

LEGISLATIVE ASSEMBLY MEMBERS'  
SUPERANNUATION TRUST

# Annual Report 2006-07





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**AUDITOR-GENERAL**

## Independent Auditor's Report to the Trustees Legislative Assembly Members' Superannuation Trust

Year ended 30 June 2007

I have audited the accompanying financial report of the Legislative Assembly Members' Superannuation Trust (the Fund), which comprises the statement of changes in net assets, statement of net assets and accompanying notes to the financial statements for the year ended 30 June 2007.

### *The Responsibility of the Trustees for the Financial Report*

The Trustees of the Fund are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the net assets of the Legislative Assembly Members' Superannuation Trust as of 30 June 2007 and its changes in net assets for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

A handwritten signature in black ink, appearing to read 'F. McGuinness'.

F McGuinness

Auditor-General for the Northern Territory

Darwin, Northern Territory

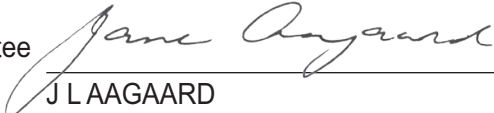
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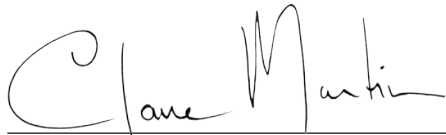


## Trustees' Statement

In the opinion of the Trustees:

1. the accompanying financial statements consisting of a Statement of Changes in Net Assets, Statement of Net Assets and Notes to the Financial Statements are drawn up to present fairly the financial position of the Legislative Assembly Members' Superannuation Trust as at 30 June 2007 and the results of its operations for the year then ended in accordance with Australian Accounting Standards and other mandatory reporting requirements;
2. the Financial Statements have been prepared in accordance with the requirements of the *Legislative Assembly Members' Superannuation Fund Act* as amended; and
3. the Trust has been operated in accordance with the provisions of the *Legislative Assembly Members' Superannuation Fund Act* as amended and in compliance with the requirements of the *Superannuation Industry (Supervision) Act 1993* during the year ended 30 June 2007.

Presiding Trustee  Date 28/09/2007  
 J L AAGAARD

Trustee  Date 28/09/2007  
 C M MARTIN



## Meetings of the Board of Trustees

In compliance with the *Legislative Assembly Members' Superannuation Fund Act*, the Board of Trustees meets as required, dealing with relevant business and setting interim and final crediting rates in accordance with actuarial advice.

Following a resolution of the Board of Trustees on 13 May 1998, in accordance with Section 48 of the *Interpretation Act*, urgent matters are able to be dealt with by telephone, facsimile circulation, closed circuit television or other means of communication.

## Closure of the Legislative Assembly Members' Superannuation Scheme

The Scheme was closed to new Members on 9 May 2005.

Members elected to the Legislative Assembly for the first time at the general election held on 18 June 2005 have 9 per cent superannuation guarantee paid to their nominated complying superannuation fund.

# Statement of Changes in Net Assets

for the Year Ending 30 June 2007

	Note	2007	2006
		\$	\$
<b>NET ASSETS AVAILABLE TO PAY BENEFITS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>47 827 856</b>	<b>42 052 278</b>
<i>Add:</i>			
<b>NET INVESTMENT REVENUE</b>			
Sundry income		124 048	95 196
Interest and distributions	2	4 126 380	103 607
Changes in net market value of investments	3	4 077 026	5 882 183
		<b>8 327 454</b>	<b>6 080 986</b>
<b>CONTRIBUTION REVENUE</b>			
Member contributions		311 153	310 006
Member surcharge contributions		109 504	489 056
Territory contributions		1 981 690	1 875 215
		<b>2 402 347</b>	<b>2 674 277</b>
<b>TOTAL REVENUE</b>		<b>10 729 801</b>	<b>8 755 263</b>
<i>Less:</i>			
<b>EXPENSES</b>			
Benefits paid			
Lump sum benefits paid		132 867	870 082
Pensions paid		1 858 065	1 684 935
Other expenses		2 758	41 034
Superannuation contribution surcharge tax		120 219	258 450
<b>TOTAL EXPENSES</b>		<b>2 113 909</b>	<b>2 854 501</b>
<b>TOTAL REVENUE LESS EXPENSES BEFORE TAX</b>		<b>8 615 892</b>	<b>5 900 762</b>
Income tax expense	5(a)	457 293	125 184
<b>TOTAL REVENUE LESS EXPENSES AFTER TAX</b>		<b>8 158 599</b>	<b>5 775 578</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF THE FINANCIAL YEAR</b>		<b>55 986 455</b>	<b>47 827 856</b>

The accompanying notes form part of these financial statements.

# Statement of Net Assets

as at 30 June 2007

	Note	2007	2006
		\$	\$
<b>INVESTMENTS</b>			
Life office policy – capital guaranteed	4(a)	–	69 615
Wholesale unit trusts	4(b)	56 880 240	47 705 029
<b>TOTAL INVESTMENTS</b>		<b>56 880 240</b>	<b>47 774 644</b>
<b>OTHER ASSETS</b>			
Cash at bank		157 789	960 829
Current tax asset	5(c)	33 900	–
Deferred tax asset	5(d)	12 199	170 678
<b>TOTAL OTHER ASSETS</b>		<b>203 888</b>	<b>1 131 507</b>
<b>TOTAL ASSETS</b>		<b>57 084 128</b>	<b>48 906 151</b>
<i>Less:</i>			
<b>LIABILITIES</b>			
Benefits payable		165 822	142 459
Sundry liabilities		2 750	2 750
Provision for surcharge contributions tax		929 101	918 387
Current tax liability	5(c)	–	14 699
<b>TOTAL LIABILITIES</b>		<b>1 097 673</b>	<b>1 078 295</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF THE FINANCIAL YEAR</b>		<b>55 986 455</b>	<b>47 827 856</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements for the year ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of Compliance

The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards (AAS) including AAS25 Financial Reporting Superannuation Plans (AAS25) as amended by AASB 2005-13 "Amendments to Australian Accounting Standards [AAS25]", other applicable Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* and Regulations and the provisions of the *Legislative Assembly Members' Superannuation Fund Act*.

The Trust is a superannuation fund domiciled in Australia. The financial statements are presented in Australian dollars, which is the functional currency of the Trust.

The financial statements were approved by the Board of Trustees on 28 September 2007.

### (b) Basis of Preparation

The Australian Accounting Standards, adopted by the Australian Accounting Standards Board (AASB), are based on International Financial Reporting Standards (IFRS). These are known as the Australian equivalent to IFRS (AIFRS). Since AAS25 is the principal standard that applies to the financial statements, other standards, including AIFRS, are also applied where necessary except to the extent that they differ from AAS25.

The accounting policies set out below have been applied consistently in these financial statements.

The fund elected the early adoption of the following accounting standards and amendments:

- AASB101 Presentation of Financial Statements (October 2006)
- ED151 Additions to and Deletions from IFRSs

Other accounting standards and amendments available for early adoption have not been applied, either because they do not have any impact or are not applicable to superannuation funds.

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

### (c) Use of Estimates and Judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires the Board of Trustees to exercise its judgement in the process of applying the entity's accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## Notes to the Financial Statements for the year ended 30 June 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

There are no critical accounting estimates and judgements contained in these financial statements other than those used to determine the liability for accrued benefits, which are not brought to account but disclosed by way of note.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

**(d) Description of the Trust**

The Legislative Assembly Members' Superannuation Trust (ABN 61 929 107 845) was established under the *Legislative Assembly Members' Superannuation Fund Act* (as amended). The fund incorporates a member accumulation and a defined benefit component and operates for the purpose of providing Members of the Legislative Assembly (and their dependants or beneficiaries) lump sum and/or pension benefits upon retirement, termination of service, death or disablement. Administration of the fund is conducted by the Northern Territory Superannuation Office on behalf of the Trustees.

Employer contributions are determined having regard to the advice of an actuary. A report by the actuary giving an actuarial valuation of the fund was made on 30 June 2007 (Cumpston Sarjeant Consulting Actuaries Pty Ltd).

**(e) Investments**

The fund maintains investments for the long-term purpose of providing benefits to members on their retirement, termination of service, death or disablement. The fund holds the majority of its investments in wholesale unit trusts, which are recorded at net market value. The net market values of the investments are based on the redemption price of the units as notified by the investment managers. Net fair values of the investments are considered to be equal to net market values.

**(f) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

*Changes in Net Market Value of Investments*

Changes in net market value of investments are recognised as income in the Statement of Changes in Net Assets in the periods in which they occur. Changes in net market values are determined as the difference between the net market value at balance date or consideration received (if sold during the year) and the net market value at the previous balance date or the cost (if the investment was acquired during the year).

*Interest*

Interest revenue is recognised when the fund has established its right to receive the interest.

*Trust Distributions and Dividends*

Trust distribution and dividend revenue is recognised when the fund has established its right to receive the income.

# Notes to the Financial Statements for the year ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Contribution Revenues*

Member and employer contributions and transfers in are recognised when the control of the asset has been attained and are recorded in the period to which they relate.

Under Section 16 of the *Legislative Assembly Members' Superannuation Fund Act*, members contribute to the fund at the rate of 11.5 per cent of their salaries.

### **(g) Income Tax**

The contributory superannuation scheme established under the *Legislative Assembly Members' Superannuation Fund Act* is an exempt public sector superannuation scheme under the *Superannuation Industry (Supervision) Act 1993* and is deemed to be a complying superannuation fund for the purposes of Part IX of the *Income Tax Assessment Act 1936* as amended. Accordingly, the concessional tax rate of 15 per cent has been applied.

### *Current Tax*

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

### *Deferred Tax*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the fund intends to settle its current tax assets and liabilities on a net basis.

### **(h) Liability for Accrued Benefits**

The liability for accrued benefits is the fund's present obligation to pay benefits to members and beneficiaries and has been calculated on the basis of the present value of expected future payments arising from membership of the Scheme up to the reporting date.

# Notes to the Financial Statements for the year ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In accordance with Section 8 of the *Legislative Assembly Members' Superannuation Fund Act*, the triennial actuarial investigation of the fund was last undertaken as at 30 June 2007 and the results were provided in the actuary's report dated 14 September 2007. The value of accrued liabilities as at 30 June 2007 was \$57.401 million and the value when last measured as at 30 June 2004 was \$41.869 million. The main actuarial assumption used to determine accrued benefits was that basic salaries on which pensions are indexed will increase at a rate of 2.5 per cent below investment returns. The 2007 review gave results based on 30 per cent of benefits being commuted, which is consistent with the approach adopted in the 2004 review.

### (i) Vested Benefits

Vested benefits are benefits that are not conditional upon continued membership of the Scheme and include benefits which members are entitled to receive had they terminated their membership of the Scheme at the reporting date. Vested benefits at a particular date represent the present value of benefits payable in respect of former members and the benefits payable to current members on voluntary withdrawal from Scheme membership at that date. Vested benefits were measured as at 30 June 2007 actuarial review on the basis of 30 per cent commutation.

On the basis of the above assumptions, the value of vested benefits as at 30 June 2007 was \$49.513 million and as at 30 June 2006 was \$46.077 million. Net assets exceeded vested benefits by 13.07 per cent as at 30 June 2007 (net assets exceeded vested benefits by 3.8 per cent as at 30 June 2006).

### (j) Superannuation Contribution Surcharge

The superannuation contribution surcharge is levied on notional surchargeable contributions in relation to periods from 21 August 1996 onwards. The Australian Taxation Office (ATO) assesses the amount of surcharge based upon each member's adjusted taxable income and level of surchargeable contributions and periodically sends grouped assessments to the fund. The liability to pay the surcharge rests with the holder of the surchargeable contribution at the time the surcharge assessment is received from the ATO.

The superannuation surcharge was abolished with effect from 1 July 2005 by the passing of the *Superannuation Laws Amendment (Abolition of Surcharge) Act 2005*. The last reporting of contributions for surcharge purposes will be in respect of contributions made up to and including 30 June 2005.

In accordance with Interpretation 1019, provision for the assessments received, together with interest debited to members' surcharge debt accounts, has been made in the financial statements for the amount of the surcharge which may be payable by the fund under the surcharge legislation.

The *Legislative Assembly Members' Superannuation Fund Act* was amended in August 1998 to enable the Trustees to reduce a member's exit benefit by the amount of his or her surcharge debt.

## Notes to the Financial Statements for the year ended 30 June 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(k) Funding Arrangements**

The funding policy adopted in respect of the Scheme is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. Under Section 9 of the *Legislative Assembly Members' Superannuation Fund Act*, the Territory contributes to the fund an annual amount certified by the actuary at each triennial actuarial investigation. The intention is that the annual amount certified by the actuary, together with existing fund assets and any other monies payable to the fund, will enable the fund to meet its liabilities as they become payable.

In the actuarial review conducted as at 30 June 2007, the actuary recommended a contribution rate of \$1.0 million per annum. In 2006, the actuary recommended a contribution rate based on 70 per cent of members' gross salary. Thus, any difference between net assets available to pay benefits and the liability for accrued benefits as reported by the fund each year has been anticipated, except for the effects of the following factors:

- some short-term variations in the experience of the fund from that anticipated when framing contribution rates; and
- valuing assets at net market values as at the reporting date (necessary to display the financial position of the fund at that date) rather than adopting average asset values (as is typically done by an actuary when framing contribution rates).

As noted above, the funding policy adopted in respect of the Scheme will overcome these effects in the long term.

The actuarial report attached to the financial statements includes the actuary's opinion as to the financial condition of the fund as at 30 June 2007.

#### **(l) Guarantee of Territory Benefits**

Section 10 of the *Legislative Assembly Members' Superannuation Fund Act* provides that any contributions required to be paid into the fund by the Territory are authorised to be paid from the public monies of the Territory.

#### **(m) Goods and Services Tax (GST)**

The fund is not registered for GST. Revenues, expenses and assets are recognised inclusive of GST. Where GST has been applied, receivables and payables in the Statement of Net Assets are also shown inclusive of GST.

#### **(n) Benefits Payable**

Benefits payable include benefits in respect of members who ceased to be Members of Parliament prior to year end but had not been paid by that date.

## Notes to the Financial Statements for the year ended 30 June 2007

	2007	2006
	\$	\$
<b>2. INTEREST AND DISTRIBUTIONS</b>		
<b>Interest</b>		
Bank account	50 615	80 281
TIO at call	–	14 125
Life office policy – capital guaranteed	1 628	9 201
	<b>52 243</b>	<b>103 607</b>
<b>Distribution Wholesale Unit Trust</b>		
MLC NCIT Property Trust	279 988	–
MLC NCIT Australian Share Trust	2 861 724	–
MLC NCIT Global Share Trust	19 738	–
MLC NCIT Global Share Trust (Hedged)	294 312	–
MLC NCIT Diversified Debt Trust	618 375	–
	<b>4 074 137</b>	<b>–</b>
<b>Total interest and distributions</b>	<b>4 126 380</b>	<b>103 607</b>
<b>3. CHANGES IN NET MARKET VALUE OF INVESTMENTS</b>		
<b>Investments held at reporting date</b>		
Life policies	–	2 882 519
Pooled superannuation trusts	–	1 547 408
Wholesale unit trusts	4 056 919	1 452 256
<b>Investments realised during the period</b>		
Wholesale unit trusts	20 107	–
<b>Total changes in net market value</b>	<b>4 077 026</b>	<b>5 882 183</b>

## Notes to the Financial Statements for the year ended 30 June 2007

	2007	2006
	\$	\$
<b>4. INVESTMENTS</b>		
<b>(a) Life Office Policy – Capital Guaranteed</b>		
AMP Capital Guaranteed Fund	–	<b>69 615</b>
<b>(b) Wholesale Unit Trusts</b>		
Property Securities Trust	1 818 824	1 650 530
Australian Share Trust	19 762 593	16 034 209
Global Share Trust Currency Hedged	11 088 445	9 232 293
Global Share Trust	10 488 211	9 268 254
Diversified Debt Trust	13 722 167	11 519 743
<b>MLC National Corporate Investment Trust</b>	<b>56 880 240</b>	<b>47 705 029</b>
	<b>56 880 240</b>	<b>47 774 644</b>
<b>5. INCOME TAX</b>		
<b>(a) Major Components of Tax Expense</b>		
Current income tax		
Current tax charge	283 780	296 070
Adjustment to current tax for prior period	15 035	(620)
Deferred income tax		
Relating to the origination and reversal of temporary differences	158 478	(170 266)
<b>Income tax expense</b>	<b>457 293</b>	<b>125 184</b>

## Notes to the Financial Statements for the year ended 30 June 2007

	2007	2006
	\$	\$
<b>5. INCOME TAX (continued)</b>		
<b>(b) Income Tax Expense</b>		
<b>Total revenue less expenses before tax</b>	<b>8 615 892</b>	<b>5 900 762</b>
Tax applicable at the rate of 15%	1 292 384	885 114
Tax effect of expenses that are not deductible in determining taxable income		
Pension payments	278 710	252 740
Lump sum benefit payments	19 930	130 513
Superannuation contributions surcharge	18 033	38 768
Non deductible expenses	301	730
Tax effect of income that is not assessable in determining taxable income		
Investment income	(18 610)	(664 489)
Member contributions and transfers in	(63 099)	(119 860)
Interest on life policy – capital guaranteed	(244)	(1 380)
Exempt pension income	(576 556)	(303 083)
Tax effect of other adjustments		
Imputation and foreign tax credits	(200 305)	(61 782)
Capital gains discounting	(308 286)	(31 467)
Over-provision prior period	15 035	(620)
<b>Income tax expense</b>	<b>457 293</b>	<b>125 184</b>
<b>(c) Current Tax Liabilities</b>		
Balance at beginning of year	14 699	7 536
Income tax paid – current period	(317 681)	(280 588)
Income tax paid – prior periods	(29 733)	(7 699)
Current year's income tax provision	283 780	296 070
Under/(over) provision prior period	15 035	(620)
	<b>(33 900)</b>	<b>14 699</b>

## Notes to the Financial Statements for the year ended 30 June 2007

	2007	2006
	\$	\$
<b>5. INCOME TAX (continued)</b>		
<b>(d) Deferred Tax Asset</b>		
The amount of deferred tax assets recognised in the Statement of Net Assets at reporting date is made up as follows:		
Unrealised capital losses (discounted)	11 787	170 266
Accrued expenses	412	412
	<b>12 199</b>	<b>170 678</b>

**6. FINANCIAL INSTRUMENTS****(a) Interest Rate Risk**

The fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Non Interest Bearing		Total	
	2007	2006	2007	2006	2007	2006
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>						
Cash at bank	158	961	–	–	158	961
Units in unit trusts	–	–	56 880	47 705	56 880	47 705
<b>Total</b>	<b>158</b>	<b>961</b>	<b>56 880</b>	<b>47 705</b>	<b>57 038</b>	<b>48 666</b>
<b>Financial liabilities</b>						
<b>Benefits payable</b>	<b>166</b>	<b>143</b>	–	–	<b>166</b>	<b>143</b>

Weighted average interest rate 2007: 5.7%; 2006: 5.4%.

The fund return applied to benefits payable for 2007: 16.4%; 2006: 13.44%.

**(b) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets. The fund does not have any significant exposure to any individual counterparty or industry.

The fund does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the fund.

**(c) Net Fair Values**

The fund's financial assets and liabilities are included in the Statement of Net Assets at amounts that approximate net fair value.

## Notes to the Financial Statements for the year ended 30 June 2007

### 6. FINANCIAL INSTRUMENTS (continued)

#### (d) Investments in Pooled Superannuation Trusts (PSTs) or Similar Investment Products

Investments of the fund (other than cash held for liquidity purposes) comprise units in collective investment products such as life office investment policies, pooled superannuation trusts, wholesale unit trusts and similar structures. The Trustees have determined that this type of investment is appropriate for the fund and is in accordance with the fund's investment strategy.

The investment managers of the collective investment products will have invested in a variety of financial instruments, including derivatives which expose the fund's investments to a variety of investment risks, including market risk, credit risk, interest rate risk and currency risk.

The investment managers provide regular reports on the fund's investments to the Board of Trustees. This includes receipt of a formal Risk Management Statement for each investment manager.

### 7. AUDITORS' REMUNERATION

Audit services are provided by the Northern Territory Auditor-General's Office at no cost to the fund.

### 8. CONTINGENT LIABILITIES

The fund has no contingent liabilities as at 30 June 2007 (2006: nil).

### 9. RELATED PARTY TRANSACTIONS

#### (a) Sponsor

Costs for the day-to-day management of the Scheme are paid by the Territory and include salaries, audit, actuarial, office accommodation, administration and operational costs.

#### (b) Trustees

The Trustees who held office during the year are:

The Hon J L Aagaard MLA	Speaker of the Legislative Assembly
The Hon C M Martin MLA	Chief Minister
Ms J T Carney MLA	Leader of the Opposition
Ms J Prince	Under Treasurer

The Trustees received no remuneration from the fund or the Territory in connection with the management of the Scheme. Where a Trustee is a member of the Scheme, contributions were in accordance with the normal terms and conditions of the *Legislative Assembly Members' Superannuation Fund Act*.

No retirement benefits were paid to Trustees or relatives of the Trustees during the reporting period.

### 10. SEGMENT REPORTING

The Trust operates in one business and geographical segment, being the provision of superannuation benefits for members in the Northern Territory of Australia.

## Summary of the Report of the Actuarial Investigation of the Legislative Assembly Members' Superannuation Scheme

as at 30 June 2007

The triennial actuarial investigation of the Scheme was carried out as at 30 June 2007 by John Rawsthorne FIAA, of Cumpston Sarjeant Consulting Actuaries Pty Ltd, and the results were presented in his report dated 14 September 2007.

The scheme was closed to members prior to the last general election, and as a result the contributory membership will decline fairly quickly over the next ten years or so. However, there will be pensions payable from the scheme for many years, as the current 25 pensioners and 17 contributors are relatively young. The two most important assumptions in determining the eventual employer liability for current contributors are the probability of election defeat at the next election for those who have not yet reached pension entitlement, and the extent to which members commute pensions when they leave from parliament.

Accrued liabilities at 30 June 2007 were \$57.4 million compared to \$41.9 million at 30 June 2004. The liability is based on future salary growth of 4.5% per annum and future investment returns on assets of 7.0% per annum net of investment tax. High salary growth has been a significant driver of the liability increase. With assets of \$57.1 million available to pay benefits, the unfunded accrued liability is \$0.3 million.

Emerging costs are expected to be about \$2.5 million in 2007/08, and will increase in nominal terms to about \$4.0 million per annum in 2015.

The expected future accruals of liability for existing contributors are \$10.8M, of which \$2.2 million will be funded by future member contributions. Therefore the total expected future employer funding obligation (for past and future service) is \$9.0 million, plus contributions tax of \$1.6 million. This is equivalent to a rate of 56 per cent of salaries for existing contributors.

The recommended contribution from this review to maintain about the current level of funding in the scheme is \$1.0 million per annum. This contribution rate should be reviewed after the next Territory general election.

The next actuarial review is due to be undertaken as at 30 June 2010.

John Rawsthorne FIAA  
Cumpston Sarjeant Consulting Actuaries Pty Ltd