



**WESTERN AUSTRALIAN FIRE BRIGADES SUPERANNUATION BOARD**  
Level 4, 480 Hay Street Perth WA 6000

**BOARD MEMBERS:**

<b>Employer Nominated</b>	<b>Member Elected</b>
Harry Kuhaupt (Chairman)	Max Osborn
Dennis Barton	David Barker
Bill Hewitt	Gary Clifford

**MINISTER:** Minister for Emergency Services  
Hon M.H. Roberts

**ACTING SECRETARY:** Adrian Rutter

**ACTUARY:** Catherine Nance – PricewaterhouseCoopers

**INSURER:** Hannover Life Re of Australasia Ltd

**ACCOUNTANT:** Sharyn Long Chartered Accountants

**BANKER:** Energy Credit

**AUDITORS:** Auditor General (WA)

**INVESTMENT MANAGERS:** AMP Henderson Global Investors  
PO Box R227  
ROYAL EXCHANGE NSW 1225

**BT Funds Management Limited**  
Australia Square  
PO Box H280  
SYDNEY NSW 2000

**County Investment Management Limited**  
GPO Box 231E  
MELBOURNE VIC 3001

**Portfolio Partners Limited**  
GPO Box 2007S  
MELBOURNE VIC 3001

**Rothschild Australia Asset Management Limited**  
PO Box R253  
Royal Exchange  
SYDNEY NSW 2001

**Zurich Scudder Investments Australia Limited**  
Level 42 AAP Centre  
259 George Street  
SYDNEY NSW 2000

**CORRESPONDENCE:**

The Secretary  
WA Fire Brigades Superannuation Board  
GPO Box P1174 PERTH WA 6844  
Phone: (08) 9323 9380 Fax: (08) 9323 9358  
Email: super@fesa.wa.gov.au

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**ALLOCATED PENSIONS**

Members who have retired also have the option of taking all or part of their benefit as an Allocated Pension. Pension payments are governed by Federal Legislation and are payable monthly, quarterly, six-monthly or yearly. You may also take a lump sum payment from your Allocated Pension account. You may make four withdrawals during any one financial year and each withdrawal is not to be less than \$5,000.

**WHEN YOU CEASE EMPLOYMENT**

If the Board has received no instructions about how you want your benefit to be paid within 30 days after you cease employment, your account balance will be transferred to an Eligible Rollover Fund (ERF). The ERF will hold your money until you apply to the ERF for your benefit to be paid or rolled over to another superannuation fund. The Board's selected ERF is:

**The Australian Eligible Rollover Fund**

**Locked Bag 5429**

**PARRAMATTA NSW 2124**

**Toll Free: 1800 677 424**

**WHAT TO DO IF YOU HAVE A COMPLAINT?**

Should you ever need to dispute a matter in relation to your superannuation please contact the Secretary or one of the Board Members. The Board has procedures in place to deal with any query or complaint within 90 days. A complaint will need to be put in writing to the Secretary.

If you are not satisfied with the handling of your complaint or the Board's decision, you may contact the Superannuation Complaints Tribunal.

The Tribunal is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints with Fund Trustees.

The Tribunal may be able to assist you to resolve your complaint but only if you are not satisfied with the response from the WA Fire Brigades Superannuation Board. If the Tribunal accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the WA Fire Brigades Superannuation Board to come to a mutual agreement. If conciliation is unsuccessful, the complaint is referred to the Tribunal for a determination that is binding.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, telephone one of the following numbers, for the cost of a local call anywhere in Australia:

**Superannuation Complaints Tribunal**

**Ph: 13 14 34**

**Australian Prudential Regulation Authority**

**Ph: 13 10 60**

If you require any assistance to make a complaint, please contact the Secretary.

**DISCLAIMER:**

The information provided in this report is correct at the date of publication. Please check with the Superannuation Office for updated details.



# REPORT TO MEMBERS YEAR ENDED 30 JUNE 2001



## SUPERANNUATION



Page 2 The Year In Brief

Page 3 Your Super Is Safe

Page 4 How Your Fund Works

Page 6 The Investment Story

### RATES

CREDITED RATE	8.50%
PENSION RATE	8.25%



# THE YEAR IN BRIEF HOW WELL DID THE FUND PERFORM?

The Board declared an annual crediting rate for 2000/01 of **8.50%**.

The crediting rate for allocated pension accounts was **8.25%**.

The Fund returned 4.6% after fees and taxes for the year. This means that over the past five years to 30 June 2001, your Fund has averaged a return of **11.3%**.

The chart below shows the returns (what the investments actually earned) and the declared interest rates for each of the past five years.

	Fund Earning Rate	Declared Interest Rate*
<b>1997</b>	<b>19.60%</b>	<b>13.50%</b>
<b>1998</b>	<b>10.80%</b>	<b>11.00%</b>
<b>1999</b>	<b>8.00%</b>	<b>10.50%</b>
<b>2000</b>	<b>12.75%</b>	<b>12.75%</b>
<b>2001</b>	<b>4.60%</b>	<b>8.50%</b>

\* After 'smoothing' is applied, see page 6



## FUND STATISTICS

<b>Membership as at 30 June 2001:</b>	<b>1,247</b>
<b>Benefits paid during the year:</b>	<b>\$9.49 million</b>
<b>Contributions received for the year:</b>	<b>\$13.51million</b>
<b>Investment Revenue for the year:</b>	<b>\$9.99 million</b>

## CHANGES TO THE REGULATIONS OVER THE YEAR

During the year a number of changes were made to the Western Australian Fire Brigades (Superannuation Fund) Regulations 1986. These amendments provided, among other things:

- Members can now elect to receive their supplementary disablement benefit as a lump sum benefit subject to the discretion of the Board; and
- Non-contributory members have the option of electing life and/or disability insurance cover.

## ACTUARIAL INVESTIGATION

Each year, an actuarial review of the Fund is carried out to establish the financial position of the Fund and to determine the level of employer contributions required to adequately provide for members' benefits. The Actuary has completed the review of the Fund as at 30 June 2001 and has reported "the Fund is in a sound financial position, and the benefits of all members remain well secured by the current level of assets".

The Fund's asset backing index as at 30 June 2001 has been reported to be 85.0.

"The Fund is in a sound financial position, and the benefits of all members remain well secured by the current level of assets".

*The Actuary*



## LIKE TO KNOW MORE?

As a member of the Fund you should have a member booklet containing information about your benefits and rules governing the Fund. You also receive an annual Member Information Statement containing important personal information about your benefits in this Fund. Other documents that are available for you to look at are:

- the Act and Regulations;
- the Investment Policy Statement;
- the latest audited accounts and auditor's report;
- the Fund's internal inquiries and complaints procedures; and
- the latest Actuary's report.



# SUPER HERE'S WHY YOUR SUPER IS SAFE SAFE



Harry Kuhaupt  
Chairman

### YOUR SUPER FUND IS ADMINISTERED BY A BOARD

The Fund is administered by the Western Australian Fire Brigades Superannuation Board, established under the Fire Brigades Superannuation Act 1985. The Act sets out the functions, responsibilities and duties of the Board and provides the framework within which it is to operate. The Board also makes sure that the Fund complies with current Government legislation, that benefits are paid correctly and that the Fund's assets are appropriately invested.



Dennis Barton

The staff of the Superannuation Board carry out the actual 'day to day' running of the Fund. Under the provisions of the Act, a Secretary to the Board is appointed. The Principal Accounting Officer and Acting Secretary to the Board is Mr Adrian Rutter. Adrian was appointed to this position following the sudden passing away of Mr Joe Argiro on 1 May 2001.

Joe dispatched his duties with distinction for over 11 years since his appointment on 6 March 1990. The Board wishes to acknowledge and highly commend the breadth and depth of professionalism demonstrated by Joe in his service to this Board and the members of the Fund.



Bill Hewitt

### The Board is responsible for managing the Fund

The Board is responsible for managing your Fund in line with the Act and the Western Australian Fire Brigades (Superannuation Fund) Regulations 1986. Government laws mean that the Fund must have an equal number of Board Members appointed by FESA and Board Members elected by the members of the Fund. One of these Board Members is appointed Chairman of the Board.



David Barker

### The current Board Members are:

#### Employer Appointed

Mr Harry Kuhaupt (Chairman) – Public Accountant

Mr Dennis Barton – Actuary and Investment Consultant

Mr Bill Hewitt – Executive Director (Business Services) of FESA



Gary Clifford

#### Member Elected

Mr David Barker – Retired Firefighter

Mr Gary Clifford – Station Officer

Mr Max Osborn – Retired District Officer



Max Osborn

### WHAT DOES A BOARD MEMBER DO?

Board Members are responsible for making sure the super fund is run in line with the rules set out in the Act and Regulations. In practical terms they must by law:

- act in the best interest of all members;
- invest the super funds assets;
- make sure benefits are correctly paid and on time;
- make certain that the Fund has adequate financial backing; and
- exercise care, skill and diligence.

### INSURANCE PROTECTION

The Fund pays for insurance to protect the Board Members and your Fund against the financial effects of any 'honest mistake' that might occur in running the Fund.

### MANAGING INVESTMENT RISK

As part of the investment policy, the Board Members have a risk management statement. This covers, for example, how the Fund's investment managers must take steps to ensure that risk is kept at an acceptable level and defines the Fund's use of options and futures (also known as derivatives).

The Board Members monitor the use of derivatives to ensure they do not exceed maximum levels allowed by the risk management statement.





# DEFINED BENEFIT HOW YOUR FUND WORKS ACCUMULATION ACCOUNT

## 2

### TWO TYPES OF SUPER

**You receive Death and Total and Permanent Disablement benefits while you are employed by FESA or an associated employer**

You are covered for Death and Total and Permanent Disablement benefits 24 hours a day, 7 days a week while you are a member of the Fund and a permanent employee of FESA or an associated employer. You are covered whether death or disablement happens at work or at home.

#### IF YOU ARE A DEFINED BENEFIT MEMBER

Generally you have a Death and Total and Permanent Disablement benefit calculated using a formula.

#### IF YOU ARE AN ACCUMULATION MEMBER

You have Death and Total and Permanent Disablement cover in addition to the amount of super you have built up in the Fund. Members who join the Fund on a permanent basis after 1 January 2001 automatically receive one unit of cover. These members can purchase up to four additional units of insurance cover, subject to providing satisfactory health evidence.

Members who joined the Fund prior to 1 January 2001 and temporary employees can purchase up to five units of insurance cover, subject to providing satisfactory health evidence.

Members who transferred from the defined benefit section of the Fund to the accumulation section will receive the benefit equal to the Death and Total and Permanent Disablement benefit payable had they remained in the defined benefit section of the Fund.

Not everyone in the Fund has the same type of super. Some members have **accumulation super** that works like a bank account. With this type of benefit members' super builds up over time as contributions go in and interest is paid on the balance, after tax and expenses are deducted.

Other members have their super benefit calculated using a formula, taking into account their salary level and how many years they have been in the Fund – this type of super is called **defined benefit super**.

If you are a defined benefit member and you make additional contributions, have received bonus distributions or have transferred other super money into the Fund, you'll also have an accumulation account in addition to your defined benefit.



### HOW TO TELL WHAT TYPE OF SUPER YOU HAVE

If you are not sure which type of benefit you have, refer to the Note section on the back of your **Member Information Statement** that shows you how to read your **Member Information Statement**. We have produced two versions, one for defined benefit members and one for accumulation members. If yours says *Accumulation Member* in the heading you have accumulation style benefits and likewise if it says *Defined Benefit Member* you have a defined benefit. Remember, some defined benefit members can have both kinds of super.

Check out the calculations opposite to see how both kinds of super works.



**IF YOU HAVE A DEFINED BENEFIT, YOUR SUPER WORKS LIKE THIS**

**Your benefit is worked out using a formula. When you retire, your benefit is calculated as a percentage (currently 21.5%) of your final average salary, for each year you have been a member of the Fund.**

For example...

Bob has been a firefighter for 26 years and retires on his 56th birthday. His final average salary is \$50,000.

This means Bob's retirement benefit is:

26 years times 21.5% times \$50,000 = \$279,500

In addition, if Bob has made additional contributions, has received bonus distributions or has transferred money from another super fund, he will also have an accumulation account.

Your accumulation account works like a bank account. Your super money is invested so it can grow with investment returns. The Fund allows you to decide how the money is invested. This is known as *Member Investment Choice* – refer to page 6.

**CONTRIBUTIONS FOR DEFINED BENEFIT MEMBERS**

**What you contribute**

You pay a contribution of 6.25% of your superannuation salary to the Fund. This contribution can either be salary sacrificed or paid 'after tax' from your salary.

**You can make Additional Voluntary Contributions if you want to**

You can make extra contributions to your super, which are treated as accumulation style benefits that you will have in addition to your defined benefit.

**What your employer contributes**

The amount your employer contributes depends on the Fund's investment performance and financial position. A super specialist, called an actuary, advises the employer on the amount of money it needs to contribute to make sure there's enough money in the Fund to pay members' defined benefits. Since 1 January 1988, your employer has been contributing 11.75% of your superannuation salary.

In addition to this contribution, your employer also contributes an additional 1% of your superannuation salary to pay for the Supplementary Disablement Benefit provided by the Fund.

**THREE IMPORTANT THINGS TO KNOW ABOUT YOUR DEFINED BENEFIT SUPER**

1. Your benefit is based on salary, years in the Fund and an accrual rate, which is currently 21.5%.
2. The Fund's investment performance and declared interest rate DO NOT affect your defined benefit.
3. If you make additional voluntary contributions the declared interest rate DOES APPLY to these contributions.

**IF YOU HAVE GOT AN ACCUMULATION ACCOUNT, YOUR SUPER WORKS LIKE THIS**

	Employer Contributions
+	Any contributions you make
+	Any rollover accounts you may have (this is money that you have transferred from another super fund)
—	tax and insurance premiums
then	Your money is invested and investment earnings allocated
=	<b>Your super balance</b>

**CONTRIBUTIONS FOR ACCUMULATION MEMBERS**

**What you contribute**

Depending on what category of membership you are in, you must contribute 6.25% (if your employer is contributing 11.75%) or you do not have to make any contributions (if your employer is contributing 8%). You can, of course, make extra contributions to your super if you want to. Check your Member Information Statement to see what you have contributed for the year to 30 June 2001.

**What your employer contributes**

From 1 July 2000, your employer contributes an amount – either 8% or 11.75% of your salary (depending on what category of membership you are in) to your super account. Check your Member Information Statement to see what your employer has contributed to your super for the year to 30 June 2001.

**THREE IMPORTANT THINGS TO KNOW ABOUT YOUR ACCUMULATION SUPER**

1. Your benefit is based on Employer contributions and Employee contributions (if any) that build up like a bank account over time with investment earnings after deducting taxes and expenses.
2. Your benefit is directly linked to the performance of the Fund's assets.
3. The more you contribute the bigger your final benefit will be.





# INVESTMENT

## THE INVESTMENT STORY



### WHAT IS THE FUND'S INVESTMENT OBJECTIVE?

To achieve a minimum rate of return of 4% above the increase in the member's three year average salaries over rolling five-year periods.

### HOW WILL THE FUND MEET THESE OBJECTIVES?

The Fund's investment strategy is to invest predominantly with external fund managers, but with a proportion of the Fund being invested by the Board.

By investing in a range of fund managers, the risk of a poor or negative return is minimised.

### WHERE ARE THE ASSETS INVESTED?

The external fund managers are listed on the back page of this report and the distribution of assets with the managers and within each type of investment as at 30 June 2001 are shown in the following charts.

#### Investment of Assets at 30 June 2001

AMP	BT	County	P/Part.	Rothschild	Scudder	Board
1.9%	15.6%	18.1%	11.5%	17.7%	12.7%	22.5%

#### Distribution of Assets at 30 June 2001

Australian Shares	Overseas Shares	Property	Fixed Interest	Liquid Assets
34%	21%	9%	25%	11%

### HOW THE "SMOOTHED" RETURN IS CALCULATED

The interest rate applied to accumulation accounts depends on two things:

1. The actual performance of the Fund's investments;
2. Plus or minus an amount for what's called 'smoothing'.

'Smoothing' is setting aside some of the investment returns when performance is good to improve the interest rate in years when investment returns are lower. It 'smooths' out the ups and downs of the investment markets.



### WHAT HAPPENS IF YOU LEAVE BEFORE THE INTEREST RATE IS ANNOUNCED FOR THE YEAR?

In these cases, an interim interest rate is used to calculate benefits. The interim rate is regularly reviewed, taking into account the Fund's investment performance and outlook for investment returns. You'll be advised what this rate is when your benefit is paid.

### THE POLICY

To make sure the Fund's assets are properly invested, the Fund has an investment policy. The investment policy sets strategy and objectives covering how and where your money is invested. It also covers the measures in place to make sure that 'risks' involved in investing are managed appropriately.

Having a strategy and objectives helps ensure that your Fund maximises investment returns while maintaining an acceptable level of risks.

It is the Board Members' responsibility to regularly monitor the Fund's performance against the objectives and strategy, and make changes where necessary. You can arrange to see a copy of the Fund's investment policy statement by contacting the Superannuation Office.

### MEMBER INVESTMENT CHOICE

In January 2000 the Board introduced *Member Investment Choice*. *Member Investment Choice* allows you the option of choosing where you wish to invest your accumulation account. The choices available to members on their accumulation account and the earning rates for each of the investment choice options are shown below.

Investment Choice	Return net of tax and expenses
Cash	4.7%
Capital Stable	6.1%
Growth	4.3%
Shares	1.4%

The default choice is the 'smoothed' option, and once a member has switched from the 'smoothed' option, the option to return is not available.



## FUND STATISTICS

### MEMBERSHIP

AS AT 30 JUNE:	2001	2000	1999
Members at start of period	1,018	1,001	965
New members	88	71	109
Exits	89	54	73
<b>Members at end of period</b>	<b>1,017</b>	<b>1,018</b>	<b>1,001</b>

### BENEFIT ENTITLEMENTS: (\$,000)

AS AT 30 JUNE:	2001	2000	1999
Death	478	0	0
Retirements	4,259	4,923	6,445
Total Disablement	4,076	3,220	1,663
Partial Disablement	549	1,032	1,645
Resignation	2,343	664	652
<b>Total (\$,000)</b>	<b>11,705</b>	<b>9,839</b>	<b>10,406</b>

### ALLOCATED PENSION:

AS AT 30 JUNE:	2001	2000	1999
Number of Pensioners	76	67	55
Balance of Accounts (\$,000)	18,612	16,904	13,484
Crediting Rate	8.25%	13.50%	11.00%

### RETAINED BENEFITS:

AS AT 30 JUNE:	2001	2000	1999
Number of members	154	134	137
Balance of Accounts (\$,000)	28,593	22,725	17,349

### OTHER:

AS AT 30 JUNE:	2001	2000	1999
Administration Expenses (\$,000)	479	474	456
Investment Income (\$,000)	9,987	25,003	14,551
Net Fund Crediting Rate	8.50%	12.75%	10.50%

## FINANCIAL INFORMATION

The charts below show the abridged financial information based on the unaudited Financial Statements of the Fund for the year ended 30 June 2001. The full audited Financial Statements and the Auditor General's opinion will be included in the Annual Report. The audit of the accounts is expected to be completed by the end of October 2001.

**NET ASSETS AVAILABLE TO PAY BENEFITS AS AT 1 JULY 2000** **\$203,788,842**

### INFLOW 2000/01

Employer Contributions	\$10,224,782
Member Contributions	\$1,921,583
Net Investment Income	\$9,987,212
Transfers	\$1,361,646
Other Income	\$491,937
<b>Total</b>	<b>\$23,987,160</b>

### OUTFLOW 2000/01

Benefits Paid	\$9,488,044
Group Life Premiums	\$622,194
Administrative Costs	\$479,216
Contributions Surcharge	\$35,699
Taxation	\$1,434,657
<b>Total</b>	<b>\$12,059,810</b>

**NET ASSETS AVAILABLE TO PAY BENEFITS AS AT 30 JUNE 2001** **\$215,716,192**

### AT 30 JUNE 2001 THE ASSETS OF THE FUND ARE REPRESENTED BY

#### ASSETS

Investments	\$219,681,092
Other Assets	\$3,292,003
<b>Total Assets</b>	<b>\$222,973,095</b>
<b>Liabilities</b>	<b>\$7,256,903</b>
<b>Net Assets</b>	<b>\$215,716,192</b>

## OTHER INFORMATION

### SPECIAL TAX TREATMENT

Super can be a tax effective way to save because it is taxed at a lower rate than many other ways of saving. To get this tax advantage, the Fund must operate according to a strict set of laws.

To show that your Fund has followed these laws, the Board lodges a return each year with the Australian Prudential Regulation Authority (APRA) – a Federal Government body.

The Board is unaware of any event that would cause your Fund to lose this special tax treatment.

### RETAINED BENEFITS

Members that become eligible to receive a benefit are advised that all or part of their benefit may be left in the Fund. You may make four withdrawals during any one financial year and each withdrawal is not to be less than \$5,000.



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