



Report to Members 2008-09

This report is provided to members annually and accompanies your 2008-09 Member Information Statement. The report is a snapshot of the investment performance and main NTGPASS activities during the year. More detail is provided in the NTGPASS Annual Report.

Year in Review

- Investment performance
- More investment choice
- Commonwealth Budget changes

Investment Performance

Since the middle of 2007, the global financial crisis (GFC) has spread across finance markets and affected the global economy.

The impact has been significant, leading to the failure of a number of financial institutions around the world and disruption to the financial system. Most share indexes declined and there were large reductions in the market value of equities. The Australian share market lost about 54 per cent of its value from its record high in November 2007 to its low in March 2009. This has had a major impact on superannuation and retirement savings across the board.

Investment Returns

The GFC has influenced NTGPASS investment performance in 2008-09, with the growth (default) option returning a loss of 15.27 per cent. Although this is disappointing, the fund's return is in line with the median return for growth options (as reported by Super Ratings) of -15.71 per cent this year.

Members may be concerned with the negative return, however, it is important to view superannuation as a long-term investment. History shows that, even though share market returns can be volatile, over the longer term they are likely to provide higher returns than investments in cash or fixed interest. The NTGPASS five and ten year average investment returns remain positive, as demonstrated in Table 1.

For retained, spouse and pension members, investment returns are applied to the entire balance of their account.

However, active NTGPASS members (those still employed by the Northern Territory public sector and making compulsory contributions) are protected from adverse investment returns more than members of most other funds. The employer component of their benefit is unaffected by poor investment returns because it is based on a formula linked to salary and length of membership. Members' accumulation accounts, containing their own contributions and earnings, are affected by investment returns.

Tables 1 and 2 detail the fund's superannuation and allocated pension investment returns over the last two years for each of the options, as well as the five and ten year average returns for the default growth option.

Table 1: Superannuation investment returns

Investment Option	2009 %	2008 %	5 Yr Average	10 Yr Average
Managed Cash ¹	1.03	-	-	-
Conservative ²	-3.77	0.08	-	-
Cautious ²	-8.34	-2.30	-	-
Growth (default)	-15.27	-7.36	4.04	4.33
Assertive ²	-16.50	-8.90	-	-
Aggressive ²	-19.46	-11.74	-	-

1 Available from March 2009

2 Commenced on 1 July 2007

Table 2: Allocated pension investment returns

Investment Option	2009 %	2008 %	5 Yr Average	10 Yr Average
Managed Cash ¹	1.08	-	-	-
Conservative ²	-2.39	-0.23	-	-
Cautious ²	-6.57	-3.27	-	-
Growth ²	-14.34	-3.18	-	-
Assertive ²	-	-	-	-
Aggressive ²	-22.22	-6.21	-	-

1 Available from March 2009

2 Commenced from 1 April 2008

Risk and Return Objectives

The investment options have risk and return objectives which are measured annually to monitor their performance against targets. Only the growth (default) option can currently be measured against objectives.

Table 3: Risk and Return Objectives

Investment Option	Return Objective ¹	Risk Objective ²
Managed Cash	0.5% pa over CPI	low probability
Conservative	2.0% pa over CPI	1 in 7 years
Cautious	2.5% pa over CPI	1 in 4.5 years
Growth (default)	3.0% pa over CPI	1 in 4 years
Assertive	3.5% pa over CPI	1 in 3.5 years
Aggressive	4.0% pa over CPI	1 in 3 years

1. Consumer Price Index (CPI) measured over rolling 5 year periods

2. Average expectation of negative return

Results

- The five year average return for the growth option is 4.04% with five year average CPI of 2.92%.
The return exceeds CPI by 1.12%, objective not met.
- Negative return experienced in three out of 23 years.
Average of 1 in 7.6 years, objective met.

More Investment Choice

Managed Cash

Member investment choice commenced on 1 July 2007 and allows members to decide how their accumulated contributions account is invested. In addition to the five existing investment options, the trustees have now introduced a sixth option, managed cash. This option has been developed for members with a short-term investment horizon, or who require greater assurance on the security of their superannuation assets. The managed cash option became available in March 2009.

The managed cash option is a very low risk option with funds invested in cash investments such as deposits, bank bills and similar securities. There are no growth investments such as shares or property in the managed cash option. Due to its low risk nature, the option is expected to achieve positive but low long-term returns.

Investment Mixing

The trustees approved the implementation of investment mixing to allow more flexibility in the way members can select investment options. Investment mixing became available to NTGPASS members in March 2009.

NTGPASS superannuation members can choose one option for their account balance and one option for future contributions.

NTGPASS pension members can choose to invest their account balance in any or all six investment options. Pension members can also specify the priority order of investment options from which to draw down pension payments and lump sum withdrawals.

You can change your options at any time throughout the year by completing a Member Investment Choice Switch Form. More information is available in the Member Investment Choice booklet. You can access both documents on our website or contact the Superannuation Office to have the form or the booklet posted to you.

Allocated Pensions

Although not a new product, the NTGPASS allocated pension has been available since April 2008.

For more information on allocated pensions, call the Superannuation Office to have a fact sheet or an information booklet posted to you, or download a copy from our website.

2009 Commonwealth Budget

The 2009 Commonwealth Budget introduced further changes to superannuation, which came into effect on 1 July 2009. The changes affect caps on superannuation contributions, the co-contribution and pension drawdown.

Contribution Caps

Concessional contributions are contributions made from before-tax income such as salary sacrifice contributions and employer contributions. These contributions are concessionally taxed at 15 per cent.

From 1 July 2009 the annual cap for these contributions reduced from \$50 000 to \$25 000 for people under the age of 50. Transitional arrangements continue for people aged 50 years and over to contribute up to an annual cap of \$50 000 (previously \$100 000) until 30 June 2012. Any contributions that exceed the caps are subject to additional tax.

In addition to salary sacrifice contributions, for members of a defined benefit superannuation scheme such as NTGPASS, a notional amount of employer contributions, known as notional taxed contributions, are treated as concessional contributions and count towards the concessional cap.

As previously reported, the Commonwealth's policy intent on concessional caps was that the limit would not include the employer component of unfunded schemes such as NTGPASS. However, the legislation does not currently reflect this and until formal advice is received from the Commonwealth, it is recommended that members take into account the notional taxed contribution to ensure their salary sacrifice contributions do not exceed the concessional cap. The notional taxed contribution has been determined by the NTGPASS actuary to be a maximum of 9.6 per cent of contribution salary.

Non-concessional contributions are contributions made from your after-tax income such as NTGPASS compulsory member contributions, spouse contributions and Commonwealth co-contributions.

The annual cap of \$150 000, or \$450 000 over three years for those aged under 65, continues to apply to these contributions.

Co-contributions

Personal contributions to a superannuation account made by individuals within specified income thresholds (\$30 342 to \$60 342 for 2008-09) may attract a Commonwealth co-contribution.

Payments made under the co-contribution scheme have been revised from the previous maximum of \$1500 as follows.

2009-10	2010-11	2011-12	2012-13	2013-14	2014-05
\$1000	\$1000	\$1000	\$1250	\$1250	\$1500

Pension Drawdown Relief

The Commonwealth introduced measures in January 2009 to allow pensioners to halve the minimum pension they must draw down for 2008-09. This has been extended to include 2009-10.

Superannuation Investment Board

The board of trustees is responsible for investing members' money held in their accumulation accounts. This responsibility includes establishing investment objectives, investment strategies and asset allocations.

MLC Implemented Consulting (MLC) is appointed to advise on investment issues and to manage the investment of the fund. MLC provides monthly investment information and presents to the board at each meeting.

The board has three members: Kathleen Robinson (Chair), Michael Martin and Alex Pollon; and three alternate members: Marianne McAdie (Acting Chair), Michelle Kempster and Vicky Coleman.

The board met on five occasions during 2008-09.

Performance Review

In line with good governance practices, the Superannuation Investment Board engaged PricewaterhouseCoopers in late 2008 to conduct a performance review of MLC in respect to its role as investment manager for NTGPASS.

Included in the PricewaterhouseCoopers report was a review of:

- MLC's performance against the investment objectives of NTGPASS;
- MLC's performance in each sector relative to a range of passive benchmarks; and
- the performance of the MLC Growth option.

The results of the review indicated that:

"On a historical basis, MLC has been able to achieve the return objective and risk objective (as outlined in the NTGPASS Member Investment Choice booklet) for each of the options currently offered to NTGPASS members.

The performance of the MLC Growth option has generally been in line with the performance of the average implemented consultant over longer time periods."

The Board will continue to commission a performance review of MLC, or the relevant incumbent implemented consultant every three years. The next scheduled review will be conducted in late 2011.

Members Equity

The fund has an investment of \$1.5 million with Super Loans Trust, managed by Members Equity Bank Portfolio Management (ME).

The investment with ME allows NTGPASS members to access savings accounts, low interest rate credit cards and loans with no application or account keeping fees.

Further information is available on the ME website www.membersequity.com.au, or you can phone 13 15 63 to speak to a local representative.

Financial Information

A summary of the 2008-09 financial statements is provided here for members' information. The statements are audited by the Auditor-General and his opinion on the state of the accounts is published in the NTGPASS Annual Report, which is tabled in Parliament.

The Changes in Net Assets statement summarises the revenue and expenditure of the fund for the period, with the resulting impact on the fund's net assets. The Statement of Net Assets presents the value of assets and liabilities, and records the net assets of the fund at the end of the year.

CHANGES IN NET ASSETS in the Financial Year ending 30 June

	2009	2008
	\$000	\$000
NET ASSETS ON 1 JULY	615 107	662 502
REVENUE		
Member contributions	42 843	39 194
Territory contributions	50 060	63 688
Transfers and rollovers	33 837	52 570
Investment revenue	-100 694	-51 520
Interest	538	310
TOTAL REVENUE	26 584	104 242
EXPENDITURE		
Benefits paid	103 974	144 371
Income tax expense	5 103	7 081
Contributions surcharge	38	138
Other expenses	60	47
TOTAL EXPENDITURE	109 175	151 637
NET ASSETS ON 30 JUNE	532 516	615 107

STATEMENT OF NET ASSETS as at 30 June

	2009	2008
	\$000	\$000
ASSETS		
Units in life policies	555 111	636 896
Super loans trust	1 455	1 464
Cash at bank	7 020	6 670
Receivables	36 179	27 287
TOTAL ASSETS	599 765	672 317
LIABILITIES		
Benefits payable	59 048	49 806
Taxation	5 436	4 457
Other liabilities	2 765	2 947
TOTAL LIABILITIES	67 249	57 210
NET ASSETS	532 516	615 107

Please note that the 2009 abridged financial information provided on this page has been extracted from the unaudited Financial Statements. The full 2009 Financial Statements are to be included in the NTGPASS Annual Report.

Review of Decisions

If you are dissatisfied by a decision regarding your scheme membership or superannuation entitlement, you can ask the Commissioner of Superannuation to reconsider the decision.

If dissatisfied with the outcome, you can appeal to the Superannuation Review Board. The final avenue of appeal is to the Supreme Court if there are grounds of appeal on a point of law.

Further information

We have a range of information, including forms and fact sheets, available to our members. For more information, contact our office or visit our website.

Any Questions?

If you have any questions about your superannuation, you can contact our friendly local staff via phone or email.

Superannuation Office

Location: First Floor Cavenagh House
38 Cavenagh Street
Darwin NT 0800

Postal Address: GPO Box 4675
Darwin NT 0801

Telephone: (08) 8901 4200
Free call: 1800 631 630

Fax: (08) 8901 4222

Website: www.nt.gov.au/ntt/super

Email: ntsuperannuation@nt.gov.au