

# Annual Report 2006/2007



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Quadrant Superannuation Pty Ltd  
Australian Company Number 067 516 938  
Australian Financial Services Licence Number 290812  
Registrable Superannuation Entity Licence Number L0000215

Quadrant Superannuation Scheme  
Australian Business Number 12 727 521 796  
Scheme Registration Number R1000269

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# Super updates

The last 12 months for Quadrant has seen the achievement of positive investment returns, the introduction of the Simpler Super legislation and the addition of the Launceston City Council Defined Benefits fund. Read below to see what your fund has been up to and some important information you should know about the year ahead ...

## The last 12 months at a glance

### Quadrant is still a high performer

You'll be happy to know that Quadrant is still a big performer when it comes to investment returns. For the Quadrant Investment Choice and Quadrant Personal Super funds, our High Growth, Growth, Balanced, Moderate and Sustainable Futures options all reached double digit returns to 30 June 2007. Check out the table below to see how your investment option/s performed. As always the investment returns are net of fees and costs so in true Quadrant style - what you see is what you get.

### Quadrant Investment Choice and Quadrant Personal Super fund annual returns to 30 June 2007

Option (% p.a.)	1 year	3 year	5 year
High Growth	19.3%	18.2%	13.3%
Growth	15.9%	15.0%	11.4%
Balanced*	14.5%	N/A	N/A
Sustainable Future	11.0%	11.0%	9.0%
Moderate**	11.6%	11.3%	9.2%
Stable	6.9%	7.1%	6.5%
Conservative	4.8%	4.5%	4.2%

\* New investment option introduced in December 2005.

\*\*The Moderate investment option was called Balanced prior to December 2005.

Past performance does not guarantee that future performance will be the same or similar.

If you are a member of one of our other funds, including the Quadrant Super Pension, check out the relevant section of this Annual Report to see how your fund performed.

### Did you know...

That if you had \$30,000 in your super account as at 30 June 2006, were invested in the Quadrant Investment Choice High Growth option and had SG contributions of \$2,700, in 12 months your money has grown to \$38,490. Stick with Quadrant and we'll make your super work harder so you don't have to!

### Quadrant wins gold... again!

Quadrant has been awarded a Gold Rating from SuperRatings™ for the second consecutive year.

This means that Quadrant has been rated among the best value for money super funds in Australia.

Once again, we are the only Tasmanian owned fund to achieve this prestigious award.

SuperRatings™ is the specialist in research of Australian superannuation funds evaluating overall value for money, fees, investment returns, member benefits and employer services, website access and functionality, super advice, insurance services and fund governance.

More than 200 Australian superannuation funds were assessed on these criteria so Quadrant is extremely proud to be rated with a gold for our contribution in offering award winning services to members.



## Launceston now a part of the team

The Launceston City Council officially joined Quadrant on 1 July 2006. The addition of the Launceston City Council Defined Benefits fund saw Quadrant grow by over 450 members and by an extra \$42 million in funds under management.

Welcome aboard Launceston City Council. You are now a part of the great Quadrant team!

## The beginning of a BE-autiful relationship!

Quadrant and B&E have joined forces to bring top-notch services and products to you in a streamlined and super exciting package. All Quadrant and B&E members will now benefit from this great step forward into the future of financial services.

Being part of this super team means you reap the rewards! B&E are offering Quadrant members a specially tailored home loan package with their lowest variable interest rate, discounts on standard application fees, service fees and free transactions on savings accounts where a home loan is purchased. You can also apply for any of B&E's extensive range of retail banking products and services. Some conditions apply.

## Unit pricing moves forward

You may have noticed Quadrant has moved forward with the way we deal with unit pricing. To keep up with industry standards, Quadrant has made the move from 'historical' unit pricing to 'forward' unit pricing.

What's the difference? With 'historical' pricing, when a Quadrant member made an investment switch (buying or selling units) the price used was the last price that was calculated. With 'forward' unit pricing, the price that is used after an investment switch application has been received is the next price to be calculated. We have also changed the weekly unit price day from Friday to Wednesday.

## Important information about the year ahead

### Super Pension changes

If you are a Quadrant Allocated Pension member you may notice some slight changes happening to your pension account. As a result of Simpler Super changes that came into effect on 1 July 2007 your allocated pension will now be known as an account based pension and its name has changed to a Quadrant Super Pension.

The Quadrant Super Pension is the same great product delivering a simple and straightforward way to draw an income from your superannuation, while still having the advantage of investing your money within the fund. To find out more about the Quadrant Super Pension please refer to our Product Disclosure Statement.

### Making super simpler

The Australian Government introduced a number of changes to the superannuation system which took effect on 1 July 2007. These changes are commonly known as "Simpler Super" or "Better Super".

Broadly speaking, these changes include:

#### Contributions and Tax File Numbers:

- If you have not provided your employer or super fund with your Tax File Number after 1 July 2007 you will not be able to make personal contributions to your superannuation account and your employer contributions may be taxed at a higher rate.

#### Contributions and Tax

- Concessional contributions are generally taxed at 15% and include contributions that your employer makes for you, any contributions paid from your pre tax income (through salary sacrifice) and any contributions you paid for which you have received a tax deduction. If you exceed the concessional contribution cap, which is currently \$50,000 (\$100,000 for members over age 50 until 2011-2012), you will have to pay an additional 31.5% tax on the excess concessional contributions.

- Non Concessional contributions (such as contributions from your after tax income and spouse contributions) will be tax free up to the non concessional contribution cap which is currently \$150,000. If you are under age 65 you can bring forward two years of contributions to make a contribution of \$450,000 in any year however will not be able to make any non concessional contributions for the following two years. If you exceed the cap you will pay tax at the top marginal tax rate of 45% plus the Medicare levy of 1.5% on the excess contributions.

N.B. This does not include amount arising from payments for injuries that result in permanent incapacity or disposal of qualified small business assets.

### Self employed

- The self employed can claim a full tax deduction for contributions made to superannuation up to age 75 to a maximum of \$50,000 (concessional contribution limit) per year.
- They may also be eligible for the Government co-contribution for after-tax contributions which adheres to the current income minimums and maximums, phasing out at \$58,980 per annum.
- Tax exemptions for invalidity payments will also extend to the self employed.

### Pensions and Centrelink

- Superannuation benefits paid as a lump sum or pension from a taxed source will be tax free for people aged 60 and over.
- Pensioners will still be able to access their superannuation before the age 60, although they may be taxed on their benefits if they choose to do so.
- The assets-test taper rate for the age pension has been halved from \$3.00 to \$1.50 for every \$1,000 worth of assets above the threshold, making it easier to be eligible for Centrelink benefits (this means you may be able to have more assets and still be entitled to the age pension). The key date for this change was 20 September 2007.

- People who commence a pension on or after 1 July 2007 will have new minimum drawdown standards that are generally lower than pre-1 July 2007 drawdown standards.

### Reasonable Benefit Limits abolished

- The Reasonable Benefit Limit (RBL) has been considered a disincentive to put your money into superannuation because concessional tax rates are unavailable on super benefits above the RBL. The removal of the RBL from 1 July 2007 now means that superannuation will be a more flexible retirement savings option for many people.

### Quadrant fee capping and fee aggregation

Quadrant has introduced fee capping and fee aggregation to limit the amount of administration fees that you may pay on your Quadrant Investment Choice, Quadrant Personal Super or Quadrant Super Pension account depending on your individual circumstances.

Fee capping applies to the Quadrant administration fee. Where the Quadrant administration fee is greater than \$3,250 in a financial year for the Quadrant Investment Choice and Quadrant Personal Super accounts and \$3,750 for the Quadrant Super Pension accounts, any amount above this will be credited back to your account in the form of a cash rebate in the subsequent financial year.

Fee aggregation allows you to link your Quadrant account/s with your spouse for the purpose of calculating the administration fee payable. This can mean a reduction in the administration fee payable by you and your spouse where your combined account balances exceed the relevant fee cap.

To find out more about fee capping and fee aggregation please refer to our Product Disclosure Statement.

## **Reduction in Quadrant Super Pension administration fee**

The administration fee for the Quadrant Super Pension was reviewed during the year and as a result on 1 December 2006 was reduced from 1.10% to 0.75%. This means that members will pay less in administration fees and combined with the fee capping and fee aggregation may mean big savings giving you more income for your retirement years.

## **Investment managers and investment management fees**

We are continuing to make changes to underlying investment managers to provide the best possible return for a given level of investment risk. Some of the existing underlying investment managers will be replaced with more active investment managers who seek to outperform the market return. We are also introducing some new investment managers to improve diversification.

As a result we will make an adjustment to the maximum investment management fee which will apply to all investment options. These changes may result in a slight increase in investment management fees for some investment options. The Quadrant administration fee is not being increased.

The new maximum investment management fee for all options will be up to 0.98%. This maximum investment management fee includes investment manager, investment consultant and custody fees as well as investment performance fees.

The investment management fees will continue to be deducted from investment returns so in true Quadrant style – what you see is what you get.

# Who looks after Quadrant?

## The Directors

### Member Directors



**Narelle McAllister**



**Tony Bailey**

### Employer Directors



**Brent Armstrong**



**Brian May**

### Trustee Directors



**Stewart Wardlaw**



**Sue Buckland**



**Nick Heath**



**Lynn Mason**



**Allan Garcia**



**Frank Barta**

## The Management Team



**Wayne Davy** B.Com/  
LL.B, Dip FP, Cert Acc  
Chief Executive Officer  
Representative

- Oversees the operation of Quadrant
- Manages service providers
- Reports to the Trustee Board



**Linda Manaena**  
AMAMI, CPM  
Marketing Manager

- Manages Quadrant's corporate image
- Manages marketing material
- Responsible for client communications
- New business development



**Paula Franklin**  
Funds Operation  
Manager

- Manages the fund operations team
- Responsible for e-commerce
- Responsible for member and employer services



**Andrea Ross**  
Dip SM  
Compliance and Risk  
Manager

- Manages the trustee services and risk management team
- Responsible for compliance and risk management
- Responsible for ensuring all licence conditions are met



**Stephen Bray** CFP, Dip FP  
Advisory Services  
Manager  
Representative

- Manages financial advisory services
- Business development
- Oversees compliance



**Jeff Gillies**  
B.Com, ACA  
Chief Financial  
Officer

- Assists CEO with overall management
- Manages Quadrant accounting operations

## Managing Quadrant

The Quadrant Superannuation Scheme (ABN 12 727 521 796, Scheme Registration Number R1000269) is run by a Trustee Company, Quadrant Superannuation Pty Ltd (ACN 067 516 938), according to its governing legal document, the trust deed and superannuation laws. The Quadrant Trustee is responsible for the overall management and operation of the Quadrant Superannuation Scheme.

Quadrant Superannuation Pty Ltd holds an Australian Financial Services Licence (AFSL no. 290812) and a Registrable Superannuation Entity Licence (RSE L0000215) which permits it to provide general product advice and deal in a financial product.

Quadrant First Pty Ltd (ACN 102 167 877), a wholly owned company of Quadrant Superannuation Pty Ltd, provides administration and service delivery for the Quadrant Trustee. Quadrant First Pty Ltd has an Australian Financial Services Licence number 284443 which permits it to provide personal financial advice.

The Quadrant Trustee Board is made up of four Member Directors elected by members, four Employer Directors appointed by the peak employer body and two Trustee appointed Directors appointed by the Quadrant Trustee. This structure means that you as a member and your employer can be directly represented in deciding how Quadrant is operated and managed. A copy of the rules for appointment of Directors can be obtained by contacting us on 1800 222 209.

The Quadrant Trustee is responsible for the overall management and operation of Quadrant, including governance, investment management, compliance with superannuation and other relevant laws, financial management, member records, administration and member and employer services.

A number of sub-committees are operated by the Quadrant Trustee including an Audit and Governance Sub-Committee, Investment Sub-Committee and Strategic Business Development Sub-Committee.

## Trustee remuneration

The Quadrant Trustee Board is remunerated and Directors are reimbursed for travel and meeting expenses. The Chairman's remuneration is \$30,000 per annum with the Chairman of each sub-committee receiving \$24,000. Each other Director receives \$21,500 per annum. In addition, the Directors also receive a superannuation guarantee payment of 9% of their remuneration.

## Service providers

The Quadrant Trustee appoints independent advisors to help carry out its responsibilities. They are:

<b>Actuary</b>	– Bendzulla Actuarial Pty Ltd
<b>Administration</b>	– Quadrant First Pty Ltd
<b>Advisory Services</b>	– Quadrant First Pty Ltd (AFSL no.284443)
<b>Auditor</b>	– Ernst and Young
<b>Custodian</b>	– National Custodian Services
<b>Insurer</b>	– ING Life Ltd – National Mutual Life Association of Australasia Limited
<b>Investment Consultant</b>	– JANA Investment Advisers Pty Ltd

## Insurance protection

The Quadrant Trustee and Quadrant First Pty Ltd hold various indemnity insurance policies to protect Quadrant, the Quadrant Trustee Board and its officers against certain losses that could arise in running the Scheme. The Quadrant Trustee has also entered into deeds with current and past officers to provide indemnification, insurance cover and access to documents to those officers during their time in office and for 12 years afterwards.

# Your fund and its performance

## Quadrant Investment Choice fund

The Quadrant Investment Choice fund offers a range of investment options to give you a choice when investing your money. You can choose to invest all your savings in one option or split it and invest it in a number of different investment options. See our Product Disclosure Statement for more details.

## Quadrant Personal Super fund

The Quadrant Personal Super fund offers a range of options to cater for your investment and insurance needs, and doesn't require you to join through a participating employer.

## How does my account work?

If you are a member of the Quadrant Investment Choice fund or the Quadrant Personal Super fund, your superannuation is 'accumulation' style – which means that it works in a similar way to a savings account. Your account will receive contributions (including rollovers and transfers) and is reduced by withdrawals, taxes, administration fees and insurance premiums (as applicable) plus or minus any investment earnings based upon the movement in the unit price of your investment.

The money you put into superannuation buys units in the investment option/s you choose. These units go up and down in price with the fluctuation in the market, so the movement of your account reflects the value of the units. See the table below to find out the investment returns of each option for the past five years.

## Quadrant Investment Choice fund returns to 30 June

Financial Year	High Growth	Growth	*Balanced	Sustainable Future	**Moderate	Stable	Conservative
2003	-3.1%	-0.5%	n/a	3.2%	3.3%	6.2%	3.6%
2004	16.7%	13.3%	n/a	8.7%	9.1%	5.1%	3.7%
2005	15.1%	13.0%	n/a	10.2%	11.5%	8.0%	4.4%
2006	20.2%	16.2%	7.3%*	11.9%	10.9%	6.3%	4.4%
2007	19.3%	15.9%	14.5%	11.0%	11.6%	6.9%	4.8%
5 year compound average	13.3%	11.4%	n/a	9.0%	9.2%	6.5%	4.2%

\*New investment option introduced in December 2005. Investment return is for the 7 month period from 1 December 2005 to 30 June 2006.

\*\*The Moderate investment option was called Balanced prior to December 2005.

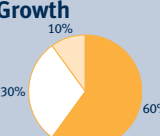
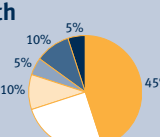
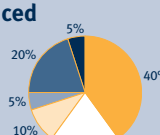
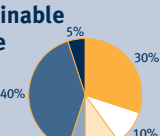
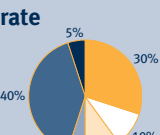
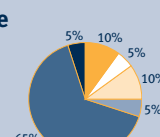
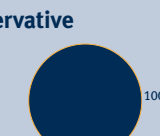
## Quadrant Personal Super fund returns from 1 December 2005 to 30 June 2007

Financial Year	High Growth	Growth	Balanced	Sustainable Future	Moderate	Stable	Conservative
2006*	9.7%	8.1%	7.3%	6.8%	5.8%	3.4%	2.6%
2007	19.3%	15.9%	14.5%	11.0%	11.6%	6.9%	4.8%

\*Investment return is for the 7 month period from 1 December 2005 to 30 June 2006.

Returns shown are net of fees and charges so in true Quadrant style – what you see is what you get with no additional fees, charges or taxes. Past performance does not guarantee that future performance will be the same or similar.

## Asset allocation for the Quadrant Investment Choice fund and the Quadrant Personal Super fund as at 30 June 2007 and 30 June 2006

Investment Option	Investment Objective	Suggested Investment Timeframe	Risk Level	Chance of Negative Return
<b>High Growth</b> 	To produce returns exceeding the growth in Consumer Price Index by 5% over the medium to long term.	5+ years	High to Very High	You may expect to receive around three to four negative returns on your annual benefit statement in a 10-year period.
<b>Growth</b> 	To produce returns exceeding the growth in Consumer Price Index by 4% over the medium to long term.	5 years	High	You may expect to receive around three negative returns on your annual benefit statement in a 10-year period.
<b>Balanced</b> 	To produce returns exceeding the growth in Consumer Price Index by 3.5% over the medium to long term.	3-5 years	Medium to High	You may expect to receive around two to three negative returns on your annual benefit statement in a 10-year period.
<b>Sustainable Future</b> 	To produce returns exceeding the growth in Consumer Price Index by 3% over the medium to long term.	3-5 years	Medium to High	You may expect to receive around two negative returns on your annual benefit statement in a 10-year period.
<b>Moderate</b> 	To produce returns exceeding the growth in Consumer Price Index by 3% over the medium to long term.	3-5 years	Medium	You may expect to receive around two negative returns on your annual benefit statement in a 10-year period.
<b>Stable</b> 	To produce returns exceeding the growth in Consumer Price Index by 2% over the medium term.	3 years	Low to Medium	You may expect to receive around one negative return on your annual benefit statement in a 10-year period.
<b>Conservative</b> 	To produce returns exceeding the growth in Consumer Price Index by 1% each year.	1 year	Low	Not expected

To obtain up to date information including past and current investment performance figures for each of these options please contact Quadrant on 1800 222 209 or check our website at [www.quadrantsuper.com.au](http://www.quadrantsuper.com.au). Past performance does not guarantee that future performance will be the same or similar.

■ Australian Shares  
 ■ International Shares  
 ■ Property  
 ■ Alternatives  
 ■ Fixed Interest  
 ■ Cash

## How your money is diversified

The investment options and asset allocation for both the Quadrant Investment Choice fund and the Quadrant Personal Super fund are the same. Please refer to our Product Disclosure Statement for more information.

Most investments are 'volatile' in that they have their ups and downs. By diversifying, if one asset class is not performing as well as expected, other assets may help to balance the overall return.

The Quadrant Trustee does not guarantee performance of any investment option. The returns will vary over time with changes in value of the underlying assets. Past performance is no indication of future performance.

The Quadrant Trustee may vary from time to time the asset allocation percentage for each investment option by +/-10% of the published asset allocation percentage outlined in the table on page 9.

The table on page 9 shows the asset allocation of the Quadrant Investment Choice fund and the Quadrant Personal Super fund.

The asset allocation for all the investment options in the Quadrant Investment Choice fund and the Quadrant Personal Super fund were the same as at 30 June 2007 and 30 June 2006.

## Quadrant Allocated Pension

From 1 July 2007 the Quadrant Allocated Pension will be known as the Quadrant Super Pension and will be classed as an account based pension. Please refer to our Product Disclosure Statement for more information about the Quadrant Super Pension or speak with a Quadrant First financial advisor, ASFL no. 284443.

The Quadrant Super Pension allows you to invest your retirement benefits within the fund and receive a tax effective income stream that is flexible to suit your needs.

## How does my account work?

If you are a member of the Quadrant Super Pension fund, your account is 'accumulation' style – which means that it works in a similar way to a savings account. Your account will be reduced by regular pension payments, lump sum withdrawals and administration fees, plus or minus any investment earnings based upon the unit price of your investment.

Your pension payments will continue until your investment account is exhausted. One important point to note about an account based pensions is that there is no guarantee that you will have an income stream for your lifetime or any fixed period. The longevity of your investment will depend on how much you draw out annually and how your investment performs.

## Quadrant Allocated Pension returns from 1 December 2005 to 30 June 2007

Financial Year	Balanced	Moderate	Stable	Conservative
2006*	8.2%	6.5%	4.0%	2.9%
2007	15.2%	12.2%	7.1%	5.6%

\*Investment return is for the 7 month period from 1 December 2005 to 30 June 2006.

Returns shown are net of fees and charges so in true Quadrant style – what you see is what you get with no additional fees, charges or taxes. Past performance does not guarantee that future performance will be the same or similar.

## How your money is diversified

Most investments are 'volatile' in that they have their ups and downs. By diversifying, if one asset class is not performing as well as expected, other assets may help to balance the overall return.

The Quadrant Trustee does not guarantee performance of any investment option. The returns will vary over time with changes in value of the underlying assets. Past performance is no indication of future performance.

The Quadrant Trustee may vary from time to time the asset allocation percentage for each investment option by +/-10% of the published asset allocation percentage outlined in the table below.

The following table shows the asset allocation of the Quadrant Super Pension fund as at 30 June 2007 and 30 June 2006.

## Asset allocation for the Quadrant Allocated Pension fund as at 30 June 2007 and 30 June 2006

Investment Option	Investment Objective	Suggested Investment Timeframe	Risk Level	Chance of Negative Return
<b>Balanced</b> 	To produce returns exceeding the growth in Consumer Price Index by 3.5% over the medium to long term.	3-5 years	Medium to High	You may expect to receive around two to three negative returns on your annual benefit statement in a 10-year period.
<b>Moderate</b> 	To produce returns exceeding the growth in Consumer Price Index by 3% over the medium to long term.	3-5 years	Medium	You may expect to receive around two negative returns on your annual benefit statement in a 10-year period.
<b>Stable</b> 	To produce returns exceeding the growth in Consumer Price Index by 2% over the medium term.	3 years	Low to Medium	You may expect to receive around one negative return on your annual benefit statement in a 10-year period.
<b>Conservative</b> 	To produce returns exceeding the growth in Consumer Price Index by 1% each year.	1 year	Low	Not expected

To obtain up to date information including past and current investment performance figures for each of these options please contact Quadrant on 1800 222 209 or check our website at [www.quadrantsuper.com.au](http://www.quadrantsuper.com.au). Past performance does not guarantee that future performance will be the same or similar.

■ Australian Shares  
 ■ International Shares  
 ■ Property  
 ■ Alternatives  
 ■ Fixed Interest  
 ■ Cash

## Quadrant Defined Benefits fund

If you're a member of the Quadrant Defined Benefits fund, your superannuation benefits are worked out according to a formula based on a range of factors which may include your salary and the number of years you've been a member of Quadrant.

Using a formula means that the amount of your benefit can be defined in advance. This is why it's called a 'defined benefit'.

The amount of money you are paid when you leave your employer will depend on a range of factors which may include your salary, your years of service and whether you're over or under age 55. Please refer to your annual benefit statement for details on how any payout benefit is calculated specifically for you.

If you make additional contributions to your Quadrant Defined Benefits account or roll over money from another superannuation fund the money will grow on an accumulation basis (which is in addition to your defined benefit).

## Quadrant Accelerated Benefits fund

If you're a member of the Quadrant Accelerated Benefits fund, which includes the Retained Benefits members, your superannuation is 'accumulation' style, which means it works in a similar way to a savings account with both your employer and your own contributions paid directly to your account. The money is invested using the same investment style as the Quadrant Defined Benefits fund and investment returns are 'smoothed' over a three-year period.

## How is my return calculated?

The crediting rate for the Quadrant Defined Benefits fund and the Quadrant Accelerated Benefits fund is 'smoothed' to help minimise the effects of investment fluctuations. This means the crediting rate is calculated as being the compound average net earning rate of the past three years.

Your smoothed return may therefore be lower than market returns in some years and higher than market returns in other years. You may receive lower crediting

rates in periods of higher market returns and higher crediting rates in periods of lower or negative market returns. The overall result is that over time you will receive the return of the underlying investment strategy with a reduced chance of receiving a negative return in any one year.

The crediting rate is net of any fees and charges so in true Quadrant style – what you see is what you get with no hidden fees, costs or taxes.

## Quadrant Defined Benefits and Accelerated Benefits funds returns to 30 June

Reporting Period	Crediting Rate	Earning Rate
2003	2.42%	2.56%
2004	3.82%	11.84%
2005	10.00%	13.20%
2006	14.00%	14.66%
2007	14.50%	15.04%
5 year compound average	8.83%	11.36%

The crediting rate is net of any fees and taxes.

Past performance does not guarantee that future performance will be the same or similar.

## HCC Defined Benefits fund

As a member of the HCC Defined Benefits fund, your superannuation benefits are worked out according to a formula based on a range of factors which may include your age, your category of membership, your salary and the number of years you've been a member.

Using a formula means that your benefit can be defined in advance. This is why it's called a 'defined benefit'. Your annual benefit statement gives you all the information you need to work out your payout if you leave. If you make additional contributions to your HCC Defined Benefits account or roll over money from another superannuation fund the money will grow on an accumulation basis (which is in addition to your defined benefit).

## How is my return calculated?

The crediting rate for the HCC Defined Benefits fund is 'smoothed' to help minimise the effects of investment fluctuations. This means the crediting rate is calculated as being the compound average net earning rate of the past three years.

Your smoothed return may therefore be lower than market returns in some years and higher than market returns in other years. You may receive lower crediting rates in periods of higher market returns and higher crediting rates in periods of lower or negative market returns. The overall result is that over time you will receive the return of the underlying investment strategy with a reduced chance of receiving a negative return in any one year.

The crediting rate is net of any fees and charges so in true Quadrant style – what you see is what you get with no additional fees, charges or taxes.

## HCC Defined Benefits fund returns to 30 June

Reporting Period	Crediting Rate	Earning Rate
2003	0.45%	0.20%
2004	2.08%	11.84%
2005	7.60%	13.20%
2006	12.58%	14.66%
2007	13.60%	15.04%
5 year compound average	7.13%	10.84%

The crediting rate is net of any fees and taxes.

Past performance does not guarantee that future performance will be the same or similar.

## HCC Policy Group

The Hobart City Council Superannuation Scheme has a Superannuation Policy Group to oversee the activities of the HCC Defined Benefits fund. As at 30 June 2007 the representatives were:

Member Representatives	Employer Representatives
Nick Heath	Ald. Dr John Freeman
John Phillips	Ald. Eric Hayes

## RACT Defined Benefits Fund

As a member of the RACT Defined Benefits fund, your superannuation benefits are worked out according to a formula based on a range of factors, which may include your category of membership, your age, your salary and the number of years you've been a member.

Using a formula means that your benefit can be defined in advance. This is why it's called a 'defined benefit'. Your annual benefit statement gives you all the information you need to work out your payout if you leave.

## How is my return calculated?

The crediting rate for the RACT Defined Benefits fund is 'smoothed' to help minimise the effects of investment fluctuations. This means the crediting rate is calculated as being the compound average net earning rate of the past three years.

Your smoothed return may therefore be lower than market returns in some years and higher than market returns in other years. You may receive a lower crediting rate in periods of higher returns and higher crediting rates in periods of lower or negative market returns. The overall result is that over time you will receive the return of the underlying investment strategy with a reduced chance of receiving a negative return in any one year.

The crediting rate is net of any fees and charges so in true Quadrant style – what you see is what you get with no additional fees, charges or taxes.

## RACT Defined Benefits fund returns to 30 June

Reporting Period	Crediting Rate	Earning Rate
2003	0.10%	-3.00%
2004	0.76%	11.84%
2005	6.44%	13.20%
2006	12.58%	14.66%
2007	13.60%	15.04%
5 year compound average	6.55%	10.13%

The crediting rate is net of any fees and taxes.

Past performance does not guarantee that future performance will be the same or similar.

## RACT Policy Committee

A Policy Committee operates to oversee the RACT Defined Benefits fund. The membership of the Policy Committee is currently being reviewed by the RACT.

## LCC Defined Benefits fund

On 1 July 2006, the City of Launceston Employees Superannuation Fund (known as 'CLESF') was transferred to the Quadrant Superannuation Scheme on a successor fund transfer basis. All the rights and entitlements of members were carried over to the Quadrant Superannuation Scheme.

The transfer to Quadrant has seen the name of the fund change from the City of Launceston Employees Superannuation Fund to the Launceston City Council Defined Benefits fund (known as 'the LCC Defined Benefits fund' or LCC Division) in accordance with Part 9 of the Quadrant trust deed.

As a member of the LCC Defined Benefits fund, you may be entitled to a defined benefit or an accumulation benefit or both depending on your membership.

Defined benefits are worked out according to a formula based on a range of factors which may include your salary and the number of years you've been a member.

Using a formula means that your benefit can be defined in advance. This is why it's called a 'defined benefit'. Your annual benefit statement gives you all the information you need to work out your payout if you leave.

As an accumulation benefit member, your superannuation benefit is based on the balance of your account at the time of leaving the fund. The balance is an accumulation of contributions (including rollovers and transfers) and is reduced by withdrawals, taxes, administration fees and insurance premiums (as applicable) plus or minus investment earnings (based on the applicable crediting rate of the fund).

If you are an accumulation benefit member and have any insurance cover in place and you die or become totally and permanently disabled then an additional amount may be paid.

Your annual benefit statement gives you all the information you need to work out your superannuation benefits if you leave the fund.

If you are a defined benefits member you must contribute 6% of your salary to the LCC Defined Benefits fund. You may also make additional voluntary contributions or rollover money from another superannuation fund. In this case the money will grow on an accumulation basis (which is in addition to your defined benefits).

Please refer to the LCC Defined Benefits fund Product Disclosure Statement for more information about how the fund works.

## How is my return calculated?

The crediting rate for the LCC Defined Benefits fund is 'smoothed' to help minimise the effects of investment fluctuations. This means the crediting rate is calculated as being the weighted average net earning rate of the past three years. The weightings are 50% of the current year, 30% of the preceding year and 20% of the year prior to that.

Your smoothed return may therefore be lower than market returns in some years and higher than market returns in other years. You may receive a lower crediting

rate in periods of higher returns and higher crediting rates in periods of lower or negative market returns. The overall result is that over time you will receive the return of the underlying investment strategy with a reduced chance of receiving a negative return in any one year.

The crediting rate is net of any fees and charges so in true Quadrant style – what you see is what you get with no additional fees, charges or taxes.

### LCC Defined Benefits fund returns to 30 June

Reporting Period	Crediting Rate	Earning Rate
2003	0.40%	1.00%
2004	5.80%	12.60%
2005	9.90%	11.80%
2006	13.50%	14.80%
2007	13.60%	14.90%
5 year compound average	8.52%	10.90%

The crediting rate is net of any fees and taxes.

Past performance does not guarantee that future performance will be the same or similar.

### LCC Policy Committee

A Policy Committee has been formed to oversee the LCC Defined Benefits fund. As at 30 June 2007 the representatives were:

Member Representatives	Employer Representatives
Michael Tidey (Secretary)	Ald. Graeme Beams (Chairman)
Robert Groenewegen	Ald. Margot Smart
Kevin Crombleholme	Ald. Albert Van Zetten

# Fund Investments

The Quadrant Trustee employs the services of an asset consultant, JANA Investment Advisers Pty Ltd, and a range of investment managers. JANA Investment Advisers Pty Ltd is employed to oversee investments, provide reporting and give advice to the Quadrant Trustee Board. Investment managers are employed to undertake investments on behalf of the Quadrant Trustee.

## Smoothing policy

The crediting rate for each of the Defined Benefits funds and the Accelerated Benefits fund is 'smoothed', which helps to minimise the effects of variations in returns from year to year. The crediting rate is calculated as the average of returns over the past three years.

The interim crediting rate is calculated quarterly and applies to exiting members in each of the Defined Benefits funds and Accelerated Benefits fund. The interim crediting rate is the lesser of the final crediting rate or the compound average of returns over the relevant preceding three years.

## What's the difference between the 'earning' rate and 'crediting' rate?

The 'earning' rate is the actual rate of earnings, net of investment manager fees and provision for taxation, which the fund has achieved during the year.

The 'crediting' rate is the rate of earnings credited to your account if you are a Defined Benefits funds or Accelerated Benefits fund member. The crediting rate is set by the Quadrant Trustee based upon the 'smoothed' return for the last three years.

## What rate is used if I leave Quadrant before 30 June?

If you are a member of a Defined Benefits funds or the Accelerated Benefits fund, and you leave Quadrant during the year, an interim rate is used to credit interest to your account so you don't miss out. This rate is set each quarter by the Quadrant Trustee and you can find out the interim rate at the time you leave by calling us on 1800 222 209.

## How does Quadrant diversify its investments?

As a way of controlling risk, the Quadrant Trustees spreads money among all the major asset classes. This is called diversification. Another way we diversify is by investing money with different companies that manage our investments.

## Asset allocation for Defined Benefits and Accelerated Benefits funds

The following table shows how Quadrant money was split between different types of investments in the Quadrant Defined Benefits fund, the Quadrant Accelerated Benefits fund, the HCC Defined Benefits fund and the RACT Defined Benefits fund as at 30 June 2007 and 30 June 2006:

	2007	2006
Australian Shares	36.8%	36.2%
International Shares	22.8%	19.3%
Property	11.4%	9.7%
Diversified Fixed Interest	6.9%	11.7%
Alternatives	9.2%	4.4%
Cash	12.9%	18.7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Who does Quadrant invest money with?

Quadrant appoints professional investment managers to undertake investments on behalf of the Quadrant Trustee.

The following table shows the amount of money each investment manager invested at 30 June 2007 and 30 June 2006:

Investment	Investment Manager	30 June 2007 (\$)	%	30 June 2006 (\$)	%
Cash	Cash at Bank	22,811,859	5.05	12,492,864	3.72
	ANZ Pool – Cash Plus Fund	27,662,819	6.12	34,632,917	10.32
Diversified Fixed Interest	Macquarie Enhanced Australian Fixed Interest Fund	22,997,730	5.09	22,090,938	6.58
	PIMCO (W) Global Bond Fund	27,110,006	6.00	27,711,732	8.26
	Loan – Quadrant First	77,988	0.02	120,487	0.04
	The Super Loans Trust	501,612	0.11	498,224	0.15
Property	AMP Market Linked Property Fund	27,091,474	6.00	32,833,721	9.78
	DB RREEF Wholesale Property Fund	17,020,123	3.77	566,734	0.17
Australian Shares	AMP Capital Sustainable Share Fund	674,733	0.15	529,224	0.16
	First Tasmania Investments Ltd	162,110	0.04	188,129	0.06
	GMO Australian Equity Trust	51,312,038	11.36	44,448,430	13.24
	Industry Super Holdings Pty Ltd	487,085	0.11	338,100	0.10
	Macquarie Alternative Investment Trust 4	2,651,804	0.59	–	0.00
	Macquarie Alternative Investment Trust 1	424,149	0.09	394,467	0.12
	SSGA Australia Alpha Edge Trust	48,958,495	10.84	43,599,181	12.99
	TPTL Joint Venture Investment	–	0.00	3,000	0.00
	UBS Australian Share Fund	46,002,502	10.18	36,118,388	10.76
International Shares	AllianceBernstein Global Style Blend Trust	29,252,347	6.48	26,993,423	8.04
	BIAM Australia International Equities Fund	14,031,760	3.11	13,423,745	4.00
	CFS (W) Global Emerging Market	9,132,765	2.02	7,124,562	2.12
	Ausbil Investment Trusts DEXIA Sustainable Global Equity Fund	172,522	0.04	150,402	0.04
	CNA Capital International Global Equity Trust	6,338,961	1.40	6,404,368	1.91
	CNA Capital International Global Equity Trust with Currency Hedged	21,737,836	4.81	11,302,384	3.37
Alternatives	Warakirri Alternatives Strategies Fund	7,611,464	1.69	6,529,523	1.95
	SSGA Asia Pacific Alpha Equities Market Neutral Trust	7,886,919	1.75	–	0.00
	AMP Strategic Infrastructure Trust of Europe	3,753,729	0.83	–	0.00
	GMO Multi Strategy Trust	7,769,002	1.72	7,151,485	2.13
Insurance Policy	MLC Corp Inv Policy LCC	48,048,818	10.64	–	0.00
<b>Total</b>		<b>451,682,648</b>	<b>100.00</b>	<b>335,646,428</b>	<b>100.00</b>

## Investment policy

Quadrant's strategic asset allocation benchmark and the range of investments provide diversification. Where practical, multiple investment managers will be appointed to capture the benefits to be derived from style diversification. Within asset classes, the Quadrant Trustee seeks investments of a diversified nature with a range of levels of risk and return.

The longer-term objectives for the Quadrant Defined Benefits fund, the Quadrant Accelerated Benefits fund, the HCC Defined Benefits fund, the RACT Defined Benefits fund and the LCC Defined Benefits fund are consistent with the objectives of the Growth investment option in the Quadrant Investment Choice fund. The Quadrant Trustee determines changes for the neutral asset allocation from time to time for each or all funds.

The investment policy was amended during the year to include reference to the LCC Defined Benefits fund and to allow for the variation of the asset allocation in the Member Investment Choice options to +/- 10% of the published benchmarks.

## Investment changes in 2006/2007

During the financial year there were a number of changes to the investment structure.

### The Quadrant Trustee terminated investments in:

- TPTL joint venture
- Macquarie Bank cash management account

### Investments were commenced in:

- AMP Strategic Infrastructure Trust of Europe
- Macquarie Alternative Investment Trust 4
- SSgA Asia Pacific Alpha Equities Market Neutral Trust
- MLC Corporation Investment Policy

## Policy on Derivatives

The investments of this fund may have exposure to derivatives. The investment managers may use derivatives for a variety of strategies including protecting the value of the portfolio, changing market exposure quickly and to foreign currency risk.

The Quadrant Trustee believes that the risk management strategies for the fund's investment managers are appropriate for the fund's investments.

## LCC Defined Benefits fund investments

### Asset allocation for the LCC Defined Benefits fund

The assets of the City of Launceston Employees Superannuation Fund were transferred to Quadrant on 1 July 2006. The Quadrant Trustee entered into a Deed of Transfer and Indemnity with the previous Trustee of the City of Launceston Employees Superannuation Fund to effect a successor fund transfer.

The following table shows how the LCC Defined Benefits money was split between different types of investments as at 30 June 2007 and 30 June 2006:

	2007	2006
Australian Shares	34%	36%
International Shares	24%	25%
Property	11%	10%
Diversified Fixed Interest	12%	12%
Alternatives	3%	2%
Cash	16%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>

From August 2007 the investments of the LCC Defined Benefits fund have been invested with Quadrant's investment managers. The investments of the LCC Defined Benefits fund are invested in accordance with the investment policy of the Quadrant Trustee. The asset allocation has been aligned with Quadrant's asset allocation and may be changed from time to time to meet any specific objectives of the LCC Defined Benefits fund.

## Transfer of assets and liabilities to Quadrant

The following assets and liabilities as at 1 July 2006 were transferred to Quadrant from the City of Launceston Employees Superannuation Fund:

### Statement of net assets as at 30 June 2006

Assets	\$
Cash at bank	990,399
Contributions receivable	153
GST receivable	1,584
Insurance policies – investment linked	41,761,079
Prepaid group life premiums	200,000
Deferred income tax assets	1,947
<b>Total assets</b>	<b>42,955,162</b>
Less liabilities	\$
Benefits payable	679,969
Accounts payable	13,643
Income tax payable	81,519
Benefit tax payable	–
Deferred income tax liability	11
<b>Total liabilities</b>	<b>775,142</b>
<b>Net assets transferred to Quadrant Superannuation Scheme</b>	<b>42,180,020</b>

## Who does the LCC Defined Benefits fund invest money with?

The following table shows the individual investments of the LCC Defined Benefits fund as at 30 June 2007 and 30 June 2006:

Investment	30 June 2007	30 June 2006
Cash at Bank	709,357	990,399
MLC No. 2 Fund	48,048,818	41,761,079
<b>Total</b>	<b>48,758,175</b>	<b>42,751,478</b>

The table shown on page 20 outlines the investment manager exposure in the MLC No. 2 Fund.

## Investment Policy

The investments of the LCC Defined Benefits fund for the year were primarily invested in the JANA Implemented Consulting Platform being the MLC No. 2 fund and managed by JANA Investment Advisers.

## Investment Changes in 2006/2007

The only change to the investment structure of the fund during the financial year was the replacement of the Macquarie Bank account with the Commonwealth Bank account. The MLC No. 2 Fund investment was redeemed in August 2007 and the proceeds were incorporated into the Quadrant Investment Manager Structure.

## Investment manager exposure in the MLC No.2 Fund.

Asset class	Investment manager	30 June 2007	30 June 2006
MLC No. 2 Fund			
Cash	National Asset Management	7,099,163	5,496,291
Diversified Fixed Interest	Blackrock Investment Management	1,804,625	–
	JANA Diversified Fixed Interest	–	5,217,014
	PIMCO	2,407,522	–
	UBS Asset Management	1,792,911	–
Property	AMP	4,819,801	4,307,323
	Charter Hall	511,086	–
Australian Shares	Acadian	428,486	–
	Balanced Equity Management	4,644,300	4,241,723
	Concord Capital	464,116	–
	Cooper Investors Pty Ltd	2,180,064	1,749,361
	GMO	850,754	689,255
	Maple Brown Abbott	2,062,298	2,521,980
	Paradise Cooper Investors	1,230,683	1,837,085
	Perpetual Investments	423,534	–
	Renaissance	154,082	–
	State Street Global Advisors	2,029,608	2,510,056
	Wallara	2,330,109	1,630,763
	International Shares	Acadian	2,511,848
Acadian Long Short		149,600	–
Ballie Gifford		986,337	–
Bank of Ireland Asset Management		1,923,115	–
Capital International		1,472,758	–
Goldmans Sachs Long Short		239,210	–
JANA Core Unit		–	3,414,442
JANA Core Unit Hedged		–	2,923,276
JANA High Alpha		–	1,778,145
Marathon		1,668,700	1,961,995
Marvin & Palmer		608,421	438,958
Pzena Investment Management		744,996	–
SSgA Long Short		206,676	–
Wellington		1,073,256	–
Alternatives	GMO	617,238	–
	Harris Alternatives	613,521	–
	JANA Absolute Return Unit	–	1,043,412
<b>Total</b>		<b>48,048,818</b>	<b>41,761,079</b>

## Other things you need to know

### Costs and deductions

To ensure members get the most out of their superannuation savings the costs of running Quadrant are managed carefully. Investment managers' expenses are taken into account in the investment returns they declare. The total other management costs per annum as at 30 June 2007 for the Quadrant Defined Benefits fund, the Quadrant Accelerated Benefits fund, the HCC Defined Benefits fund and the RACT Defined Benefits fund was 1.25%

The total other management cost for the LCC Defined Benefits fund was 0.81%. The Quadrant administration fee for defined benefits members is an expense of the fund and not paid by the members. Accumulation benefits only members pay an administration fee of \$0.90 per week.

The total other management costs for the Quadrant Investment Choice fund, the Quadrant Personal Super fund and the Quadrant Allocated Pension were as follows:

Quadrant Investment Choice and Quadrant Personal Super fund investment options	Total other management costs as at 30 June 2007
High Growth	1.35%
Growth	1.33%
Balanced	1.27%
Sustainable Future	1.27%
Moderate	1.18%
Stable	1.09%
Conservative	0.79%

Quadrant Allocated Pension investment options	Total other management costs as at 30 June 2007
Balanced	1.38%
Moderate	1.29%
Stable	1.20%
Conservative	0.89%

These fees include all costs of the Scheme, including administration, services and investments but do not include insurance premiums or taxes.

### Trust deed amendments

The trust deed was amended on 1 July 2007 for a range of reasons including to:

- Outline the changes required by the "Simpler Super" legislation
- Introduce the ability for members to split contributions with their spouses as provided for by the relevant legislation
- Introduce an account based pension
- Introduce the ability to offer Binding Death Benefit nominations.

### Reserving policy

The Quadrant Trustee monitors the funding and solvency position of each fund as well as reserves.

The financial position of the overall Scheme is monitored on an ongoing basis as well as the financial position of each fund including the HCC Defined Benefits fund, the RACT Defined Benefits fund and the LCC Defined Benefits fund.

The Quadrant Trustee determines the reserving policy for the Scheme in accordance with the governing rules and the relevant law. The reserves include but are not limited to an Investment Fluctuation Reserve and a General Reserve. The Investment Fluctuation Reserve provides the smoothing of returns in the Scheme and the General Reserve may be used by the Quadrant Trustee for purposes permitted by the governing rules and the relevant law.

The reserves based upon the vested benefits of the Scheme as at 30 June 2005, 30 June 2006 and 30 June 2007 are set out in the table on page 22.

The funding and solvency position of the Scheme as at 30 June 2007 is currently being reviewed by the Quadrant Trustee. The Quadrant Trustee will consider the allocation of the reserves of the Scheme as at 30 June 2007 once it has considered the advice of the Actuary.

## Funding position as at 30 June 2007, 30 June 2006 and 30 June 2005

Fund	Vested Benefits \$million			Assets \$million			Vested Benefits Index		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Quadrant Defined Benefits fund	75.83	67.22	58.91	83.41	73.94	64.80	110.0%	110.0%	110.0%
Quadrant Accelerated Benefits fund	44.51	40.44	35.83	44.51	40.44	35.83	100.0%	100.0%	100.0%
HCC Defined Benefits fund	44.96	39.83	34.63	51.62	44.72	38.21	114.8%	112.3%	110.3%
RACT Defined Benefits fund	2.26	2.01	2.08	2.68	2.28	2.23	118.6%	113.4%	107.2%
Quadrant Investment Choice fund	204.67	150.78	112.31	204.67	150.78	112.30	100.0%	100.0%	100.0%
Quadrant Retained Benefits fund	4.39	4.49	4.18	4.39	4.49	4.18	100.0%	100.0%	100.0%
<b>Totals before reserves</b>	<b>376.62</b>	<b>304.77</b>	<b>247.94</b>	<b>391.28</b>	<b>316.65</b>	<b>257.55</b>	<b>103.9%</b>	<b>103.9%</b>	<b>103.9%</b>
Total reserves				25.70	22.14	20.28			
<b>Totals</b>	<b>376.62</b>	<b>304.77</b>	<b>247.94</b>	<b>416.98</b>	<b>338.79</b>	<b>277.83</b>	<b>110.7%</b>	<b>111.2%</b>	<b>112.1%</b>

The Vested Benefits Index is the assets divided by the vested benefits of the fund for each financial year as at 30 June 2007, 30 June 2006 and 30 June 2005.

## Funding position of the LCC Defined Benefits fund as at 30 June 2007, 30 June 2006 and 30 June 2005

Fund	Vested Benefits \$million			Assets \$million			Vested Benefits Index		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
LCC Defined Benefits fund	40.67	35.93	30.44	48.76	42.18	36.29	119.9%	117.4%	119.2%

## Superannuation surcharge

Superannuation surcharge is a tax that applies to higher income earners.

The Quadrant Trustee pays the surcharge in accordance with surcharge assessments issued by the Australian Taxation Office. The amount of surcharge payable is deducted from the account balances of members in the Quadrant Investment Choice fund, Quadrant Personal Super fund, the Quadrant Accelerated Benefits fund and the Quadrant Super Pension. A contra account has been set up to record the surcharge liability of members in the Quadrant Defined Benefits fund, the HCC Defined Benefits fund, the RACT Defined Benefits fund and the LCC Defined Benefits fund that will attract interest at the crediting rate of each fund. You have the option to pay your surcharge liability into your account so that your superannuation benefit is not affected.

From 1 July 2005 all surcharges payable on contributions was abolished by the Australian Government. Any surcharge applicable up to 30 June 2005 will still be payable from your superannuation benefit as stated above.

## Enquiries and complaints

If you have any questions, you should contact us on 1800 222 209. Most queries can be sorted out over the phone, but if we are unable to help you immediately, then we will seek to reply to you within 28 days. If you're unhappy or dissatisfied with the operations of Quadrant you can make a complaint or provide a suggestion by contacting the Complaints Officer on 1800 222 209 or write to:

**Complaints Officer**  
**Quadrant Superannuation**  
**GPO Box 863, Hobart TAS 7001**

If contacting the Complaints Officer does not satisfy your complaint, you can take the matter directly to the Quadrant Trustee by asking to have your complaint considered at the next Quadrant Trustee Board meeting. It is the Quadrant Trustee's policy to deal with enquiries and complaints within 28 days

of receipt. If more time is needed to resolve your complaint, you'll be kept informed of the progress.

If you are not satisfied with the decision of the Quadrant Trustee or the Quadrant Trustee has not responded in 90 days, then you may make a complaint to the Superannuation Complaints Tribunal. The Superannuation Complaints Tribunal is an independent body set up by the Australian Government to help you and your beneficiaries resolve superannuation complaints through conciliation. You can contact the Superannuation Complaints Tribunal on 1300 780 808. Access to the Superannuation Complaints Tribunals is free of charge.

## Need more information?

You may request information to help you understand your benefit entitlements or the main features of the fund, or to enable you to make an informed judgement about the management and financial condition of the fund.

### You may request a copy of:

- The most recent Product Disclosure Statement
- The most recent audited accounts together with the auditor's report in relation to the accounts
- The trust deed and rules
- The group life and salary continuance policies issued to the Quadrant Trustee
- The investment policy
- The enquiries and complaints procedure
- APRA returns
- The rules for election and appointment of Directors
- The privacy policy
- The risk management plan for the management of the risks of the Scheme.

Please contact us on 1800 222 209 to obtain any further information.

## Keeping your superannuation with Quadrant

Quadrant members can maintain their superannuation with Quadrant even if they retire early or change employers.

If you are a Quadrant Investment Choice member and you leave your job you can leave your superannuation account with Quadrant. We will maintain your existing investment instruction or, if we have no instructions, your money will be invested in the Moderate option.

If you are a Defined Benefits or Accelerated Benefits member your superannuation will be transferred to the Quadrant Investment Choice fund and invested in the Moderate option unless you advise us in writing of your preferred investment option/s.

In either case, your insurance arrangements will remain unchanged however the definition of total and permanent disablement may differ.

When you leave your account with Quadrant you will continue to receive a high level of service and all the other Quadrant benefits for the same low fee. You can also continue to add to your superannuation subject to legislation.

## Lost members

If you are an inactive member and we lose contact with you the Quadrant Trustee may transfer your account balance to our nominated Eligible Rollover Fund. Losing contact with you means that we do not know of your whereabouts and our attempts to contact you in writing have failed. Quadrant transfers money to the Eligible Rollover Fund every six months and once your superannuation is transferred your Quadrant membership will cease.

The Eligible Rollover Fund that Quadrant uses is AUSFund. Your account in AUSFund will continue to accumulate interest and you may access your benefit subject to the usual preservation rules. Under the rules of AUSFund, fees will not exceed any interest credited. No insurance cover is provided in AUSFund. AUSFund's contact details are: PO Box 2468, Kent Town SA 5071; phone 1300 361 798.

## Unclaimed money

If:

- You have reached age 65
- There have been no contributions into your account for two years and
- It is five years since Quadrant last had contact with you and Quadrant is again unable to contact you, after making reasonable efforts your investment may become unclaimed money.

Unclaimed money must be paid to the Australian Taxation Office. The Australian Taxation Office will administer the Unclaimed Monies and maintain a register. Quadrant is required to report and pay unclaimed money to the Australian Taxation Office every six months.

# Summary of Financial Statements

## Statement of Net Assets as at 30 June 2007

	2007 (\$)	2006 (\$)
<b>Assets</b>		
<b>Cash and cash equivalents</b>		
Cash	22,811,859	12,492,864
<b>Other receivables</b>		
Contributions receivable	198,338	146,984
Interest income receivable	213,404	119,318
Distributions receivable	24,168,404	9,424,860
Group life claims receivable	166,759	–
Prepayments	33,080	29,581
GST receivable	82,867	52,009
<b>Investments</b>		
<b>Financial Assets</b>		
Units trusts	353,003,314	290,008,227
Life policies	75,140,292	32,833,721
Other investments	727,282	311,716
<b>Other assets</b>		
Plant and equipment	164,011	80,140
Deferred tax asset	7,107	7,440
<b>Total Assets</b>	<b>476,716,717</b>	<b>345,506,860</b>
<b>Liabilities</b>		
<b>Other payables</b>		
Benefits payable	417,978	59,860
Group life insurance proceeds payable to members	231,939	203,414
Group life premium payable	8,328	–
Accounts payable	416,184	171,104
Contributions received and not yet accepted	622,469	34,454
GST payable	195	–
<b>Tax liabilities</b>		
Income tax payable	4,345,370	2,668,783
Deferred income tax liability	4,912,953	3,561,454
PAYG payable	23,256	22,480
<b>Total Liabilities</b>	<b>10,978,672</b>	<b>6,721,549</b>
<b>Net assets available to pay benefits at the end of the year</b>	<b>465,738,045</b>	<b>338,785,311</b>

Note: Numbers may not add due to rounding.

## Statement of changes in Net Assets year ended 30 June 2007

	2007 (\$)	2006 (\$)
<b>Investment revenue</b>		
Interest	590,088	298,601
Trust distributions	44,842,735	27,813,916
Changes in the net market values	20,233,017	18,391,550
	65,665,840	46,504,067
<b>Contribution revenue</b>		
Employer contributions	23,897,396	19,251,234
Member contributions	12,627,722	6,311,561
Roll-ins from other funds	8,922,397	8,631,149
Successor fund transfer – City of Launceston Employees Super Fund	42,180,020	–
	87,627,535	34,193,944
<b>Other revenue</b>		
Group life insurance proceeds	593,644	87,167
Other	57,652	19,129
<b>Total revenue</b>	<b>153,944,671</b>	<b>80,804,307</b>
Benefits paid	(13,236,838)	(9,850,488)
<b>Investment expenses</b>		
Master Custodian and Investment Manager fees	(460,505)	(296,462)
Group Life and Salary Continuance Premiums	(1,272,443)	(993,500)
<b>General Administration Expenses</b>		
Administrator fees	(3,112,858)	(2,759,505)
APRA fees	(120,203)	(104,214)
Auditor's remuneration	(59,553)	(35,100)
Depreciation	(47,206)	(46,651)
IT expenses	(19,711)	(109,848)
Other external service provider fees	(123,790)	(76,095)
Other expenses	(50,372)	(24,419)
Trustee remuneration	(251,790)	(147,820)
Superannuation contribution surcharge	(41,832)	(132,693)
RSE licence expenses	–	(23,856)
Successor fund transfer expenses	(99,033)	(48,617)
<b>Total expenses</b>	<b>(18,896,134)</b>	<b>(14,649,268)</b>
<b>Change in net assets before income tax</b>	<b>135,048,537</b>	<b>66,155,039</b>
Income tax expense	(8,095,803)	(5,204,717)
<b>Change in net assets after income tax</b>	<b>126,952,734</b>	<b>60,950,322</b>
<b>Net assets available to pay benefits at the beginning of the year</b>	<b>338,785,311</b>	<b>277,834,989</b>
<b>Net assets available to pay benefits at the end of the year</b>	<b>465,738,045</b>	<b>338,785,311</b>



