

Your fund. Meeting the challenges.

**HOW DID WE
PERFORM?**

**THE YEAR AT
A GLANCE**

**YOUR INVESTMENT
OPTIONS**

**FAMILY LAW &
YOUR SUPER**

**INSURANCE COVER
IMPROVED**



www.lasuper.com.au

Member **2002**
Report

»»
Planning ahead to maximise
members' retirement incomes
»»



*Local
Authorities
Super*

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Local Authorities Super at a glance

Local Authorities Super is one of Australia's leading superannuation funds with more than 91 000 members and more than \$2 billion in funds under management. Being a Local Authorities Super member has many advantages, including:

Strong investment performance

Local Authorities Super has been investing members' funds for more than 50 years and has a proud history of solid and consistent investment performance.

are reinvested back into the Fund rather than into payment of commissions or shareholder dividends.

Low fees

As an internally administered, not-for-profit fund we are able to provide our members with a full range of products and services

without the burden of excessive fees and charges.

Flexibility

Local Authorities Super offers a wide range of Investment Choice options so you can achieve the balance of risk and return you want.

Not-for-profit

Returns on investments



Local Authorities Super



I am pleased to introduce our Member Report for the 2001/02 financial year. The year has been a difficult one for super funds. As a result, Local Authorities Super is reporting its first negative return (2.5%) on its core investment portfolio since the Fund was established 54 years ago.

Outcome better than average

While our outcome is better than the average fund return of negative 4.5%, we are very disappointed that the Fund did not grow this year.

Driven by security concerns and inadequate corporate governance in a number of major companies, investor confidence fell to historical lows. World stock markets produced a negative 23.5% return. By comparison, the Australian market did well, but it still returned a negative result of 4.5%.

Investing with care

In these volatile times, we are especially careful with all our investment decisions and strategies, and are assisted by expert external consultants who attend all investment committee meetings.

We remain confident that we have the right strategies in place to address the challenges and meet the long-term interests of our members.

Superannuation investments are about delivering retirement income to members, and our record over the past 54 years in achieving sound, low cost outcomes for Local Authorities Super members speaks for itself.

The Directors of Local Authorities Super continue to monitor all fund managers and are prepared to make the hard decisions if they do not meet their required performance outcomes.

Expanded services

On the brighter side, Local Authorities Super continues to expand its services to our members and employers, including:

- further enhancements to our website www.lasuper.com.au;
- a new hotline for rural/regional members 1300 300 820 for the cost of a local call;
- introducing a sustainable investment alternative across all member Investment Choice options;
- ability to open a Spouse Account and save on tax;
- introduction of Direct Debit for members who do not have the payroll deduction option;
- introduction of the Regional Infrastructure Fund aimed at investing in regional projects that meet our return requirements;
- phasing in of direct online payments, improving our service to employers and benefiting members; and
- Trust Deed improvements.

From 1st July 2002, the Superannuation Guarantee increased from 8% to 9%. This is the minimum amount that must be contributed by an employer on behalf of a member. It is important to note that, for most members, the employer contribution on its own will not be sufficient to deliver a reasonable retirement outcome.

Invest more for retirement

I recently attended a retirement financial planning seminar where it was shown that for the average retiree, to achieve a similar post retirement lifestyle, that person would need to have invested 15% of their income throughout their entire working life.

Members considering retirement should seek advice from approved financial planners, and should consider doing so at least 10 years prior to their planned retirement date.

I would like to make special mention of all employers involved with our Fund. Your high level of support has greatly assisted Local Authorities Super over the past 54 years. We look forward to further improving our services to you.

Listening to you

Thank you to the 500 members who participated in our Member Satisfaction Audit that delivered

" We remain confident that we have the right strategies in place to address the challenges and meet the long-term interests of our members"

Meeting the challenges



a message of strong satisfaction in most areas. We are already addressing the issues raised in the survey about the need to better explain our products and services, and the importance of focussing on longer-term investment outcomes.

I would like to make special mention of CEO Rob Brooks. Rob has just achieved 30 years of service with Local Authorities Super. To our Directors and their Alternates, I thank them all for the support they have given me as Chairman. I record my appreciation of the way former Chairman John Warburton went about his job. John was extremely dedicated to his role and was inclusive in all he did. He is a hard act to follow.

Finally, I take the opportunity to thank all of the members who voted for my return as a Director at the 2001 elections.

Darrell Cochrane
Chairman

How did we perform?

This year most Australian superannuation funds will be reporting negative returns for the first time in many years. For Local Authorities Super it will be our first ever negative return on our core assets.



Graeme Smith – Manager Investments

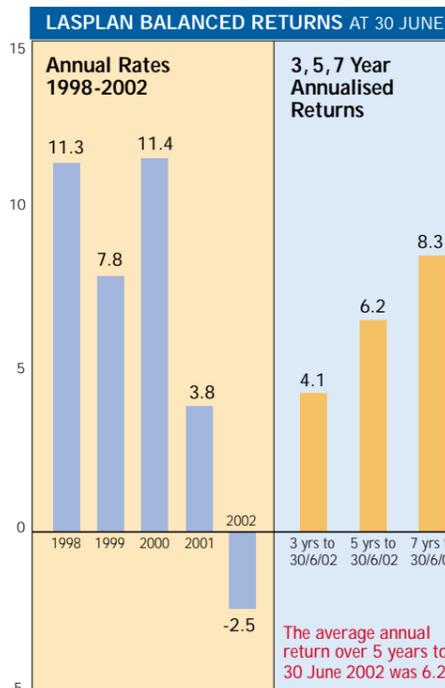
Performance of Investment Choice options

Please note all returns are expressed as percentages (%) and are net of investment tax and expenses.

LASPLAN, PRA & SPOUSE ACCOUNTS						LASPLAN, PRA & SPOUSE ACCOUNTS			
Quarter ended	Core Investment Choice Options					Sustainable Investment Choice Options ✓			
	Cash	Fixed Interest Plus	Balanced	Shares Plus	Just Shares	Fixed Interest Plus	Balanced	Shares Plus	Just Shares
September-01	1.08	-0.67	-4.48	-6.32	-9.66	*	*	*	*
December-01	1.02	2.02	4.32	5.48	6.70	*	4.43	*	*
March-02	0.92	0.05	-0.59	-0.86	-1.54	0.00	-0.56	-0.79	-1.78
June-02	0.91	0.71	-1.57	-2.85	-5.42	0.23	-2.43	-3.91	-7.47
Year 2001/2002	4.00	2.11	-2.51	-4.84	-10.23	*	*	*	*
5 Year annualised	*	*	6.21	*	*	*	*	*	*

ALLOCATED PENSION ACCOUNTS						ALLOCATED PENSION ACCOUNTS			
Quarter ended	Core Investment Choice Options					Sustainable Investment Choice Options ✓			
	Cash	Fixed Interest Plus	Balanced	Shares Plus	Just Shares	Fixed Interest Plus	Balanced	Shares Plus	Just Shares
September-01	1.27	-0.93	-5.70	-7.99	-11.92	*	*	*	*
December-01	1.24	2.40	5.29	6.77	8.32	*	5.31	*	*
March-02	1.09	0.03	-0.78	-1.13	-1.93	-0.02	-0.68	-1.04	-2.10
June-02	1.07	0.77	-2.01	-3.53	-6.59	0.26	-2.89	-4.55	-8.75
Year 2001/2002	4.75	2.26	-3.46	-6.30	-12.60	*	*	*	*
5 Year annualised	*	*	*	*	*	*	*	*	*

* Not applicable.
The Crediting Rate for Additional Benefits Contracts, Preserved Benefit accounts, Deferred Benefit accounts and City of Melbourne Retained accounts was -2.58% for the year.



Shares reward over time

However, these falls need to be kept in perspective. Investments in shares over time have been very rewarding.

From 1970 to June 2002, overseas sharemarkets returned 10.4% pa in US dollars and 11.7% measured in Australian dollars. This is a period which included the oil crises of the 1970s, the sharemarket crash of 1987, the Gulf War, the Asian Crisis of the nineties and last year's collapse in high technology stocks.

Over this 32-year period, Australian shares returned an estimated 14.6% p.a., with a negative return in nine of these years.

Wouldn't it be better to just invest in cash?

Given the nature of their business, superannuation funds invest for the longer term. It is understood that from time to time cash will outperform the other asset classes in a particular year, as happened in 2001/2002.

However, cash does not outperform a balanced portfolio over extended periods.

Being overly conservative, such as investing all assets in cash, would seriously reduce members' retirement benefits over the longer term, and increase costs for our defined benefit employer sponsors.

Alternatively, being overly aggressive, such as having all of the Fund's assets invested in shares is considered to be too risky. Superannuation funds therefore try to get the right balance between risk and return.

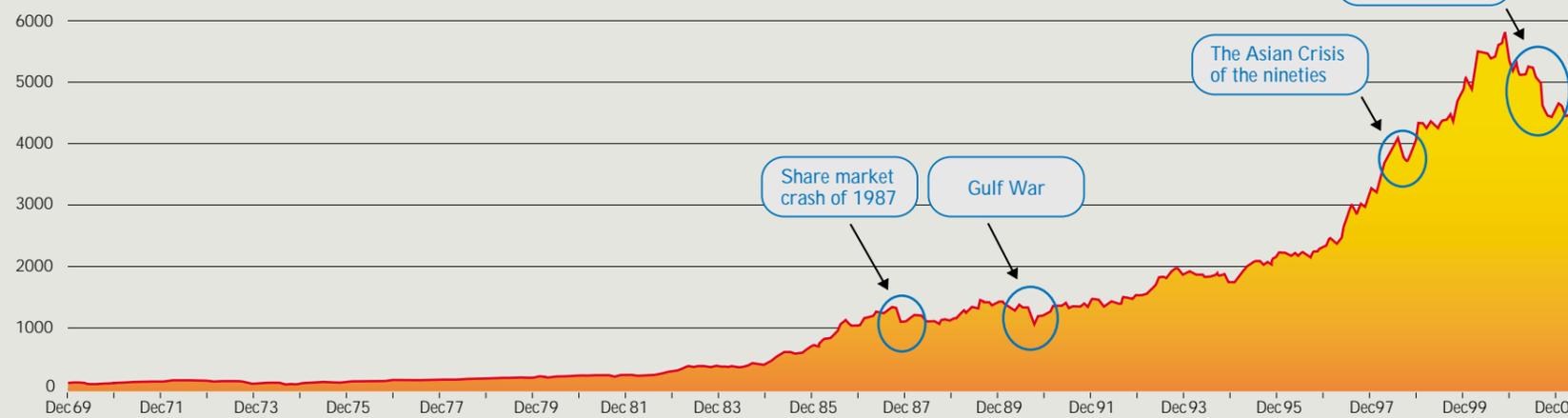
A balanced strategy

At Local Authorities Super, a balanced strategy has been in place for over fifteen years. Currently the asset allocation is approximately 66% in shares, property and infrastructure (growth assets), and 34% in cash and fixed interest (defensive assets).

This is our first negative return and it is unlikely to be our last. The volatile movements in the investment markets over the last year are not unusual when compared with the experience of the last 30 years.

However, while there is some short term pain, we believe our balanced strategy and key focus on longer term outcomes will ultimately achieve our goal of maximising members' retirement incomes.

World Share Market Movements*



*Morgan Stanley Capital Index

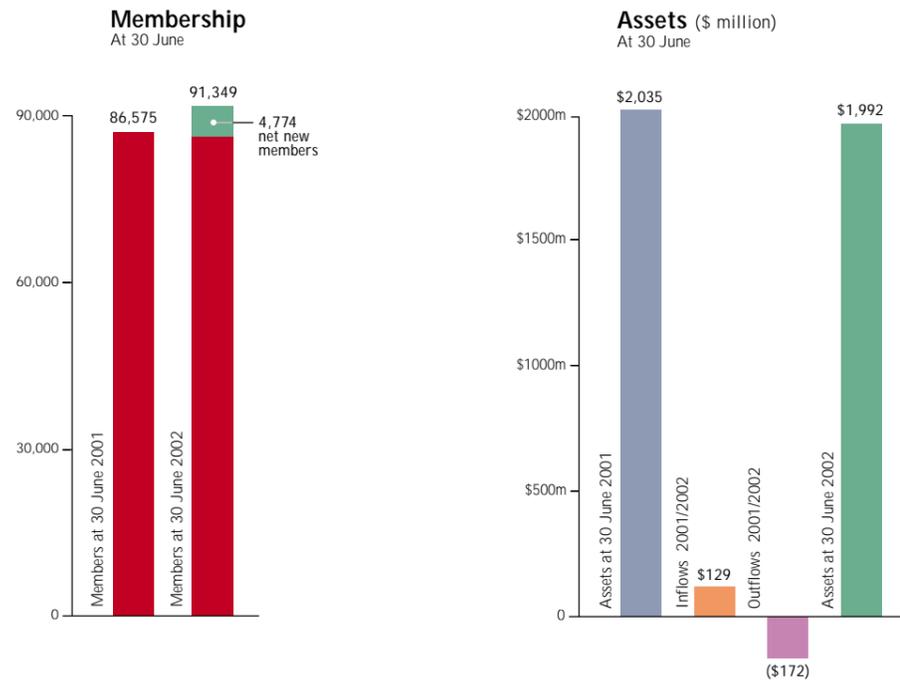
When the year opened, investor confidence had already taken a hit on the back of falling corporate earnings and the bursting of the so called 'technology bubble'.

Unfortunately, things only got worse with the tragedy of the terrorist attacks on the United States and on-going security concerns.

After significant falls in the September quarter, the US sharemarket rebounded strongly, but fell away again following reports of overstated corporate earnings and poor corporate governance in a growing list of major companies.

The combination of these concerns overwhelmed the positive influence of low interest rates that would normally have been expected to boost share prices. Over the year, overseas share-markets fell 23.5% and the Australian sharemarket fell 4.5%.

The year at a glance



Financial Report

To illustrate how the Fund performed in 2001/2002, we've provided a summary of the unaudited financial statements. The full Audited Financial Statements and the Auditor's Report will be available upon request from October 2002.

Changes in Net Assets

For year ended 30 June

	2001/2002 \$000	2000/2001 \$000
Net Assets at beginning of the year:	2,034,614	1,934,778
Income		
Investment revenue	(57,181)	90,870
Contributions by employers	136,069	111,280
Contributions by members	50,441	44,840
Other revenue	(98)	(376)
Total	129,231	246,614
Outgoings		
Benefit payments	128,263	119,277
Investment expenses	8,346	8,158
Administration expenses	6,325	6,221
Other expenses	1,492	2,038
Income tax	27,843	11,084
Total	172,269	146,778
Net Assets at end of the year:	1,991,576	2,034,614

Net Assets

As at 30 June

	2001/2002 \$000	2000/2001 \$000
Assets		
Investments	2,025,347	2,048,566
Other assets	15,535	30,477
Total	2,040,882	2,079,043
Less Liabilities		
Benefits payable	9,778	7,439
Income tax payable	9,744	8,093
Provision for deferred tax	24,866	24,866
Other liabilities	4,918	4,031
Total	49,306	44,429
Net Assets	1,991,576	2,034,614

Note: The 2000/2001 financial statements have been audited.

Employer contribution rates for defined benefit plans have been determined by the Trustee on the advice of the Actuary. Based on the assumptions made by the Actuary about the Fund's future experience, benefits are fully funded as they accrue. The item 'Other assets' in the Statement of Net Assets includes contributions payable by employers for past service of members of the Local Authorities Super Defined Benefit Plan.

Investment performance and defined benefits

Many members of Local Authorities Super have their superannuation in a defined benefit plan rather than an accumulation plan such as LASPLAN.

Generally, defined benefit plans only cover those who commenced membership prior to 1 January 1994.

Defined benefit plans include Local Authorities Super Defined Benefit plan, City of Melbourne plan, Parks Victoria plan and the Ports Reform plan.

What's the difference between a defined benefit plan and LASPLAN?

Unlike accumulation accounts such as LASPLAN which, in part, rely on investment earnings for growth, defined benefit plans are formula based. Member benefits are generally calculated using the member's period of membership, their salary at or near leaving the Fund, and the applicable benefit multiple.

For example, if a member commenced in the Local Authorities Super Defined Benefit plan on 1 July 1993 and retired nine years later on 30 June 2002, on a superannuation salary of \$40,000, the benefit payable would be \$66,600, calculated as follows:

$$9 \text{ (yrs of membership)} \times \$40,000 \text{ (salary)} \times 18.5\% \text{ (the benefit multiple)} = \$66,600.$$

How are defined benefit plan members affected by investment returns?

As the formula above shows, there is no reference to either the high or low investment returns earned by the Fund during the nine years of membership. Members, therefore, neither gain nor lose by the ups and downs of investment performance.

What's the catch? Who pays?

The catch is that investment performance is an issue of critical importance to the employer sponsors of the defined benefit plans. In defined benefit plans, employers meet the cost of any shortfall between the benefits payable and member contributions, expenses and investment earnings.

The better the investment performance, the better the result for the employer sponsors. In periods of low investment performance relative to salary growth and inflation, the shortfall widens and this in turn can increase the cost pressures on the employer funding rate.

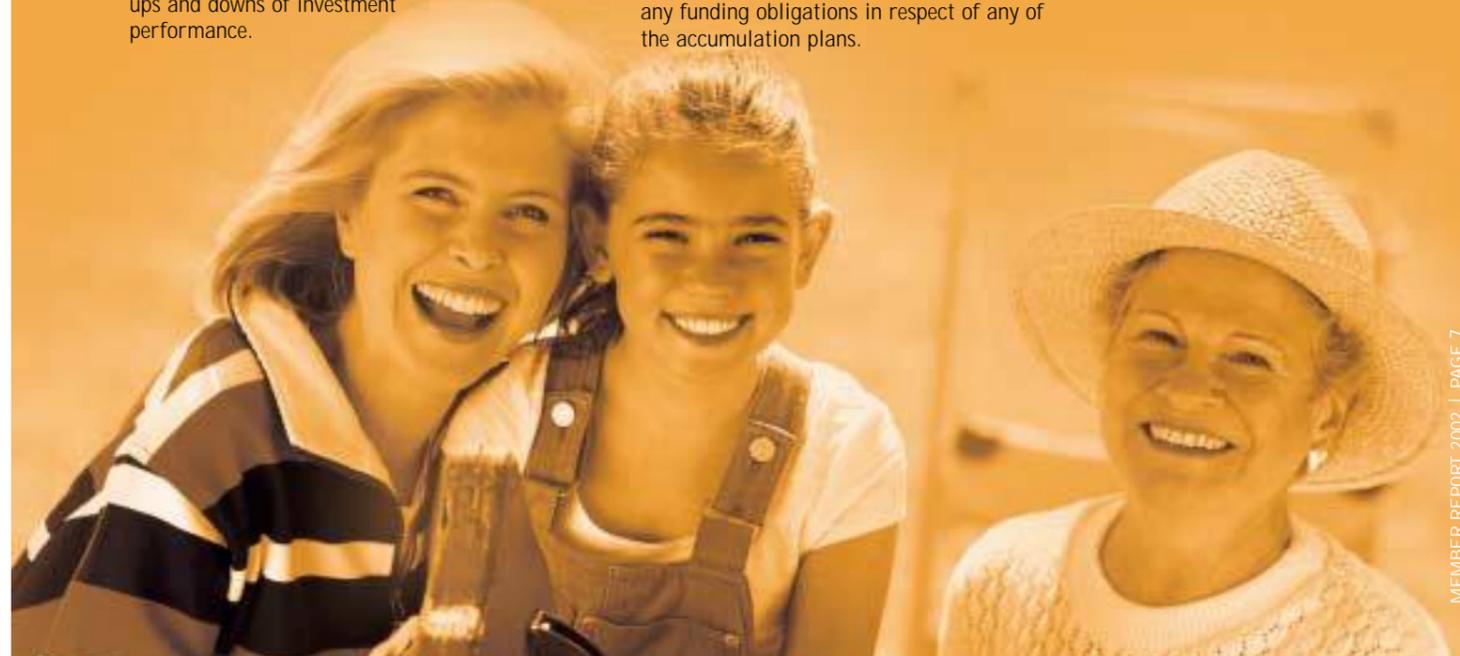
What about previous Local Authorities Super members who have retired and are receiving a fortnightly lifetime indexed pension?

They are in the same boat. Their pensions are unaffected and they will continue to receive half yearly CPI adjustments. The calculation of the Local Authorities Super employer funding rate includes the Fund's pension liabilities.

What if a defined benefit member retired and took an Allocated Pension?

No, they're different. An Allocated Pension is an accumulation type plan affected by earnings and there is no on-going funding obligation by employers.

Employers only have additional funding obligations in respect of the defined benefit plans and indexed pensions. They do not have any funding obligations in respect of any of the accumulation plans.



A professional approach



How are the Fund's assets invested?

Local Authorities Super invests in all of the major asset classes, including Australian and international shares and fixed interest, property, private equity, infrastructure, and cash.

The proportion to which the Fund invests in each asset class varies according to the Investment Choice option. The process of spreading the investments across the major asset classes is called asset allocation.

LASPLAN, PRA, Spouse Accounts and Allocated Pension members can choose from nine Investment Choice options. Defined benefit plans, Additional Benefit Contracts, Preserved Benefit accounts, Deferred Benefit accounts and City of Melbourne Retained have the same asset allocation as the Balanced investment option.

Defensive and growth assets

The major asset classes can be divided into two broad investment categories: Defensive assets include cash and fixed interest securities; Growth assets include shares, property, infrastructure and private equity investments. For example, the asset allocation for the balanced fund is approximately 34% defensive and 66% growth.

Who provides advice?

The Fund's asset consultant is Frontier Investment Consulting. A number of professional specialist fund managers are engaged across each of the major asset classes. Each specialist manager works within a specific mandate which documents the types of securities permitted for investment, the expected risk range, and the return objective for the portfolio.

Investment Portfolio Fund Managers

	as at 30 June 2001		as at 30 June 2002	
	% of fund	\$m	% of fund	\$m
Australian Equity				
AMP Henderson Global Investors	9.0	184.6	7.1	143.3
Credit Suisse Asset Management (Australian)	7.9	161.1	6.8	137.5
Macquarie Bank Investment Management Ltd	16.5	338.6	14.6	295.4
SAM Sustainability Leaders Australian Fund*			0.1	1.4
Total	33.4	684.3	28.6	577.6
International Equity				
BIAM – Bank of Ireland Asset Management*			5.3	106.7
Bridgewater Associates (currency overlay)	0.1	1.8	0.3	5.4
Deutsche Asset Management	9.5	194.5	9.0	183.5
Lazard Asset Management Pacific Co.#	4.7	96.1		
Nicholas Applegate	3.3	67.8	3.4	68.7
SAM Sustainability Leaders International Fund*			0.0	0.9
Total	17.6	360.2	18.0	365.2
Private Equity				
Develop Australia Fund – Infrastructure Unit	3.7	75.9	3.8	77.8
Develop Australia Fund II – Private Equity	0.2	4.7	0.4	8.8
Develop Australia Fund Global – Private Equity	0.2	3.3	0.4	7.7
IFBT – Industry Fund Banking Trust	0.1	1.9	0.1	1.9
ING – Private Capital Fund	0.7	15.0	0.8	16.8
Regional Infrastructure Fund	0.0	0.0	0.1	1.4
Total	4.9	100.8	5.6	114.4
Property				
AMP Property Unit	2.9	58.9	3.1	63.5
Deutsche Asset Management – (Listed Property Trusts)	3.6	73.2	3.1	63.0
Industry Super Property Trust No.1	3.6	73.2	4.0	81.3
Total	10.1	205.3	10.2	207.8
Total Growth Assets	66%	1,350.6	62%	1,265.0
Australian Fixed Interest				
Alliance Capital Management	9.8	201.3	10.1	204.2
Total	9.8	201.3	10.1	204.2
Global Fixed Interest				
AMP Henderson Global Investors	10.0	204.7	10.3	208.8
Bridgewater Associates	10.0	204.2	10.4	211.2
Total	20.0	408.9	20.7	420.0
Cash				
Internal management (Local Authorities Super)	4.4	91.2	6.9	140.4
Total	4.4	91.2	6.9	140.4
Total Defensive Assets	34%	701.4	38%	764.6
Total Fund Investments	100%	2,052.0	100%	2,029.6

GROWTH

DEFENSIVE

* New appointment made during the year.

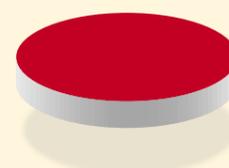
Appointment terminated during the year.

Your investment options

LASPLAN, Spouse, PRA and Allocated Pension members now have access to a wider range of investment choice options. Along with the five core options, four sustainable investment options are now available.

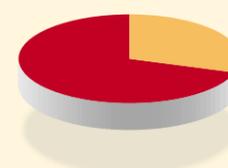
The asset allocation and investment objectives of the core and sustainable options are the same. However, in practice the returns from year to year from each of these options will not be the same due to the use of differing managers in the Australian equities and international equities components of each option.

Cash **Fixed Interest Plus** ✓ **Balanced** ✓ **Shares Plus** ✓ **Just Shares** ✓



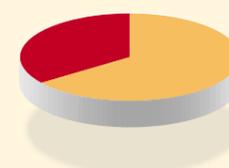
0% growth
100% defensive

- To outperform the rate of increase in inflation as measured by the Consumer Price Index over the longer term, and over at least two thirds of all rolling three-year periods.
- To provide positive returns over any period.



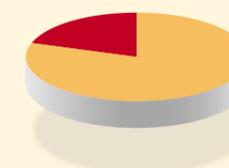
30% growth
70% defensive

- To outperform the rate of increase in inflation as measured by the Consumer Price Index by 2% per annum over the longer term, and over at least two thirds of all rolling three-year periods.
- To limit the likelihood of crediting negative annual returns to a very low probability.



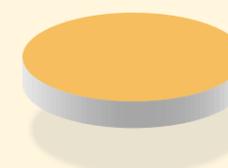
66% growth
34% defensive

- To outperform the rate of increase in inflation as measured by the Consumer Price Index by 4% per annum over the longer term, and over at least two thirds of all rolling three-year periods.
- It is estimated that the likelihood of crediting negative annual returns is, on average, one in thirteen years.



81% growth
19% defensive

- To outperform the rate of increase in inflation as measured by the Consumer Price Index by 4.5% per annum over the longer term, and over at least two thirds of all rolling three-year periods.
- It is estimated that the likelihood of crediting negative annual returns is, on average, one in ten years.



100% growth
0% defensive

- To outperform the rate of increase in inflation as measured by the Consumer Price Index by 5.5% per annum over the longer term, and over at least two thirds of all rolling three-year periods.
- It is estimated that the likelihood of crediting negative annual returns is, on average, one in eight years.

Legend

- Defensive assets include cash and fixed interest securities
- Growth assets include shares, property, infrastructure and private equity investment
- ✓ Sustainable investment version available

Members should note that the comments relating to the likelihood of a negative returning year are long term expectations. It is possible for more than one negative returning year to occur within the frame stipulated for each option.

Family Law and your super

The new Family Law legislation providing for a fairer treatment of superannuation in marriage breakdown will come into effect on 28 December 2002.



Under this legislation, couples will be able to make agreements regarding the treatment of the member's superannuation benefits. These agreements can be made prior to, during or upon separation.

The new legislation has generated a lot of media interest and our Super Hotline has been kept busy answering questions from members. Here we answer some of the most frequently asked questions.

1 My partner and I are in a de facto relationship and have kids, own our home and have been living together for years. What about us? Sorry. The legislation does not cover de facto relationships. It only applies to legally married couples.

2 I am about to get married. Should I draw up an agreement about my super?

That is for you and your partner to decide. You can jointly draw up a legal agreement at any stage during your relationship, with legal advice. However, the Fund may only receive details of the agreement when you and your partner decide to separate or divorce.

3 Do we need a lawyer to draw up an agreement?

Yes. The Fund cannot accept an agreement without a lawyer's involvement. Any agreement must contain a statement that each spouse has been provided with independent legal advice that explains the effect of the agreement.

4 Do we need to go to Court?

No. If you and your partner are able to reach a legal agreement there is no need to go to Court.

5 I am thinking of separating from my partner who is a member of your fund. Can I get access to their benefit details?

Yes. But you must make a declaration in the prescribed format, which includes a signed statement setting out the reasons for your request.

6 Do we come under the provisions of the new legislation if we separate prior to 28 December 2002 but have not entered into a financial settlement?

Yes.

7 What if we have separated and reached a financial settlement prior to 28 December 2002?

No.

8 I have separated/divorced from my partner. Can they find out where I am?

Under the legislation all superannuation funds are prohibited from releasing contact details to the spouse or ex-spouse or anyone else.

9 I want my wife to have the house and I'll keep my super account. Can we do this?

Yes, if this is the agreement that you and your wife reach. If this is the path you take there will be no need for the Fund to be informed of your separation or divorce.

10 How is the super actually split?

This depends. If the super is in an accumulation account such as LASPLAN, the non-member spouse will have three options:

- the creation of a new account with Local Authorities Super;
- the transfer or rollover of the superannuation; or
- the payment of a lump sum where the non member spouse has met a condition of release, such as retirement.

If the funds are in a defined benefit plan, no monies are payable until such time as the member is entitled to receive a benefit payment.

The parties (or Court) will determine a base amount. The legislation does not say how this is calculated; this is a matter for the parties involved. Until such time as the benefit is payable, the base amount is adjusted annually by a growth factor determined by the Trustee.

11 Who decides how it is split?

If requested, the Fund will provide you and your partner with details of the superannuation benefit. It is then up to you and your partner to decide how the superannuation is split. If you are unable to reach an agreement, the Court may become involved.

12 Who pays the tax?

When the superannuation is split, each tax component will be split proportionally.

Please note: This information is designed to help members understand the new legislation. It is of a general nature only and is not a substitute for independent legal and financial advice, specific to individual circumstances.

More flexibility for super



Last year the Government announced its intention to introduce a number of measures to make superannuation more attractive and flexible. These measures have now become law.

Childrens' superannuation accounts

Previously employees could only contribute to a fund on behalf of themselves or their spouse. Changes will allow parents, grandparents and friends to contribute on behalf of a child under the age of 18. The maximum allowable contribution per child is \$3,000 over a three-year period.

No tax deduction or rebate is available to the individual making the contribution.

Increased tax deductions for the self-employed

From 1 July 2002 self-employed people can now claim a deduction for superannuation contributions of up to \$5,000, plus 75% of the contributions over this amount. Previously the threshold was \$3,000.

Superannuation from the First Child Tax Refund

From 1 July 2002, a first child tax refund recipient may open a superannuation account.

Personal contributions for those aged 70-75

Previously personal contributions were not allowed for those aged over 70. Personal contributions are now allowed for those aged 70-75 years, providing they work at least 10 hours per week.

Permanent departure overseas

Preservation laws have been amended to allow non-residents who have permanently departed Australia to withdraw their superannuation benefits prior to retirement.

Australian and New Zealand citizens who depart Australia permanently are not eligible.

The following draft legislation is yet to be enacted by Parliament:

Co-contributions

The existing rebate for personal undeducted contributions will be replaced with a government co-contribution for low-income workers.

Reduced superannuation surcharge rates

The superannuation surcharge rate on higher income earners will be reduced from 15% to 10.5% over the three years from 1 July 2002 to 30 June 2005.

Improved insurance cover for LASPLAN members

New insurance cover levels for LASPLAN members came into effect from 17 May 2002.

Most age groups have had their cover increased, especially members in their 30s and 40s, who would normally have the greatest financial and family commitments.

As well as the increased cover levels, 2 units of cover are now provided automatically for non-casual employees commencing work after 17 May 2002. Non-casuals can increase cover to three units without evidence of health if an application is made within three months of commencing employment when joining Local Authorities Super. The number of units you have affects the amount of benefits you may claim, and the cost of insurance fees (premiums) deducted from your account. Each unit of cover costs \$1 per week.

The maximum allowable death and disability cover is expressed as a multiple of your salary and varies according to your age, as detailed in the following table.

Age	Cover for 1 Unit	Maximum Cover Factor (multiple of salary)	Age	Cover for 1 Unit	Maximum Cover Factor (multiple of salary)
< 30	\$87,500	7.0	47	\$30,400	3.6
31	\$87,500	6.8	48	\$26,900	3.4
32	\$87,500	6.6	59	\$23,500	3.2
33	\$87,500	6.4	50	\$20,500	3.0
34	\$87,500	6.2	51	\$17,600	2.8
35	\$87,500	6.0	52	\$15,200	2.6
36	\$87,500	5.8	53	\$13,300	2.4
37	\$87,500	5.6	54	\$11,400	2.2
38	\$87,500	5.4	55	\$9,800	2.0
39	\$84,500	5.2	56	\$8,700	1.8
40	\$76,000	5.0	57	\$7,700	1.6
41	\$67,800	4.8	58	\$6,800	1.4
42	\$59,200	4.6	59	\$6,000	1.2
43	\$51,800	4.4	60	\$5,500	1.0
44	\$45,600	4.2	61	\$4,900	0.8
45	\$39,700	4.0	62	\$4,100	0.6
46	\$34,700	3.8	63	\$3,800	0.4
			64	\$3,400	0.2



Who manages your fund?

Local Authorities Super Pty Ltd is the Trustee and administrator of the Local Authorities Superannuation Fund. The Trustee Company has eight directors, four of whom are elected by members and four are appointed on the nomination of the following employer associations:

- Municipal Association of Victoria (2)
- Victorian Water Industry Association
- Victorian Employers' Chamber of Commerce and Industry

Each director has an Alternate Director appointed in the same manner. The term of appointment for Directors and Alternates is four years.

John Warburton •

John was originally appointed to the former Trustee of the Fund, LASB in 1997, and became the inaugural Chairperson of Local Authorities Super Pty Ltd in July 1998. He is a professional company Director and is appointed on the nomination of the Municipal Association of Victoria. John's Alternate Director is Mark Anderson.

Angela Emslie •

Angela was appointed as an Employer Director in 1998 on the nomination of the Victorian Employers' Chamber of Commerce and Industry. She is a professional trustee and a Consultant specialising in employee relations. Angela's Alternate Director is Steve Wilson.

Tony Tuohey •

Tony is a self employed Financial Consultant and was originally appointed to LASB in 1996. He was elected as a Member Director of Local Authorities Super Pty Ltd in 1998 and re-elected in May 2001. Tony's Alternate Director is Wendy McManus.

Darrell Cochrane •

Darrell was appointed Chairman of Local Authorities Super Pty Ltd on 1 July 2001. He is Secretary of the ASU-MEU Private Sector Branch and was originally appointed to LASB in 1993. He was elected as a Member Director of Local Authorities Super in 1998 and re-elected in May 2001. Darrell's Alternate Director is Brian Parkinson.

Bill Watton •

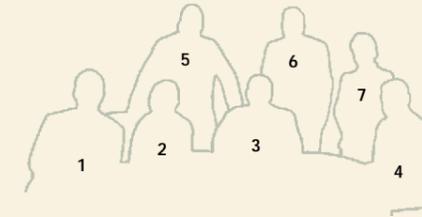
Bill is a Superannuation Officer employed by the Australian Services Union and was originally appointed to LASB in 1991. He was elected as a Member Director of Local Authorities Super Pty Ltd in 1998 and re-elected in May 2001. Bill's Alternate Director is Coral Young.

Wendy Phillips •

Wendy is a Homecarer employed by the City of Greater Dandenong. She was originally appointed as a Member Director in 1998 on the nomination of the Australian Services Union and elected by members in May 2001. Wendy's Alternate is Russell Atwood.

Michael Tilley •

Michael was appointed as an Employer Director in 1998 on the nomination of the Victorian Water Industry Association. He is a Company Managing Director and is Chairman of the Lower Murray Region Water Authority. Michael's Alternate Director is Mark Harvey.



- 1. John Warburton
- 2. Angela Emslie
- 3. Darrell Cochrane
- 4. Michael Tilley
- 5. Tony Tuohey
- 6. Bill Watton
- 7. Wendy Phillips

Director Changes



James Coghlan's term of appointment as the MAV representative Director ended on 30th June 2002. He was one of the original Directors of Local Authorities Super Pty Ltd and

was the Chair of the Investment Committee. The Chairman Darrell Cochrane and Directors thanked him for the diligent manner in which he carried out his role as a Director of the Fund. The Chairman also thanked James Coghlan's Alternate, Bob Beynon, whose term also ended on 30 June 2002.

James' replacement is Cr Norman Kennedy of the Glen Eira Council. His Alternate is Cr Don Cameron of the Bass Coast Shire Council.



Committees of the Board

The Board has a number of Committees comprising Directors, management and external advisors.

Audit and Compliance Committee

(Chair – John Warburton)
Reviews and makes recommendations to the Board on the Fund's internal controls, organisational risks, statutory reporting and general audit performance.

Benefits Committee

(Chair – Angela Emslie)
Assesses applications for death and disability benefits and makes recommendations to the Board on policies affecting benefits.

Investment Committee

(Chair – James Coghlan)
Analyses, reviews and makes recommendations to the Board on investment strategy, performance and manager appointments.

Legend

- Member Director
- Employer Director



Your super management team

Meet the managers

Servicing the needs of more than 91 000 members and overseeing more than \$2 billion in funds under management on your behalf is no small task.

At Local Authorities Super, our dedicated staff is led by a small team of key executives who work to implement the directions of the Board and achieve the best possible results for your superannuation investment.



Rob Brooks

CHIEF EXECUTIVE OFFICER

Rob is directly responsible to the Trustee for the Fund's overall performance,

including business strategy, products and services, marketing and communications, operational, financial and investment performance, and compliance with relevant laws.



Peter Rowe

GENERAL MANAGER
FINANCE &
ADMINISTRATION

Peter is responsible for finance and accounting, superannuation administration, information technology, support services and information systems development and security.



Steven Fielding

GENERAL MANAGER
MARKETING

Steven is responsible for the Fund's marketing, member advisory and financial planning services, employer relationship management, and communications.



Esther Telkes

MANAGER HUMAN
RESOURCES

Esther looks after our most valuable asset: our people. Esther is responsible for recruitment, occupational health and safety, merit and equity, industrial relations, personnel policies, and professional development and training.



Graeme Smith

MANAGER
INVESTMENTS

Graeme is responsible for implementing and monitoring compliance with the Trustee's investment strategy. Graeme is also responsible for the investment of the Fund's cash portfolio, the safe custody of its assets and investment performance measurement and reporting.



Andrew Barr

MANAGER CORPORATE
DEVELOPMENT

Andrew has two roles with Local Authorities Super. He is Company Secretary and Manager Corporate Development. As Corporate Development Manager, Andrew is responsible for the Trust Deed, strategy, policy development, research, product design and pricing, continuous improvement programs, and special projects.

Fund administration

Company Secretary

Andrew Barr

Auditor

KPMG

Master Custodian

Commonwealth Custodial Services Ltd

Trustee Indemnity Insurance

Local Authorities Super Pty Ltd has taken out a policy of Trustee indemnity insurance.

Principal advisors

Actuarial Towers Perrin

Investments Frontier Investment Consulting
Industry Fund Services

Property Pinnacle Property Group

Lawyers Freehills
Phillips Fox
Rigby Cooke

Tax PricewaterhouseCoopers

A milestone for the CEO

The Chief Executive Officer of Local Authorities Super, Rob Brooks, achieved a milestone recently when he celebrated 30 years of service to the organisation.



Newly elected Chairman, Darrell Cochrane, paid tribute to Rob's dedication and success as leader of the Local Authorities management team.

"Rob's knowledge of superannuation and the legislation surrounding it is excellent," Darrell commented.

"His dedication to the job has been a significant contributing factor to Local Authorities Super's success."

"The growth of the Fund has been achieved because Rob has been able to create a team of dedicated staff who are focussed on satisfying the needs of our members."

Protecting your interests



Local Authorities Super is a 'Regulated Superannuation Fund' under the Superannuation Industry (Supervision) Act 1993 (SIS) and is a complying fund for Superannuation Guarantee and taxation purposes.

The Fund's governing rules are contained within the Local Authorities Superannuation Fund Trust Deed, a copy of which is available on our website at www.lasuper.com.au

Complaints

We hope you never have cause to complain but, if you or a beneficiary are dissatisfied with a response to an initial inquiry, you can make a formal complaint. This should be in writing and sent to:

The Complaints Officer
Local Authorities Super
PO Box 7424
St Kilda Road
Melbourne VIC 8004

By law, complaints must be considered and dealt with within 90 days. If a complaint has not been resolved within 90 days, or not resolved to the complainant's satisfaction, it may be referred to the Superannuation Complaints Tribunal (SCT).

Details of the Local Authorities Superannuation Fund Complaints resolution procedure are available at www.lasuper.com.au or from our Customer Services Hotline on 9869 7722.

Superannuation Complaints Tribunal

The Superannuation Complaints Tribunal (SCT) is an independent body established by the Federal Government to assist members and beneficiaries to resolve superannuation complaints. The SCT can only hear a complaint once the matter has been dealt with through the Fund's internal complaints

resolution mechanism, and the member or beneficiary concerned is not satisfied with the outcome.

The SCT cannot deal with a complaint that:

- concerns the management of the fund as a whole; or
- is subject to court proceedings.

You can call the SCT on 1300 884 114 or visit their website at www.sct.gov.au

Privacy Policy Statement

In the course of conducting its normal business activities, Local Authorities Super collects, records, maintains and uses personal information, which members rightly expect to be relevant, accurate, verifiable, and secure.

Local Authorities Super understands and accepts this responsibility of trust and is committed to upholding the National Privacy Principles covering the collection, use, storage, and disclosure of personal information. All personal information is collected by lawful and fair means and only for the purposes of providing, protecting, assessing, reporting and paying superannuation and insurance benefits. We do not collect unnecessary

personal information or collect medical information without the member's prior consent.

Local Authorities makes every effort to protect personal information from misuse, loss, unauthorised access, modification or disclosure. Subject to certain restrictions, which are detailed in our Member Access Policy, members will be granted access to their records for the purposes of verification or correction.

Other than as permitted by law, Local Authorities Super will not disclose or use personal information for any purpose other than that for which the information is collected.

This Policy Statement is supported by the following policies:

- Member Access Policy;
- Maintaining Data security policy;
- Using and disclosing personal information policy; and
- Personal information collection policy.

Please contact the Super Hotline on 9869 7722 or visit our website at www.lasuper.com.au for details of these policies.

Member protection

If your account balance is below \$1,000, Local Authorities Super will not charge administration fees in excess of the earnings credited to your account. Fees do not include taxes and insurance premiums.

Member protection applies only to administration fees and does not protect against negative earnings.





*Local
Authorities
Super*

Further information

✉ Customer Service
Local Authorities Super
PO Box 7424 St Kilda Road
Melbourne Victoria 8004

☎ (03) 9869 7722

☎ 1300 300 820
(Regional members)

📠 (03) 9820 0552

✉ custserv@lasuper.com.au

🌐 www.lasuper.com.au

The information in this report was current at the time of publication. Local Authorities Super believes the statements are correct and not misleading but we give no warranty in relation to them. Save for any statutory liability, we disclaim all liability for any loss or damage that may arise from anyone acting on these statements. All services and products detailed in this report are subject to Australian laws that may change from time to time.

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