only consider matters which impact on members personally and not in respect of the overall conduct of the Scheme.

You may only approach the Tribunal if you have first been through the Scheme's internal complaints procedure.

In exercising its power, the Tribunal cannot alter the provisions of the Trust Deed. All complaints to the Tribunal must be made in writing and at your own expense.

The staff at the Tribunal will attempt to resolve the matter by conciliation, which involves assisting you and the Scheme to come to a mutual agreement. If no agreement is reached by conciliation, the Tribunal will determine the matter.

The contact details are:

The Secretary, Superannuation Complaints Tribunal,
Locked Bag 3060 GPO
Melbourne Vic 3001
Tel: 13 14 34.

Alternatively, if you are a former member of one of the State Super Schemes who was transferred to the Local Government Superannuation Scheme, you may lodge an appeal with the NSW Industrial Relations Commission (in Court Session) within six months of being notified of the determination of your complaint by the Trustee, or within the time allowed by the Commission.

LOCAL GOVERNMENT® SUPERANNUATION SCHEME

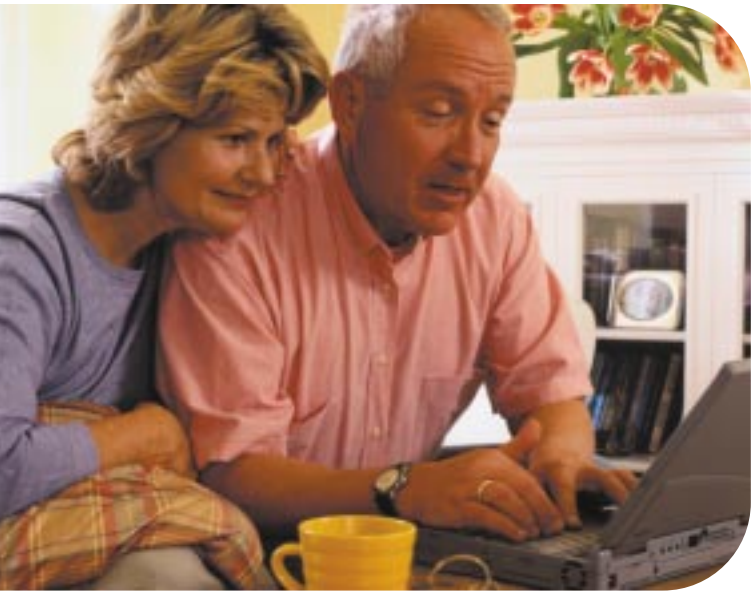
fees & charges

Accumulation Scheme

The following fees are debited from members' accounts where applicable:

- A management fee of 75 cents per week.
- $5 per month for insurance (while an employee of a LGSS's employer)
- A $20 switching fee applies to your second and any subsequent optional investment switching in any financial year.
- A $20 benefit payment fee applies on each drawdown.

The Government's 15 per cent contributions tax is deducted from any assessable contribution (eg Employer Contributions and Salary Sacrifice Contributions) received by the Scheme.



The additional surcharge tax of up to 15 per cent on contributions for high income earners is also deducted from the accounts of affected members.

If your account balance is less than $1,000, any management fees deducted from your account will not exceed the interest earned on your account balance in any financial year. This means your account balance cannot be reduced because of management fees.

Executive Scheme

Administration fees are set by the Trustee at the level needed to recover actual costs.

They are charged on a monthly basis to a member's account.

For the 1999–2000 year, they were:

- A management fee of $6.33 per month for a contributing member.
- A management fee of $3 per month for a non-contributing member.
- The cost of your Additional Benefit Cover.
- A $30 switching fee applies to your second and any subsequent optional investment switch in any financial year.
- A $30 benefit payment fee applies on each drawdown.

The Government's 15 per cent contributions tax is deducted from any assessable contribution (eg Employer Contributions) received by the Scheme. The additional surcharge tax, of up to 15 per cent, on contributions for high income earners is deducted from the accounts of affected members.

Allocated Pension & Rollover Plans

The following fees are debited from members' accounts where applicable:

- An administration fee of $45 per annum. (This fee has been reduced to NIL as of 1 July 2000.)

- A management charge in respect of specific investment strategies of 1 per cent per annum.
- Investment management fees paid to the investment managers are accrued against, and deducted from, the assets of each investment pool prior to the net investment earnings being declared. The Scheme uses several investment managers; different investment managers charge various fees. These fees will vary between 0.2 to 0.7 per cent per annum.
- A benefit payment fee of $10 per cheque issued is charged.
- No fee is charged for the first switch between investment strategies in each financial year; a fee of $10 for each switch thereafter applies.

Changes to Super

Superannuation and Family Law

The Commonwealth Government has introduced a Bill into Parliament on the reform of the treatment of superannuation assets during divorce settlements. The aim is to allow the parties involved to reach an agreement on how all assets, including superannuation, will be split. Where the parties cannot reach agreement, the Family Court will be able to order an apportionment of accrued superannuation benefits. The Bill is yet to be debated or to become law. However, a considerable amount of the detail on how orders or agreements are to be implemented are contained in draft regulations.

Trust Deed amendments to the Accumulation Scheme

Executive Officer salary

Executive Officers are on salary contracts that include compulsory Superannuation Guarantee (SG) contributions. Operative from 1 July 1999, SG contributions are capped. Contributions must be paid on the total taxable salary paid to the member or the “maximum contribution base”, whichever is the lower. For the 1999–2000 financial year, the “maximum contribution base” was $25,240 per quarter. This amendment brings compulsory contributions for Executive Officers into line with the Executive Scheme.

Reasonable Benefit Limits (RBL)

Superannuation Law does not require employers to pay SG contributions in respect of a member who has already accumulated benefits to the pension RBL. The pension RBL was $971,382 for 1999–2000. The Scheme Rules were amended from 4 May 2000 to state that where an employee provides a valid notice under tax law to their employer to the effect that they have exceeded the pension RBL, the employer is no longer required to provide SG contributions to the Scheme. Such notice is only effective while it is validly in force.

Goods and Services Tax

The Government has introduced a 10 per cent Goods and Services Tax (GST) operational from 1 July 2000. The subscription of money for units in the Scheme and redemption of units in the Scheme will not be subject to GST. However, the Scheme will incur GST on some of its costs including the ongoing management charges. The Scheme will generally claim back 75 per cent of the GST incurred and the remaining amount is incorporated in the fees.

LOCAL GOVERNMENT®
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investment review

Accumulation Scheme, Executive Scheme and Allocated Pension[i] & Rollover Plans

Investment markets during 1999–2000 were highly volatile, although they continued to deliver solid results.

Portfolios biased towards equities recorded the better gains for the year, although there were periods during the year where fixed income portfolios tended to outperform.

Across the five portfolio choices most, if not all, exceeded the median return of comparable peer funds. Growth-based portfolios within the Scheme achieved generally high returns, again outperforming their targeted rates of return.

This has been the third year in a row where they have significantly exceeded their targets and, in general, have also exceeded the median returns offered by the other pooled superannuation trusts.

While the longer term expectation is for higher growth-oriented portfolios to continue to exceed the more capital stable options, it needs to be remembered that should equity markets experience any sustained period of weakness, then the growth-based portfolios will significantly underperform those portfolios oriented toward fixed income.

A review of fund managers and asset allocations in each of the options was carried out during 1999–2000, and these were implemented toward the end of the financial year.

This should act longer term to maintain the very strong relative performance that has been shown in these portfolios over the three years.

Executive Scheme

Members of the Executive Scheme (Division E) have the option of having their money invested in products managed by BT Asset Management – BT Retirement Fund and BT Capital Stable Fund – or one of the five existing portfolios in the Accumulation Scheme (Division A).

The performance of the BT options is indicated in Chart 2 on page 16. While the BT portfolios had a solid year relative to their targeted rate of return, the Retirement Fund at 12.67 per cent generated a good, if unspectacular, return. It should be remembered the Retirement Fund does not have as high an allocation to equities as does the High Growth portfolio available to both Division A and E members.

The BT Capital Stable Fund also recorded a solid return of 7 per cent. This portfolio has a high allocation to fixed income and is there to protect members during those periods of equity market weakness.

During 1999–2000, Division E members were extended the option of choosing between the BT portfolios or the portfolios previously available only to Division A members. This was designed to expand the range of investment choices available to Division E members, so as to accommodate a greater range of individual risk/return profiles.

Under either choice – that of the BT managed funds or the other five portfolios – the investment outcomes were broadly in line with the expected rates of investment return, given the market conditions.

Options

Accumulation Scheme

The Local Government Accumulation Scheme offers a choice of five different investment options: High Growth, Diversified, Balanced, Capital Guarded and Cash Plus. The five options provide for a wide range of investment strategies ranging from high risk, with expected high returns over time, to a low-risk/low-return strategy.

If an option is not chosen, a default option will be chosen depending on the member's age. Members with account balances of less than $1,000 are automatically invested in the Cash Plus fund. Other members who do not make a choice are automatically invested as follows:

- Members under 45: Diversified
- Members aged 46–54: Balanced
- Members aged 55 and over: Capital Guarded

The investment objectives and strategies for each of the five Accumulation Scheme investment options are detailed in Chart 1 on page 15.

Executive Scheme

The Local Government Executive Scheme offers a choice of eight different investment options: the three traditional options – Retirement Fund, Stable Capital Fund and Cash Management Account – and the five options available to Accumulation Scheme members. Members may choose to invest in one or more of the three traditional options or one of the five new options.

The three traditional options provide a range of investment strategies and are managed by two investment managers. The Retirement and Stable Capital Fund options have their funds invested by BT Funds Management Limited. The Cash Management option has its funds invested in the Westpac Cash Management Account.

The investment objectives and strategies for each of the three traditional Executive Scheme investment options are detailed in Chart 2 on page 16.

Allocated Pension & Rollover Plans

The Local Government Allocated Pension & Rollover Plans offers a choice of five investment options: High Growth, Diversified, Balanced, Capital Guarded, and Cash Plus.

The investment options can be used separately or as a combination to create an individual investment portfolio to best suit a member's needs. Members may redesign their initial investment portfolio at any time in the future by switching between investment strategies.

See the investment objectives and strategies for each of the five options in Chart 1 on page 15.

OPERATING STATEMENT FOR YEAR ENDED 30 JUNE 2000	30 June 1999 ($'000)	30 June 2000 ($'000)
REVENUE		
Net investment revenue	20,150	43,869
Employer contributions	52,804	66,674
Member contributions	42,826	18,677
Transfers in	–	45,929
TOTAL REVENUE	115,783	175,149
LESS		
OUTGOINGS		
Administration expenses	1,609	337
Insurance premium	104	135
Income tax expense	9,400	12,977
Contributions surcharge	280	450
TOTAL OUTGOINGS	11,393	13,899
BENEFITS ACCRUED AS A RESULT OF OPERATIONS	104,390	161,230

Below is abridged financial information for Pool A of the Scheme for the year ended 30 June 2000. This information is based on accounts currently being audited. If you wish to inspect the complete Scheme accounts, they are available by contacting Member Services on 1300 369 901 (8.30am–5.30pm, Monday to Friday)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2000	30 June 1999 ($'000)	30 June 2000 ($'000)
INVESTMENTS		
Short-term investments	38,907	23,649
Australian fixed interest	37,933	108,666
Australian equities	63,576	101,229
International equities	61,930	114,182
Property trusts	18,951	20,329
Pooled superannuation trusts	85,303	66,279
TOTAL INVESTMENTS	306,600	434,334
OTHER ASSETS		
Cash	16,745	10,585
Receivables	2,839	9,369
TOTAL ASSETS	326,184	454,288
LESS		
LIABILITIES		
Creditors	3,908	1,231
Provision for income tax	4,930	8,095
Provision for deferred taxation	1,986	2,655
TOTAL LIABILITIES	10,824	11,981
NET ASSETS AVAILABLE TO PAY BENEFITS	315,360	442,307

Chart 1: Accumulation Scheme, Executive Scheme, Allocated Pension & Rollover Plans: investment options, objectives and strategies to 30 June 2000

INVESTMENT OPTIONS	HIGH GROWTH	DIVERSIFIED	BALANCED	CAPITAL GUARDED	CASH PLUS
PURPOSE	For the highest growth above inflation in the longer term.	For real investment growth above inflation over longer periods.	For real growth above inflation over the medium term.	For short-term investment with good security and some potential for growth.	For very short-term investments.
OBJECTIVES	• To target a real rate of return of 7.0% per annum over a five-year period. • For the chance of a negative return in any one year to be 1 in 4.5.	• To target a real rate of return of 6.1% per annum over a five-year period. • For the chance of a negative return in any one year to be 1 in 5.5.	• To target a real rate of return of 5.4% per annum over a five-year period. • For the chance of a negative return in any one year to be 1 in 7.	• To target a real rate of return of 4.5% per annum over a five-year period. • For the chance of a negative return in any one year to be 1 in 13.	• To target a real rate of return of 1.7% per annum over a five-year period. • For the chance of a negative return in any one year to be nil.
STRATEGY	High Growth usually invests about 90% of its funds in traditional growth assets such as Australian and international shares and property.	Diversified usually invests about 70% in growth assets such as Australian and international shares and property, and 30% in assets that produce income such as fixed interest securities.	The Balanced strategy usually invests about 50% in growth assets such as Australian and international shares and 50% in assets that produce income such as fixed interest securities.	The Capital Guarded strategy usually invests about 70% in assets that produce income such as fixed interest securities, and 30% in growth assets such as Australian and international shares.	The Cash Plus strategy invests 100% of available assets in short-term securities such as cash deposits and bank, government and semi-government securities.
ASSET ALLOCATION	99-00 / 99-98 Aust Eq: 42.5% / 36% Int Eq: 42.5% / 41% Property: 5% / 14% Aust FI: 10% / 3% Int FI: 0% / 3% Cash: 0% / 3%	99-00 / 99-98 Aust Eq: 32.5% / 32% Int Eq: 32.5% / 29% Property: 5% / 10% Aust FI: 20% / 19% Int FI: 0% / 5% Cash: 0% / 5% Index Sec: 10% / 0%	99-00 / 99-98 Aust Eq: 22.5% / 23% Int Eq: 22.5% / 21% Property: 5% / 8% Aust FI: 30% / 35% Int FI: 10% / 7% Cash: 0% / 6% Index Sec: 10% / 0%	99-00 / 99-98 Aust Eq: 12.5% / 14% Int Eq: 12.5% / 12% Property: 5% / 5% Aust FI: 45% / 44% Int FI: 15% / 11% Cash: 0% / 14% Index Sec: 10% / 0%	99-00 / 99-98 Cash: 100% / 100%
INVESTMENT EARNINGS: ACCUMULATION SCHEME & EXECUTIVE SCHEME	Actual Earnings 99-00 15.6% 98-99 8.5% 97-98 14.0% 3-yr Average 12.7%	Actual Earnings 99-00 13.0% 98-99 7.7% 97-98 11.5% 3-yr Average 10.7%	Actual Earnings 99-00 10.7% 98-99 6.4% 97-98 10.3% 3-yr Average 9.1%	Actual Earnings 99-00 8.2% 98-99 5.1% 97-98 9.2% 3-yr Average 7.5%	Actual Earnings 99-00 5.6% 98-99 4.1% 97-98 4.1% 3-yr Average 4.6%
INVESTMENT EARNINGS FOR ALLOCATED PENSION PLAN* & ROLLOVER PLAN (FOR YEAR TO 30 JUNE 2000)	Actual Earnings Rollover Plan: 99-00 15.6% 98-99 8.5% 2-yr Average 12.1% Allocated Pension Plan: 99-00 15.6% 98-99 9.5% 2-yr Average 12.2%	Actual Earnings Rollover Plan: 99-00 13.0% 98-99 7.7% 2-yr Average 10.4% Allocated Pension Plan: 99-00 13.0% 98-99 8.7% 2-yr Average 10.6%	Actual Earnings Rollover Plan: 99-00 10.7% 98-99 6.4% 2-yr Average 8.6% Allocated Pension Plan: 99-00 10.7% 98-99 7.4% 2-yr Average 8.9%	Actual Earnings Rollover Plan: 99-00 8.2% 98-99 5.1% 2-yr Average 6.7% Allocated Pension Plan: 99-00 8.2% 98-99 6.1% 2-yr Average 7.2%	Actual Earnings Rollover Plan: 99-00 5.6% 98-99 4.1% 2-yr Average 4.9% Allocated Pension Plan: 99-00 5.6% 98-99 5.1% 2-yr Average 5.0%

Note: The earnings rate credited to members is the actual earnings of each option expressed as an annualised rate after adjusting for investment costs. Earnings are allocated to members' accounts on 30 June or on Scheme exit (on a pro-rata basis). Allocated Pension & Rollover Plans commenced March 1999. Expanded Executive Scheme Option commenced 1 June 1999.
*Actual returns for the Allocated Pension are slightly higher than those shown as a result of favourable tax treatment.
Key: Aust Eq: Australian Equities; Int Eq: International Equities; Aust FI: Australian Fixed Interest; Int FI: International Fixed Interest; Index Sec: Index-Linked Securities

Chart 2: Executive Scheme: traditional investment options, objectives and strategies to 30 June 2000

INVESTMENT OPTIONS	RETIREMENT FUND	STABLE CAPITAL FUND	CASH MANAGEMENT ACCOUNT
OBJECTIVES	The Retirement Fund's objective is to achieve moderately high and consistent returns over the medium to long term while at the same time reducing the probability of a negative return in the short term.	The Stable Capital Fund's objective is to achieve a competitive and relatively stable pattern of returns over the short term, while at the same time reducing the probability of a negative return for any one year. The fund also aims to provide a higher return than that available from Australian bonds over the medium term.	The Cash Management Account is designed for short-term or transitional use with the emphasis on capital protection.
STRATEGY	The Retirement Fund's strategy is to grow the value of the investment over periods of five years or more by investing in a range of investment types with higher exposure to growth investments (such as shares and property) whose market prices do not reflect their long-term value and are expected to appreciate over time.	The Stable Capital Fund's investment strategy is to provide a higher return on the investment than the returns available from cash or bonds over periods of three years or more, by having limited exposure to growth investments such as shares and property.	The Cash Management Account invests 100% of its funds in liquid assets.
ASSET ALLOCATION*	**99-00 / 98-99** **Australian Shares:** 37% / 37% **International Shares:** 25% / 19% **Property:** 8% / 12% **Australian Bonds:** 13% / 18% **International Bonds:** 8% / 10% **Cash:** 9% / 4%	**99-00 / 98-99** **Australian Shares:** 15% / 15% **International Shares:** 5% / 5% **Property:** 6% / 6% **Australian Bonds:** 38% / 42% **International Bonds:** 11% / 7% **Indexed Bonds:** 4% / 5% **Cash:** 21% / 20%	**99-00 / 98-99** **Cash:** 100% / 100%
INVESTMENT EARNINGS FOR YEAR TO 30 JUNE 2000	**Actual Earnings** **99-00** 12.7% **98-99** 7.9% **97-98** 6.5% **3-yr Average** 9.0%	**Actual Earnings** **99-00** 7.0% **98-99** 6.5% **97-98** 5.6% **3-yr Average** 6.4%	**Actual Earnings** **99-00** 4.2% **98-99** 5.4% **97-98** 2.2% **3-yr Average** 3.9%

* The asset allocation of the BT products will alter in line with the manager's view of the relative value of each asset class.
Note: The earnings rate credited to members is the actual earnings of each option after adjusting for investment costs. Earnings are allocated to members' accounts monthly.

further information

Should you wish, you may examine the following documents:

- The Trust Deed.
- The Scheme accounts and Auditor's report.
- An Actuarial statement and other advice.

For access to these documents or further information on the Scheme, you should contact:
Member Services, Ground Floor, 28 Margaret Street, Sydney 2000.
Tel: 1300 369 901 (8.30am–5.30pm, Monday to Friday).
Or visit our Web site at www.lgsuper.com.au

DIRECTORY

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

ACTUARY	William M Mercer Pty Ltd
ADMINISTRATOR	NSP Buck Pty Limited
AUDITOR	Audit Office of New South Wales
CUSTODIAN	Commonwealth Custodial Services Limited
DEATH & DISABLEMENT COVER	
ACCUMULATION SCHEME	Self-insured
EXECUTIVE SCHEME	GIO Australia

Note: The Allocated Pension & Rollover Plans do not have Death and Disablement Cover.

INVESTMENT MANAGERS	
ACCUMULATION SCHEME,	BT Funds Management Limited
ALLOCATED PENSION	HSBC Asset Management Australia Limited (terminated)
ROLLOVER PLANS &	Macquarie Investment Management Limited
EXECUTIVE "NEW OPTIONS"	Rothschild Funds Management Limited
	State Street Global Advisors Australia Ltd (terminated), Westpac Banking Corporation, Deutsche Asset Management Australia Ltd, Westpeak Investment Advisors Ltd (new) Credit Suisse Asset Management (new), Paladin Australia Ltd (new), Capital International Inc (new), Lazard Asset Management Inc (new), Portfolio Partners Ltd, Rothschild Australia Asset Management Ltd, Merril Lynch, Mercury Asset Management (Aust) Ltd (new), National Corporate Investments Limited
EXECUTIVE SCHEME "TRADITIONAL OPTIONS"	BT Funds Management Limited
	Westpac Bank
SOLICITORS	Phillips Fox
	Deacons
SECRETARIAT TO TRUSTEE	Superannuation Services Company Pty Limited

TAX FILE NUMBER COLLECTION

Superannuation fund trustees are now required to ask you to provide your Tax File Number (TFN).
This is a legal requirement authorised by tax laws, the Superannuation Industry (Supervision) Act 1993 and the Privacy Act 1988.
Your TFN may be used by the Trustee for the following authorised purposes:

- Taxing Eligible Termination Payments at concessional rates.
- Finding and amalgamating your superannuation benefits where insufficient information is available.
- Passing your TFN to the Australian Taxation Office where you receive a benefit or have unclaimed superannuation money after reaching the aged pension age.
- Allowing the Trustee to provide your TFN to another superannuation provider receiving any benefits you may transfer. The Trustee will not pass on your TFN to any other fund if you tell the Trustee in writing not to do so.
- Allowing the Trustee to quote your TFN to the Australian Taxation Office when reporting details of contributions for the purposes of the Superannuation Contributions Tax (Surcharge).

You are not required to provide your TFN. Declining to quote your TFN is not an offence. However, if you do not give the Trustee your TFN, either now or later:

- You may pay more tax on your superannuation benefits than you have to. (You will get this back at the end of the financial year in your income tax assessment.)
- It may be more difficult to find your superannuation benefits if you change address without notifying the Scheme or if you want to amalgamate multiple superannuation accounts.
- The surcharge may apply to your superannuation contributions.

The lawful purposes for which your TFN can be used and the consequences of not quoting your TFN may change in future as a result of legislative change.

The Local Government Superannuation Scheme
Send to: PO Box N835, Grosvenor Place, Sydney NSW 1220

surname _____ first name _____

date of birth _____ sex: ❑ male ❑ female signature _____ date _____

I agree to provide my Tax File Number: ❑ yes ❑ no My Tax File Number# is: _____

#If you have previously provided your Tax File Number to the Scheme, you will not need to provide it again.

Thinking of retiring?

Let FuturePlus Financial Services secure your future

What will FuturePlus Financial Services do for me?

If you are planning for your retirement or considering a redundancy offer, FuturePlus Financial Services will show you how to get the most out of your money.

FuturePlus Financial Planners are specially trained and fully qualified to help you get the most out of your money for your retirement. Each FuturePlus Financial Planner is a proper Authority holder and an authorised representative of FuturePlus Financial Services.

A FuturePlus Financial Planner will talk to you about possible investment strategies and explain to you the benefits and the risks. They will make sure you understand these before recommending any possible Financial Plan to you.

A FuturePlus Financial Planner will discuss various investment options and estate planning issues with you.

Based on the information you provide, a FuturePlus Financial Planner will draw up a financial plan for you. He or she will go through the plan with you and make sure that you understand it.

When should I contact FuturePlus Financial Services?

If you are about to retire or accept a redundancy offer, a FuturePlus Financial Planner will work with you to get the most out of your money.

How much will this cost me?

If you are a member or former member of the Local Government Superannuation Scheme, FuturePlus Financial Services will provide this service free of charge.

What do I do next?

If you are about to retire please call – **(02) 8234 6000**

FuturePlus Financial Services belongs to you

You, the members of the Local Government Superannuation Scheme, own FuturePlus Financial Services.

The Local Government Superannuation Scheme, in conjunction with the Energy Industries Superannuation Scheme, set up FuturePlus Financial Services to provide you with a comprehensive financial planning and post-retirement service.

When you retire, FuturePlus Financial Services is committed to bringing you the same low-fee, high-value service that you enjoyed as a member of the Local Government Superannuation Scheme.

FuturePlus Financial Services PTY Limited (ABN 90 080 972 630)

LOCAL GOVERNMENT®
SUPERANNUATION SCHEME

FUTURE PLUS®
FINANCIAL SERVICES