



annual report  
2007.2008

**NESS**  
Super for  
Electricians

Annual reporting to members consists of the following parts:

1. Your Member Statement;
2. Additional Information;
3. Annual Report

*Preparation Date 24 October 2008*



# From your Board of Directors

Your Board predicted in last year's Annual Report the strong possibility of investment returns falling in the future. Unfortunately this has become a reality but to a much greater extent than any investment professional could have forecast in 2007. In common with the vast majority of superannuation funds, NESS has reported negative returns in some of its investment options this year. Due to the global credit crisis that originated in the U.S., immense losses have occurred. Uncertainty and volatility are likely to continue well into the 2008/9 financial year. This situation was compounded by high interest rates, inflation and a pessimistic economic outlook. To help members understand this very complex topic, we have included a detailed article on pages 6 & 7 of this Report.

The general investment principles that we stated last year still apply to members' investments.

- Focus on the long term. 5 to 10 years is a more appropriate period to measure superannuation investment performance because it puts short term volatility into perspective and trends are more apparent.
- Investment cycles regularly result in losses, due to a drop in the value of shares, every 5 to 7 years.
- Maintaining regular contributions means that more investments can be acquired due to their lower prices and, when the cycle is in the recovery phase, more value will be added to investments.

Your Directors use a diverse range of investment managers who are specialists in investments such as Australian and international shares, property and fixed interest to ensure that NESS provides solid, consistent returns. Despite the negative 7.4% Balanced option return for 2007/8, those objectives have paid off over the

medium term with that option returning a compound annual rate of 9.6% for the 5 years to 30 June 2008.

Your Directors have good news about a number of improved member benefits:

- A review of insurance providers has resulted in increased covers for most members for the same premium.
- We now offer BPAY as a convenient method for members and employers to pay contributions.
- Eligible members can now choose to take a tax effective pension from age 55 while still working, or at retirement.
- Two new investment options have been added.

To ensure that you are fully informed, we recommend that you read this Report.

## CONTENTS

- 02 From your Board of Directors | 03 In Brief | 04 What's new at NESS | 05 We look after your NESS benefits  
06 Investment market and related economic conditions | 08 Providing Financial Advice | 10 Investment and member choices  
11 How do I find the right investment? | 12 Your investment options | 14 Fees and other costs  
19 Understanding your member statement | 20 Your money managers | 21 NESS' financial position | 22 Other things you should know  
31 Keep in touch with your Super

### Disclaimer:

The information contained in this Annual Report is general information only and does not take into account any person's individual financial objectives, financial situation or needs. We recommend that you speak to a financial adviser if you need help in making an investment decision.

NESS is governed by a legal document called a Trust Deed. If there is any discrepancy between the Trust Deed and this Annual Report, the Trust Deed prevails. Whilst the Trustee has taken all due care in the preparation of this Annual Report, it reserves its right to correct and shall not be liable for errors and omissions.

Use the icons to quickly find important information within this Annual Report



Important



Contact Us



Did you know



Financial

## In Brief

### What happens if I don't provide NESS with my Tax File Number (TFN)?

If you don't provide your TFN to NESS, you will be unable to make your own contributions to NESS. You will also be charged a penalty rate of tax on all employer contributions.

When a TFN is received by NESS, all employer contributions are taxed at a concessional rate of 15%. When a TFN is not received, all employer contributions are charged an extra 31.5% tax, increasing the tax on employer contributions from 15% to 46.5%.

If we don't have your TFN, 'Not Advised' will be shown on the front page of your member statement.

If you have paid the extra tax and you later provide NESS with your TFN, the extra 31.5% tax will be reimbursed to your account.

### Financial Advice

Are you unsure of what your retirement needs and goals are or what they should be?

So often people wait until their 50's before they start considering their retirement needs. This can often mean that people may have to work longer before they are in a financial position to retire.

It is important to seek financial advice early in your working career. With careful planning you will be in a better financial position to retire at an age that suits you.

No matter how young or old and at what stage of life you are, you could benefit from financial advice. NESS offers members the services of its financial adviser, Money Solutions and will pay for your initial consultation. More information on Money Solutions' services can be found on pages 8 & 9.

### Government Co-contribution

If you contribute up to \$1,000 to your Superannuation fund, you may be eligible to receive a co-contribution payment from the Federal Government of up to \$1,500, paid directly into your NESS account. The amount you are eligible to receive depends on your assessable income at 30 June each year and your employment status. The table below shows the scale of cover dependent on your eligibility.

Taxable Income	What you will receive.
Up to \$30,342	\$1.50 from the Federal Government in co-contribution for every \$1.00 you contribute to Superannuation, to a maximum of \$1,500 a year.
From \$30,342 to \$60,342	You must reduce the Federal Government co-contribution by \$0.05 for every dollar you earn over \$30,342 up to \$60,342. Eg. If your taxable income is \$50,000 per year and you contribute \$1,000 to NESS, the maximum Federal Government co-contribution will be \$517.10.
Over \$60,342	Not eligible to receive the Federal Government co-contribution, but can still make your own contributions.

# What's new at NESS?

Your Directors are always on the look out for new products and features to add value to NESS' membership. This year is no exception:

- **New Pensions** - Available from 1 July 2008. They are designed to provide tax effective benefits to members who are aged 55 and over. You don't have to leave work to be eligible. If you are aged 55 and are considering a pension, please contact us for a copy of the NESS Pension PDS.
- **BPAY Contributions** - Available from 19 September 2008, this facility is available for use by members and employers. The availability of BPAY contributions provides NESS members with an easy and convenient way to make secure and timely direct contributions. You can contribute as little or as often as you want. To obtain your BPAY Biller Code and Reference numbers please contact us on 1800 022 067 or log onto memberaccess, via our website [www.nesssuper.com.au](http://www.nesssuper.com.au).
- **Life Insurance cover** - From 1 September 2008, the value of most members' covers has increased, with no increase in premium costs. Various other insurance features have also been introduced such as the availability to increase your insured death benefit due to lifestyle events, without the need for a medical. More information can be found in the other things you should know section commencing on page 22.
- **Salary Continuance cover** - From 1 September 2008 the default cover for all current insured members and new members has increased from \$1,000 per month to \$1,600 per month, with no increase in premium costs. From 1 December 2008 all insured members over age 21 will automatically have their cover increased to \$2,000 per month, at a slightly increased premium. More information can be found in the other things you should know section commencing on page 22.
- **New Investment Options** - From 1 December 2008 you will be provided with two new investment options, Australian Shares and Overseas Shares. These will be available in conjunction with the current options, Cash, Stable, Balanced, Property and High Growth. More information on these options is located on pages 12 & 13.



# We look after your NESS benefits

## You're in very capable hands

### Trustee

NESS is dedicated to providing benefits for employees of employers in the electrical contracting, communications and associated industries. NESS is an accumulation style superannuation fund and benefits (other than any Salary Continuance benefits or some pensions) are lump sum based on the member's account balance at the date the benefit is paid. It is managed by a trustee company, New South Wales Electrical Superannuation Scheme Pty Limited ABN 28 003 156 812 (Trustee). The Trustee is responsible for managing NESS in the best interests of all members.

NESS' rules are set out in its trust deed and Product Disclosure Statements. The Trustee's rules are contained in its Constitution. NESS is also required to comply with its ASIC and APRA licences and the laws applicable to superannuation and financial services.

There are five Trustee Directors. Two are member representatives, nominated by the Electrical Trades Union New South Wales Branch (ETU).

Two are employer representatives, nominated by the National Electrical and Communications Association NSW (NECA). The Independent Director is appointed by the other Directors. James Tinslay is an alternate Employer Representative Director.

The Directors are also members of the Audit and Compliance and Investment Committees. Philip Hirshbein is the Secretary of NESS, the Trustee and the Committees.

There has been no change to any of these positions during the year.

The Trustee has taken out indemnity insurance to protect the Trustee, its Directors and NESS against most of the financial liabilities that may be incurred as a result of any errors arising from the management of NESS.

On 30 June 2008, the Trustee Directors and Secretary were:

**TONY GLOSSOP** (Chairman of the Board)

Employer Representative Director  
Nominated by NECA

**STEVE BUTLER**

Member Representative Director  
Nominated by the ETU

**JOHN McCRORY**

Independent Director

**PAUL SINCLAIR** (Chairman of the Audit and Compliance Committee)

Member Representative Director  
Nominated by the ETU

**REG YOUNG**

Employer Representative Director  
Nominated by NECA

**PHILIP HIRSHBEIN**

Secretary



Tony Glossop



Steve Butler



John McCrory



Paul Sinclair



Reg Young



Philip Hirshbein

# Investment market and related economic conditions

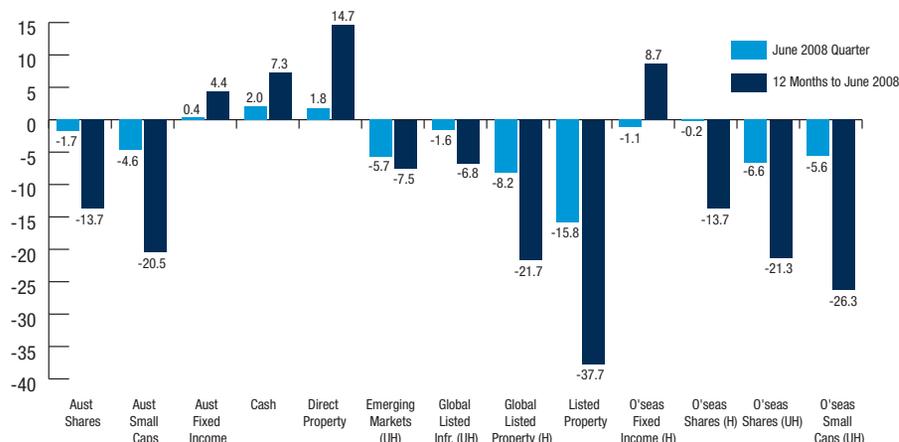
## Year ended 30 June 2008



The 2007/08 financial year produced negative returns for a number of asset classes following a global credit and liquidity crisis that resulted from deterioration in the US sub-prime mortgage market. Globally liquidity tightened, increasing the cost of funds and the interbank funding market dried up, culminating in a global credit crunch in August. The first quarter of the 2008 calendar year saw investment markets again dominated by continuing global credit market problems and the poor economic outlook in the US. By March quarter end, a number of asset classes had again fallen sharply. The final quarter of the 2008 financial year saw the majority of asset classes lose value due to deteriorating global growth prospects, persistent inflationary pressure, record oil prices and higher bond yields.

Global shares (unhedged) dropped by over 20%, with most developed markets producing negative results.

However, for hedged investors the return dropped by only 13.7%, due to the rise in the Australian dollar. Domestically, the financial year will be remembered as the first time there has been three consecutive negative quarters since December 1990. After four years of 20%+ returns and an increase of almost 150%, the Australian share market dropped by almost 14%.



### Key developments during the year were:

- The election of a new government in Australia. A Federal Labor Government was elected in November with changes to the industrial relations landscape, signing the Kyoto protocol and spending on broadband amongst a number of mooted policies.
- Domestic economic highlights: inflation higher than predicted, consumer confidence hitting a record low, yet employment remained strong.

### Australian Shares

The S&P/ASX 300 index ended the financial year down 13.7%, the first time the domestic equity market had finished the financial year with a loss since 2002/2003. The continued rise in oil and

commodity prices helped the Energy and Material sectors but hindered other sectors. That, together with the effects of the credit crunch emanating from the US saw the Australian market decline by the largest amount since 1982.

After producing the lowest return for last year (still up a healthy 22.2%), the Energy sector was the best performer this year, following up some strong returns (up 34.7% in 2005/06 after 67.2% and 45.3% in 2004/05 and 2003/04 respectively). The Materials sector followed suit, being the only other sector to produce a positive return. Consumer Discretionary stocks were worst effected by the credit concerns, which also resulted in big falls in Financial and Property stocks.

The main detractors from market performance over the year were a number of financially related companies. Banks such as National Australia Bank (-32.0%), ANZ (-31.9%), Commonwealth (-23.3%), Macquarie Group (-39.8%) and Westpac (-18.0%) and insurers such as QBE Insurance Group (-25.2%) all felt the brunt of US sub-prime credit related issues. Resource stocks, including BHP Billiton (+26.6%) and Rio Tinto (+38.9) made a significant positive contribution to the index on the back of strong commodities prices. Whilst the surging oil price saw Woodside Petroleum (+51.0%) also well supported.

## Overseas Shares

As with the Australian market, the Energy and Material sectors were the only positive performers. Unsurprisingly, Financials bore the brunt of the markets' falls, which also affected the Consumer Discretionary sector.

## Property

Continued fallout from the sub-prime crisis in the US and associated concerns around debt financing affected investment returns for both global listed and domestic listed property funds. Global Listed Property (UBSW Global Investors Hedged Index) and Domestic Listed Property (S&P/ASX 300 Property Trust Index) returned -21.7% and -37.7% respectively over the financial year. Direct Property (Mercer Unlisted Property Index) rose +14.7% for the year and finished ahead of all other asset classes.

## Fixed Income and Cash

Australian bond yields rose 0.19% over the year to 6.45%. The UBSA Composite Bond Index returned +4.4% over the year. Cash outperformed domestic bonds with the UBSA Bank Bill index returning +7.3% for the year.

Overseas bond markets produced positive returns after yields fell sharply. The US ten year bond yield fell 1.06% to 3.97%. The Citigroup World Government Bond index and the Lehman Global Aggregate index returned +8.7% and +7.9% respectively on a fully hedged basis over 12 months as global bonds outperformed most asset classes.

## How Members of NESS Were Affected

NESS members are invested well diversified funds. Diversification is achieved both across asset classes (equities, fixed income, property etc) and within (allocations to different managers) asset classes. As can be seen from the chart above, nearly all asset classes experienced negative returns for the year, especially listed property and equities. Positive contributions from NESS' allocations to fixed income and direct property were not sufficient to overcome the large falls experienced by the other assets. This resulted in some negative returns for the year. The strong performance of the Australian dollar also reduced the performance of unhedged overseas assets.

NESS continues to maintain significant exposure to shares and listed assets due to their superior long term returns. These asset classes which have performed poorly over the current year have, over longer periods, added significant value to members. Unfortunately the journey to long term investment success can be a bumpy ride.

## View of Investments for the Year Ahead

A fair amount of uncertainty remains with the credit crisis continuing to depress investment returns. The US economy has slowed significantly due to the credit issues and housing slump. European economies are also struggling as the Euro zone also slows. Australia, while performing better on the back of resources and materials, also remains affected by global conditions.

While further short term market volatility is anticipated, the longer term outlook is more positive. Global equity markets have been battered and are offering better value with some market commentators believing the worst is over with others of the opinion there is more downside to come.

Investing is always an uncertain proposition, however, what we do know is that, over long periods of time, shares continue to deliver superior returns despite regular periods of negative returns. We do not recommend trying to time markets; setting long term investment goals and staying the course will be rewarded over time.

# NESS provides financial advice to members like you - when you need it

NESS has changed the way you can obtain advice to make it easy to manage your Super and get the most out of the retirement savings that it generates.

NESS understands that many members need help with planning how to fund a comfortable retirement with superannuation savings. We have made that easy by paying for your first phone interview with our financial advisory service - Money Solutions (AFS Licence 258145) and its Personal Money Coaches.

We have also arranged with Money Solutions for members to be provided with the option to deduct the cost of any subsequent Super advice from their NESS account.

“Advice should be available to everyone, not just the wealthy” says Money Solutions founder and CEO Virginia Dowd, “Good financial advice will show you how to set goals for your money and how to stay on track to achieve those goals”.

## Choose your own personal solution

**3 quick ways to get ready for retirement**

**Attend a complimentary seminar**  
Learn how to make more of your super and retirement

**Call a Money Coach**  
Simple super advice over the phone

**Talk to a Financial Adviser**  
Face to face talk about your retirement choices

**Call 1800 046 144 or email: seminars@moneysolutions.com.au to register - see over for dates**

Money Solutions will show you how to get the best from your super and how you can save more, use pensions and understand your retirement options. As a NESS member, the Fund will pay for the first consultation with a Money Coach on one issue relating to your super, to get you on your way. **To take advantage of this complimentary consultation, simply call the number above.** Money Solutions does not accept commissions from any provider, so you know you can trust their advice. During your initial consultation, they will also outline fees for any ongoing assistance. Another service from NESS, your industry super fund.

The Trustee is not responsible for, and does not accept liability for the products or services or actions of Money Solutions. You should use your own judgment before taking up any product or service offered by Money Solutions.

Trustee: New South Wales Electrical Superannuation Scheme Pty Ltd ABN 28 003 156 812 (RSE Licence No. L0000161) as trustee of the New South Wales Electrical Superannuation Scheme ABN 72 229 227 691 (RSE Registration No. R1000115) Australian Financial Services Licence No. 238945.  
Money Solutions AFSL No. 258145.

NESS  
MONEY SOLUTIONS

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Whether you are just getting started, want to do better or are ready to review your investments – NESS has arranged a mix of seven options to help you manage your money in a way that’s personal and relevant to your life stage. Simply select the financial advice service that best suits your needs when you need it.

- Register for a complimentary seminar to learn the basics about retirement planning or managing your super
- Speak to a Money Coach over the phone for step by step advice
- Meet with a Financial Advisor to crunch the numbers and set a plan in place for your life in retirement

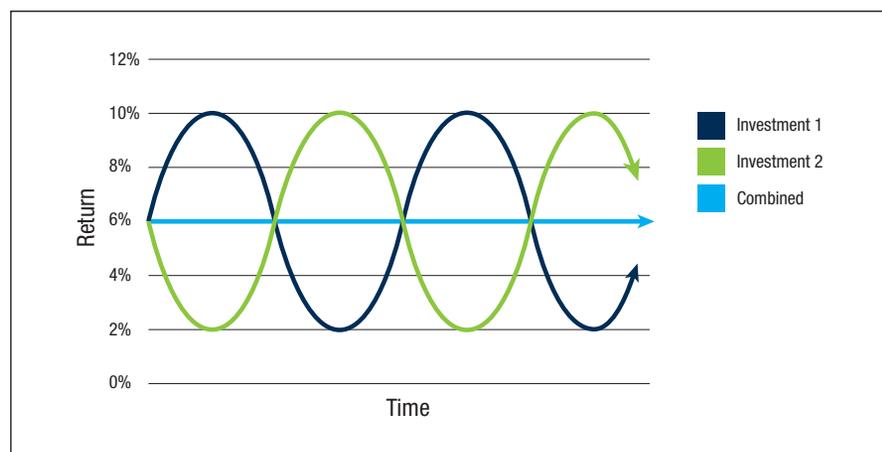
## A lesson from the market

Over the past few months, some NESS members have expressed concern about the impact of recent market activity on their super returns.

### Diversification of investment helps to reduce risk

You can reduce the impact of market booms and glooms by having a mix of investments. A diversified fund is spread across a number of different assets like cash, property, Australian shares, international shares etc. A fall in the value of one asset type may be reduced by gains in the value of another. Diversified funds tend to be less volatile and have more consistent returns.

The chart below shows returns from two volatile investments over time. When one is performing well the other is not and vice versa. By investing 50% of your money in each, your total return will be mid way between each – smoothing the impact of the volatile investments and reducing your risk.



NESS provides an easy route to diversification through your investment options.

## What can you do to get more confidence and control of your super investments?

If you do not know how much money you need for your retirement, call a MONEY SOLUTIONS ADVISER to do the numbers to set your RETIREMENT GOAL.

**At the conclusion of a phone session, you will understand what you can expect of your super fund and what average return you need to achieve your goal. This will give you the confidence to make investment and contribution decisions and be comfortable with the ups and downs of investment markets.**

Money Solutions does not take commissions. It charges a flat fee for service - so its advisers are focussed on recommending strategies that work for you.

# Investments and member choices

## Who is managing my investments?

Managing NESS' investments is one of the key responsibilities of the Trustee. The Trustee has an Investment Policy that governs the appointment of specialised investment managers who are responsible for the day-to-day management of outsourced investments. The Trustee and its asset consultant regularly review the investment managers' performances every month by comparing them with investment industry benchmarks.

## Investment Managers

- Fortis Investment Management Australia Limited
- AMP Captial Investors Limited
- Barclays Global Investors Australia Limited
- Goodman Funds Management Australia Limited
- GPT Funds Management Limited
- ING Investment Management Limited
- Macquarie Specialised Asset Management Limited
- Members Equity Portfolio Management Limited
- Mercer Investment Nominees Limited
- Tyndall Investment Management Limited
- Wellington Management Portfolios (Australia)

## Annual investment returns

An annual review of NESS is conducted following 30 June each year. Partly audited accounts are produced, showing the financial status of NESS and the investment returns available for distribution to members. Following investment and actuarial advice, the Trustee declares a final annual investment return for each investment option.

Those returns are applied to members' accounts according to their investment options and daily account movements during the previous financial year. Members who have switched, will have the annual returns applied to the period following the switch. In normal circumstances, the annual investment return is applied towards the end of August.

## Reserving policy

NESS does not maintain an investment fluctuation reserve. Fluctuations in investment returns directly affect members' benefits. A reserve equal to 0.20% of net assets, at 30 June 2008 (0.13% in 2007, 0.23% in 2006) for contingency purposes was maintained. Its use is strictly governed by a Trustee policy. It is invested in the Stable investment option.

## Asset classes

Any investments that people make fall into "asset classes" such as cash, fixed interest, property and shares. These generally fall into 2 main categories of asset classes - "defensive" and "growth":

## Defensive assets

Low-risk/low-return investments include cash and bonds. The main objective of investing in defensive assets is to protect the value of your original investment while earning relatively low but stable rates of return. The risk of a negative return in any one-year period is relatively low but there is an inflation risk.

## Growth assets

Investments such as property and shares generally provide investors with high returns in the medium to long-term (5 years or more). The main objective of investing in growth assets is to make returns that average well above the rate of inflation over the long term. Rates of return can vary widely over short periods and are more likely than defensive assets to give a negative return in any one-year period. The higher risk (also called Volatility) of growth assets can be reduced by holding them for a longer term and by mixing them with defensive assets. This is called 'diversification'.

## Use of Derivatives

While the Trustee does not directly invest in derivative securities, investment managers are permitted to use futures, options and other derivative instruments to assist with the effective management of NESS' assets, consistent with the Trustee's Investment Policy Statement. However, these instruments may not be used to gear the portfolio. The Trustee expects that, over the long-term, the use of these instruments will enhance the returns of NESS' assets.

# How do I find the right investment?

## Issues to consider

- Your investment risk tolerance; ie can you tolerate short-term volatility? This will determine the mix of defensive and growth investments that you feel comfortable with over the period to retirement and beyond.
- How much income you think you'll need once you do retire, and
- At what age you are planning to retire and how many years you will need to support yourself.

## Identify your investment style

Investing generally involves a correlation between risk and return. That is, high risk normally results in high returns. "Risk" in this context refers to the volatility of investment values. High-risk investments are generally growth assets. They can provide negative returns over the short-term. Risk can be reduced by investing for the long-term and diversifying investments both within growth assets and defensive assets.

You should decide on the level of risk you feel comfortable with that, ideally, will achieve your investment goals over the period to retirement and in retirement. If you don't like taking risks and want your money to work steadily and reliably, you are a cautious investor, you may prefer a higher proportion of defensive assets such as cash and fixed interest.

If you're willing to accept some risk of volatility for potentially higher returns

over time, you are a more aggressive investor, you may prefer a higher proportion of growth assets such as property and shares.

## Investment strategies you can choose

NESS currently gives you the choice of five (5) investment options.

Following is some general information about your NESS investment options. You can choose to invest in one or any combination of these current options, with two (2) more being introduced on 1 December 2008 (see enclosed Supplementary PDS).

The seven NESS investment options are:

Options	Defensive %	Growth %
Cash	100	0
Stable	69	31
Balanced	31	69
Property	0	100
High Growth	0	100
Australian Shares*	0	100
Overseas Shares*	0	100

*An example of combining 50% Stable and 50% Balanced is, Defensive 50% and Growth 50%.*

*\*From 1 December 2008*

## How do I make a choice?

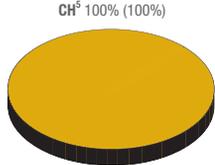
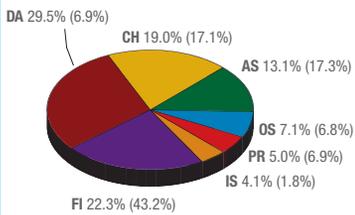
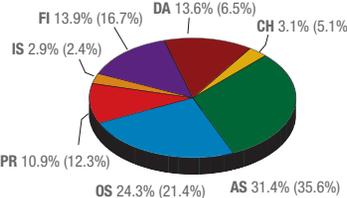
Firstly, it is important to understand the options available and the differences between them. Then you can choose the investment option or options that best suit your personal needs.

If you do not make a choice, the Trustee will invest your contributions into the Balanced option (the default strategy). If you have difficulty in making a decision, we recommend you seek independent financial advice before choosing an option or combination of options.

If you want to change your investment options, you can download a Member Change of Investment form from our web site, [www.nesssuper.com.au](http://www.nesssuper.com.au) or request one from NESS. If your investment choice is received by the 20th of the month, your change of options will apply on the first day of the following month in which it was received.

# Your investment options

The charts below, reflect the asset allocations of NESS as at 30 June 2007 and 2008.

	CASH <sup>1</sup>		STABLE <sup>1</sup>		BALANCED <sup>1</sup>	
<b>Application</b>	For short-term investment with maximum security but low potential for growth.		For short-term investment with good security and potential for some growth.		For growth above inflation over the medium-term. Default option for members who do not make a choice.	
<b>Risk Profile</b>	Very low risk. The most conservative investment, likely to produce both the lowest volatility and the lowest long-term returns. It invests exclusively in cash investments.		Low risk. A conservative investment mix, likely to produce both low volatility and low long-term returns. The majority of the Stable option is invested in defensive assets such as cash, Australian and overseas fixed-interest.		Moderate risk. A diverse mix of investments, providing more of a balance between risk and return than the Stable option. It should experience less short-term return volatility than the High Growth option, but not achieve the same long-term returns.	
<b>Investment Objective<sup>2</sup></b>	To achieve a return after fees over rolling one-year periods in line with the UBS Australia Bank Bill Index. In addition, performance in excess of the median manager in the Mercer Survey of Specialist Cash Funds is targeted.		To achieve a return after fees over rolling three-year periods of at least 1% per annum above inflation, as measured by the CPI. In addition, performance in excess of the median manager in a relevant survey of comparable superannuation fund options is targeted.		To achieve a return after fees over rolling five-year periods of at least 3% per annum above inflation, as measured by the CPI. In addition, performance in excess of the median manager in a relevant survey of comparable superannuation fund options is targeted.	
<b>Asset Mix</b>	Defensive Assets: 100%		Growth Assets: 34% Defensive Assets: 66%		Growth Assets: 70% Defensive Assets: 30%	
<b>Crediting Rates<sup>3</sup></b> - Year Ended 30 June	2008	4.0%	2008	-0.8%	2008	-7.4%
	2007	5.1%	2007	10.9%	2007	15.0%
	2006	6.1%	2006	9.6%	2006	14.6%
	2005	5.6%	2005	10.8%	2005	14.5%
	2004	3.0%	2004	7.9%	2004	13.2%
<b>Compound Average Returns<sup>3</sup></b>	5-year:		5-year:		5-year:	
				7.6%		9.6%
<b>30 June 2008 Allocations.</b>	<p>The actual amount of investment return applied to your account for the year may not equal the crediting rate declared for your selected investment option(s) due to the timing of cashflows into and out of your account.</p> 					

1. Benefits in any of these investment options are not guaranteed and the value of the investment may rise or fall.
2. The Trustee is required by law to set an investment objective for the fund and each underlying investment option. They do not constitute a forecast or guarantee of future returns.
3. Past performance is not an indicator of future performance.
4. This option will commence on 1 December 2008, therefore there is no history of investment returns.
5. Cash Option investments are diversified across a range of domestic fixed income and money market securities including mortgage backed securities, corporate securities and negotiable certificates of deposit. It can be broadly split into cash - (15%) and short-term securities - (85%).

PROPERTY <sup>1</sup>		HIGH GROWTH <sup>1</sup>		AUSTRALIAN SHARES <sup>1</sup>		OVERSEAS SHARES <sup>1</sup>	
For growth above inflation over the medium-term.		For significant growth above inflation in the longer term.		For significant growth above inflation in the longer term.		For significant growth above inflation in the longer term.	
Moderate to high risk. The Property option invests in direct and listed property. It provides higher long-term returns than the Stable option, but with more volatility.		High risk. This has the highest long-term return expectation and is also the highest risk strategy producing very volatile returns over the short-term. It is only suitable for members with an investment horizon of at least seven (7) years.		High risk. This has the highest long-term return expectation and is also the highest risk strategy producing very volatile returns over the short-term. It is only suitable for members with an investment horizon of at least seven (7) years.		High risk. This has the highest long-term return expectation and is also the highest risk strategy producing very volatile returns over the short term. It is only suitable for members with an investment horizon of at least seven (7) years.	
To provide investors with diversified exposure to commercial, retail and industrial property markets. The return objective is to achieve returns after fees over rolling five-year periods of at least 2% per annum above inflation, as measured by the CPI.		To achieve a return after fees over rolling seven-year periods of at least 4% per annum above inflation, as measured by the CPI.		To achieve a return after fees over rolling seven-year periods of at least 4% per annum above inflation, as measured by the CPI.		To achieve a return after fees over rolling seven-year periods of at least 4% per annum above inflation, as measured by the CPI.	
Growth Assets: 100%		Growth Assets: 100%		Growth Assets: 100%		Growth Assets: 100%	
2008	2.2%	2008	-13.5%	N/A <sup>4</sup>		N/A <sup>4</sup>	
2007	16.9%	2007	18.7%				
2006	13.8%	2006	20.6%				
2005	12.2%	2005	15.5%				
2004	11.1%	2004	17.6%				
5-year:	11.1%	5-year:	10.9%	N/A		N/A	
<p>PR 100% (100%)</p>		<p>OS 40.7% (36.0%) PR 6.7% (7.6%) CH 0.6% (0.2%) AS 56.1% (56.2%)</p>		<p>AS 100%</p>		<p>OS 100%</p>	

Cash (CH)<sup>5</sup>

Aust Shares (AS)

Fixed Interest (FI)

Overseas Shares (OS)

Property (PR)

Infrastructure (IS)

Diversified Alternatives (DA)



## Fees and other costs

Under Australian law, the Trustee is required to include this warning about fees and costs.

The Trustee negotiates with service providers to ensure fees to members are kept as low as possible. There are no fees for contributions or fees paid to personal financial advisers. Fees are applied equitably to all members and management costs charged to individual members are not negotiable.

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100 000 to \$80 000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a superannuation fee calculator to help you check out different fee options.



**Please note that the Government Advisory Warning above is a Commonwealth Government prescribed warning and is not relevant to the fund in relation to its claims that 'you may be able to negotiate to pay lower contribution fees and management costs where applicable'.**

## Fees and other costs



This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the fund assets as a whole.

Tax details are set out in the “**Tax and your Super**” section of the current PDS. Insurance costs are set out in the “**NESS Insurances**” section of the current PDS. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs for particular investment options are set out on page 17.

Type of fee or cost	Amount \$	How and when paid
<b>Fees when your money moves in or out of the fund</b>		
<b>Establishment fee<sup>1</sup></b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee<sup>1</sup></b> The fee on each amount contributed to your investment – either by you or your employer	Nil	Not applicable
<b>Withdrawal fee<sup>1</sup></b> The fee on each amount you take out of your investment	\$50.00	Deducted from your account each time a benefit is paid. When member protection applies, the fee may be partly or fully rebated
<b>Termination fee<sup>1</sup></b> The fee to close your investment	Nil	Not applicable
<b>Management costs<sup>2</sup></b>		
The fees and costs for managing your investment	A flat fee of \$62.40pa  Plus	Charged at a rate of \$1.20 per week or partial week of membership and deducted from your account on a monthly basis
The amount you pay for specific investment options is shown on page 17	A percentage fee ranging from 0.36%pa for the Cash option to 0.89% for the Stable option	The percentage based fee is deducted partly from investment earnings prior to the earning rate for that investment option being determined and partly from a monthly deduction from account balances
<b>Service fees<sup>3</sup></b>		
<b>Investment switching fee</b> The fee for changing investment options	Nil	Not applicable

<sup>1</sup> No adviser remuneration fee applies

<sup>2</sup> See breakdown of percentage based management costs on page 17.

<sup>3</sup> In some cases, user pays fees may also apply. See the section ‘Additional explanation of fees and other costs’ on page 16.

## Fees and other costs *continued*

### Example of annual fees and costs for the Balanced investment option

This table gives an example of how the fees and costs in the Balanced investment option for this product can affect your superannuation investment over a one-year period. You should use this table to compare this product with other superannuation products.

<b>EXAMPLE – the Balanced investment option</b>		
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged nil.
<b>Plus</b> Management Costs	0.88% + \$62.40 (\$1.20 per week)	<b>And</b> , for every \$50,000 you have in the fund you will be charged \$440 each year plus \$62.40 in administration fees regardless of your balance
<b>Equals</b> cost of fund	\$502.40	If you put in \$5,000 during a year and your balance was \$50,000, then for that year you will be charged fees: <b>\$502.40*</b> <b>What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser</b>

\* Additional fees may apply: If you leave the fund, you will also be charged a withdrawal fee of \$50.00.

### Additional explanation of fees and other costs

#### Family Law Fees

Type of fee or cost	Amount \$	How and when paid
<b>Application for information</b> — in the format specified under the Family Law Act	\$50 including GST.	Payable to the Trustee by the person making the request for information at the time a request is made
<b>Splitting a benefit</b>	\$50 per partner	Shared equally by both parties and will be deducted from each party's benefit at the time the benefit is split unless all of the benefit is going to the non member spouse (in which case the non member spouse pays all of the fee)
<b>Flagging a benefit</b>	None	Not applicable

#### Contribution Splitting Fee

Type of fee or cost	Amount \$	How and when paid
<b>Contribution Splitting Fee</b>	\$85.00	Payable by the member for whom the benefit is being withdrawn

## Fees and other costs *continued*

### Breakdown of Management costs

This table shows a breakdown of the percentage based Management Costs included in the Fee table on page 15. These management fees are deducted partly from investment earnings prior to the earning rate for that investment option being determined and partly from a monthly deduction from account balances.

*Management fees are passed on to members by way of an adjustment to the declared crediting rates.*

<b>Investment Option</b>	<b>Investment Management Fee (%)</b>	<b>Buy / Sell Spread (%)</b>	<b>Administration Fee (%)</b>	<b>Total Management (%)</b>
Cash	0.26	Nil	0.10	0.36
Stable	0.79	Nil	0.10	0.89
Balanced	0.78	Nil	0.10	0.88
Property	0.72	Nil	0.10	0.82
High Growth	0.65	Nil	0.10	0.75
Australian Shares*	0.53	Nil	0.10	0.63
Overseas Shares*	0.76	Nil	0.10	0.86

\* Options available from 1 December 2008.

## Fees and other costs *continued*

### Administration charge

An asset-based fee of 0.1% pa is charged to members each month at the rate of 1/12th of 0.1%, based on members' net asset balance at the end of the month. This charge is intended to cover operating expenses incurred by the Trustee in managing the fund and typically includes expenses that can be deducted out of Fund assets pursuant to the Trust Deed.

### Goods and Services Tax (GST)

Fees and costs shown in the Fees section include GST and stamp duty if applicable, unless stated otherwise.

### Income Tax and its effect on fees

Tax is payable on investment earnings of NESS at a maximum rate of 15%. However, as NESS is allowed a tax deduction in respect of certain fees and costs the rate of tax actually payable by NESS is likely to be less than 15%. The benefit of any income tax savings are passed on to members indirectly when the Trustee determines the crediting rate that applies interest to members' accounts.

### Tax and your Super

For more information on the cost of tax, please refer to the Taxation section on pages 29 & 30.

### Insurance costs

The cost of insurance cover is \$1.20 per week for one unit of death cover and \$1.00 per week for the cost of Temporary Salary Continuance Cover, for the period of this report. For more information on the cost of insurance and the recent insurance changes, please refer to Changes to NESS Insurance section on page 22 of this report.

### Member Benefit Protection

NESS protects the benefits of members with small account balances from erosion by administration fees, as required by law. If your account balance is less than \$1,000, the management costs charged to your account cannot exceed the total interest credited during that year.

Any shortfall in these circumstances is borne by the administration reserve held by NESS. However, a maximum of \$10 in administration charges can be applied to your account in the event that the interim or annual crediting rate is negative. At each Annual Review (30 June) or upon closure of your NESS account for any purpose, member protection will be applied to members with account balances of less than \$1,000. Members who have made a portability claim are not eligible for Member Benefit protection.

### Increase to the charges

The fees quoted on the preceding pages may change from time to time. You will be notified of any increase at least 30 days in advance of its application.

# Understanding your member statement

## 1 Date of Birth

If your date of birth is incorrectly recorded by NESS, it can affect your insurance cover and the amount of tax that you pay. If you write to us to advise your correct details, please provide certified proof of age.

## 2 Tax File Number

If you have not provided your Tax File Number, you will not be able to make personal contributions to NESS and all employer related contributions will have a higher tax rate applied. You can provide your TFN over the phone by calling us on 1800 022 067.

## 3 Beneficiary

Check to make sure your nominated beneficiaries are up to date. The Trustee takes your nomination into consideration when determining who receives your NESS benefit in the event of your death.

## 4 Your Account Balance

This is your balance as at 30 June 2008 including your investment return. There are two components to your account:

- Preserved Component - Must be retained as a superannuation benefit until you reach preservation age.
- Restricted Components - Broken into restricted and un-restricted. You can withdraw an un-restricted benefit at any time.

## 5 Insurance Information

Does your insured death benefit meet your family's needs? Will your monthly salary continuance cover your living costs in the event that you are unable to work? You can increase both your death and salary continuance benefits upon application to the insurer. Please refer to the enclosed Supplementary Product Disclosure for new and improved insurance covers.

New South Wales Electrical Superannuation Scheme

Phone: 1800 022 067  
Locked Bag 20 Parramatta NSW 2124  
www.nesssuper.com.au

New South Wales Electrical Superannuation Scheme Pty Ltd ABN 93 003 156 812 RSE License No. 0200180 (as trustee of the New South Wales Electrical Superannuation Scheme RSE Registration No. R1000115) Australian Financial Services License No. 238949

Annual reporting to members consists of the following parts:  
Part 1. Member Statement | 2. Additional Information | 3. Annual Report

Issue Date: 27 September 2008

**Member Statement**  
For the period 1 July 2007 to 30 June 2008  
**Membership No. 87654321**

**Mr Simon Sample**  
122 Sample Street  
SYDNEY NSW 2000

**Date Joined Fund:** 01/12/2006  
**Date of Birth:** 21 April 1938  
**Tax File Number:** Not provided  
**Beneficiaries:** Not provided

**5 Year account snapshot**

Investment Earnings: Refer to the final page for crediting rates.

**Your account summary as at 30 June 2008 (\$)**

Your Account balance	251.06
Your preserved benefit	0.00
Your non-preserved benefit	
Restricted	0.00
Unrestricted	251.06
Your withdrawal benefit	0.00
Opening balance	0.00
Closing balance	251.06
Your insured death benefit	0.00
Your insured monthly salary continuance benefit	0.00

Please refer to the Additional Information section at the end of this Statement for an explanation of the benefits reported above. The insured benefits we have recorded for you are not guaranteed and are subject to you meeting the policy conditions and our records being correct.

**Your account summary as at 30 June 2008**  
The amounts reported below are the totals for the different transactions reported. More detail on these transactions can be found on the following pages.

Description	Total (\$)
Opening account balance at 1 July 2007	0.00
Plus Contributions received from your employer(s)	360.00
Earnings from your investments	25.06
Less Federal Government Contributions Tax	-45.00
Management Costs	-10.00
Insurance Premiums	-78.20
<b>Closing account balance at 30 June 2008</b>	<b>251.06</b>

Please see over page for additional information

Page 1 of 4

# Your money managers



NESS uses professional investment managers. The following table shows their products and the amounts invested.

	2008 \$	% of total	2007 \$	% of total
<b>Other interest bearing securities</b>				
ANZ Cash Plus Fund	9,576,426	3.29	10,156,354	3.53
UBS Brinson Diversified Fixed Income Fund	-	0.00	46,737,802	16.23
Super Business Loans Unit Trust No.1	3,958,024	1.36	3,907,828	1.36
Wellington Australia Global Total Return Fund	33,079,159	11.35	-	0.00
	<b>46,613,609</b>	<b>15.99</b>	<b>60,801,984</b>	<b>21.11</b>
<b>Australian equities</b>				
Barclays Australian Alpha Equity Fund	32,543,660	11.16	32,888,054	11.42
ABN Amro Australian Equity Fund	31,744,021	10.89	37,231,668	12.93
Tyndall Australian Share Wholesale Portfolio	26,615,843	9.13	26,625,953	9.24
	<b>90,903,524</b>	<b>31.19</b>	<b>96,745,675</b>	<b>33.59</b>
<b>International equities</b>				
AMP Future Direct Core International Fund	62,037,873	21.28	690,877	0.24
AMP Future Direct Hedged Core Intl Share Fund	13,205,446	4.53	-	0.00
GMO Aust Global Equity Trust	-	0.00	23,468,573	8.15
GMO Global Asset Allocation	-	0.00	3,863,501	1.34
GMO Hedged Global Equity Trust	-	0.00	16,201,626	5.62
Fidelity Aggressive Global Equity Trust	-	0.00	28,047,360	9.74
	<b>75,243,319</b>	<b>25.81</b>	<b>72,271,937</b>	<b>25.09</b>
<b>Property</b>				
AMP Diversified Property 1	18,266,167	6.27	14,922,850	5.18
Challenger Property Master Trust	-	0.00	12,460,983	4.33
GPT Wholesale Office Fund	6,487,684	2.23	5,598,500	1.94
Goodman Australia Industrial Fund	8,462,459	2.90	5,478,923	1.90
	<b>33,216,310</b>	<b>11.40</b>	<b>38,461,256</b>	<b>13.35</b>
<b>Other investments</b>				
Barclays Global Ascent Fund	-	0.00	5,844,221	2.03
AMP Infrastructure Equity Fund	3,745,346	1.28	3,463,287	1.20
GMO Multi Strategy Trust	-	0.00	7,350,426	2.55
Macquarie Global Infrastructure Fund 11 A	4,103,354	1.41	3,111,523	1.08
Mercer Diversified Alternative Fund	37,658,507	12.92	-	0.00
	45,507,207	15.61	19,769,457	6.86
	<b>291,483,969</b>	<b>100.00</b>	<b>288,050,309</b>	<b>100.00</b>

# NESS' financial position



The following financial summary is based on partly audited accounts. The full audited accounts will be available to members on request after November 2008.

STATEMENT OF CHANGES IN FINANCIAL POSITION	2008	2007
<b>Opening balance</b>	<b>307,808,128</b>	<b>249,456,053</b>
<i>Plus income</i>		
Net investment income	(28,711,926)	42,774,887
Interest received	197,708	166,955
Contributions from employers and members	40,330,913	36,511,575
Transfers into NESS by members	4,820,876	6,619,798
Proceeds of insurance claims	1,187,711	1,452,058
Other Income	28,378	287,517
<b>Total income</b>	<b>17,853,660</b>	<b>87,812,790</b>
<i>Less Expenses</i>		
Benefits paid to members and dependants	13,641,534	17,770,971
Administrative costs	1,588,769	1,443,414
Member insurance premiums	1,892,710	1,827,959
Commonwealth Government taxes	1,423,368	8,418,371
<b>Total expenses</b>	<b>18,546,381</b>	<b>29,460,715</b>
<i>Equals</i>		
<b>Closing balance</b>	<b>307,115,407</b>	<b>307,808,128</b>

STATEMENT OF FINANCIAL POSITION AT 30 JUNE	2008	2007
<b>Assets</b>		
Investments	291,483,969	288,050,309
Cash at bank	4,522,875	4,279,876
Other	15,404,176	23,797,340
<b>Total</b>	<b>311,411,020</b>	<b>316,127,525</b>
<i>Less</i>		
<b>Liabilities</b>		
Benefits payable	667,500	1,295,040
Other amounts payable	503,340	825,329
Provision for income tax	3,124,773	6,199,028
<b>Total</b>	<b>4,295,613</b>	<b>8,319,397</b>
<i>Equals</i>		
<b>Net assets at 30 June</b>	<b>307,115,407</b>	<b>307,808,128</b>

## Other things you should know



### Changes to NESS Insurance

Your Trustee Directors recently conducted a review of insurance covers and their cost to ensure that you, as a member of NESS, can access a range of insurance benefits at one of the lowest possible premium cost available. Hannover Life Re of Australasia Ltd (ABN 37 062 395 484) (Hannover or the Insurer), NESS's current insurer, was confirmed as NESS's insurer. The results are improved benefits to most members from 1 September 2008, as set out below.

You should refer to the Glossary at the back of the NESS Product Disclosure Statement dated 1 July 2007 for an explanation of any terms used in this Annual Report that you are not familiar with.

### Summary of changes to Compulsory Basic or Default Insurance

	Before 1 September 2008	Between 1 September 2008 and 30 November 2008	From 1 December 2008
<b>Basic Temporary Salary Continuance (TSC) Cover</b>	<ul style="list-style-type: none"> <li>\$1,000 per month of TSC for claims relating to disabilities <b>prior</b> to 1 September 2008.</li> </ul>	<ul style="list-style-type: none"> <li>\$1,600 per month for claims relating to disabilities <b>from</b> 1 September 2008.</li> </ul>	<ul style="list-style-type: none"> <li>\$2,000 per month for claims relating to disabilities from 1 December 2008.</li> </ul>
<b>Cost</b>	\$1.00 per week	\$1.00 per week	\$1.25 per week
<b>Basic Death Cover</b>	<ul style="list-style-type: none"> <li>2 units of death cover</li> </ul>	<ul style="list-style-type: none"> <li>2 units of death cover</li> </ul>	<ul style="list-style-type: none"> <li>2 units of death cover</li> </ul>
<b>Cost</b>	\$2.40 per week	\$2.40 per week	\$2.40 per week

#### Notes:

- Basic TSC Cover at 1 December 2008 for existing members under age 21:
  - Retain basic TSC of \$1,600 per month cover at a premium of \$1.00 per week. If, by their 21st birthday, this cover has not increased to two or more units, on their 21st birthday, their cover increases to two units of basic cover, (\$2,000 per month), provided that they are in [Active Employment](#) on that date.
  - Can opt for two units of basic cover without a medical assessment. However, if a member requests the increase then subsequently reduces it, that member will not be eligible to reinstate the increase again on or prior to his or her 21st birthday without underwriting applying.
- NESS will allow existing insured members to elect a lower level of cover by completing a form, available on request. By making this election, any subsequent request to increase cover will be subject to underwriting. This form must be returned to NESS within 60 days. If the form is not returned within this period, members will automatically move to the new agreed Default Cover.
- Any member not in [Active Employment](#) on 1 September 2008 or 1 December 2008 will be limited to [New Events Cover](#) for the benefit increase until returning to [Active Employment](#).

#### Active Employment

Means you will be considered to be at work if you are gainfully employed (including being on Employer approved leave except leave caused by illness or injury) and attending work and performing your normal duties and hours without restriction due to illness or injury and you are not in receipt of and/or entitled to claim income support benefits from any source including but not limited to worker's compensation benefits, statutory transport accident benefits and Disability income benefits.

### New Events Cover

A Total or Partial Disability benefit for any illness which arises or injury which occurs on or after 1 September 2008, or 1 December 2008 as applicable.

### General Conditions

Your insurance cover may be terminated in certain circumstances such as if there is insufficient money in your NESS account to pay the premiums as they fall due or if you cease to be an Australian Resident by permanently leaving Australia.

The cost of premiums is deducted from members' accounts in NESS at the end of each month and is offset against contributions tax.

### TSC

TSC provides a monthly benefit when a member has a disability caused by an Injury or Illness. It is payable for up to 2 years after the member has been off work for 90 days, subject to the terms of the insurance policy.

### Eligibility and amount of cover

To be eligible for TSC, members must be:

- at least 15 years old and less than 64 years old,
- employed on a permanent basis, self-employed or a contractor,
- an *Australian Resident*.

TSC must be taken out in conjunction with Death Cover. Seasonal worker members are not eligible for TSC cover.

**Seasonal Worker** means a person engaged in employment for a specific period of time or to complete a specific job, and where continuity of employment is not guaranteed, regardless of hours worked or period of employment.

- Once TSC cover has been approved it will not cease if a member's work status or hours change,
- 1 unit of TSC provides members with an income of up to \$1,000 per month,
- You can now apply for up to a total of 25 units (\$25,000) of cover at a cost of \$0.625 per week by completing the Insurer's Personal Statement,
- The insured benefit provides a monthly income up to 85% of Pre-disability Income. This includes up to 10% Employer Superannuation Contribution paid to NESS at the same time the benefit payment is made,
- Cover will continue while you are on employer-approved leave for up to 1 year, provided premiums continue to be paid throughout the period,
- Your TSC benefit will be reduced by Other Disability Income, for example, employer payments of sick leave, benefits paid under any insurance policy and workers compensation,
- Payments commence after a 90 day "waiting period" and continue for a maximum of 2 years,

- TSC benefits are treated as income and, therefore, subject to income tax.

### When does your TSC cover cease?

Your cover ceases on the earliest of the following events:

- a) reaching age 65, or
- b) being on Leave of Absence for more than one year without the insurer's approval, or
- c) the Insurer does not receive premiums for you, unless temporary salary continuance disability benefits are being paid and the Insurer has waived the TSC premiums, or
- d) you cease to be a member of NESS, or
- e) you cease to be an *Australian Resident* or leave Australia permanently, or
- f) you commence service with the armed forces of any country other than Australian Defence Force Reserves, or
- g) you retire permanently from the workforce, or
- h) you die, or
- i) you make a fraudulent claim under the policy, or
- j) you have insufficient funds in your account to pay the next month's premium, or
- k) NESS or the Insurer has terminated the policy.

## Other things you should know *continued*

### Eligibility for TSC benefits

You may be eligible for a TSC benefit if you have an illness or injury that results in you being:

- a) continuously absent from your employment for the TSC waiting period of 90 days (providing that it commences prior to your 65th birthday), and
- b) unable to perform one or more of the duties of your regular occupation necessary to produce income, and
- c) not otherwise employed or engaged in business activity, and
- d) under the continuous and regular care of a Doctor and undergoing appropriate treatment and care.

### Partial Disability Benefit for TSC

After the conclusion of the 90 day waiting period, you may also be eligible for a partial disability benefit where, you:

- a) Resume employment or are capable of returning to partial employment duties after 14 consecutive days of Total Disability,
- b) are under the continuous and regular care of a Doctor undergoing appropriate treatment and care,
- c) As a result of the injury or illness that caused the Total Disability, you earn less than your Pre-disability Income.

### Rehabilitation Benefit

Whilst a member is suffering disability, *Approved Rehabilitation* expenses, such as the cost of a rehabilitation program, device or course of treatment, may be paid if the Insurer considers this likely to assist the member's return to work. The Insurer's prior approval is required in all cases before the cost is incurred. The benefits for any single claim is no more than six (6) times the member's monthly benefit or \$60,000, whichever is the lesser.

### When the Insurer Ceases Paying a TSC Benefit

The Insurer will cease to pay a benefit in situations such as:

- a) The member is no longer Totally Disabled or Partially Disabled, or
- b) The benefit has been paid for 2 years, or
- c) The member attains age 65, or
- d) They are no longer under the care of a Doctor, or
- e) On death, or
- f) The member resides overseas outside agreed terms, or
- g) If the claim is fraudulent.

### Exclusions - TSC Benefits

No benefits are payable when a claim arises directly or indirectly as a result of:

- a) Self inflicted harm or attempted suicide, regardless of whether you are sane or insane at the time, or
- b) Normal and uncomplicated pregnancy or childbirth, or, for the purposes of this exclusion, multiple pregnancy, threatened or actual miscarriage, participation in IVF or similar programme, discomfort commonly associated with pregnancy such as morning sickness, backache, varicose veins, ankle swelling, bladder problems are not considered abnormal or complications of pregnancy, or
- c) Participation in a criminal act, or
- d) Service in the armed forces, with the exception of Australian Defence Force Reservists, or
- e) Actively participating in Militant Activities, or
- f) The occupation of a member being an *Excluded Occupation* without the Insurer's prior approval (cover provided without the need for underwriting is exempt from this exclusion), or
- g) Any other circumstance advised to you by the Insurer after consideration of medical evidence, for example pre-existing medical conditions.

## Long term salary continuance cover

### Eligibility and conditions of cover

Long Term Salary Continuance Cover, which provides a monthly benefit payable to members up to age 65, is now available for NESS members.

- Long Term Salary Continuance Cover may only be taken out in conjunction with TSC cover,
- Cover will cease if the member is no longer insured for Death or TSC cover,
- Where a member has been in receipt of a TSC benefit for a total of 2 years and continues to be eligible for disablement benefits, if the member has Long Term Salary Continuance Insurance Cover, the same monthly benefit (subject to any conditions imposed by the Insurer) will continue to be paid while the member is disabled until they reach age 65,
- For each year that the benefit continues to be paid, the Monthly Benefit will be increased by the annual [CPI](#) percentage (subject to a maximum of 7.5%),
- The limitations and exclusions which apply to TSC cover also apply to Long Term Salary Continuance Cover.

### How to apply for cover

Long Term Salary Continuance Cover is subject to the completion of a *Personal Statement* form and acceptance of the cover by the Insurer.

### Cost of cover

The cost of Long Term Salary Continuance Cover is additional to the TSC cost. The cost depends on your age, amount of cover and any special conditions imposed by the Insurer during the underwriting process. The age rates are set out in the following table.

Weekly Premium Rates Per \$1,000 / Monthly Income Benefit Benefit Period up to Age 65 2 year and 90 day waiting period					
Age	Male	Female	Age	Male	Female
15	\$0.10	\$0.14	39	\$0.89	\$1.53
16	\$0.10	\$0.14	40	\$1.05	\$1.76
17	\$0.10	\$0.14	41	\$1.24	\$2.02
18	\$0.10	\$0.14	42	\$1.45	\$2.31
19	\$0.10	\$0.14	43	\$1.69	\$2.64
20	\$0.10	\$0.17	44	\$1.96	\$3.02
21	\$0.10	\$0.20	45	\$2.26	\$3.44
22	\$0.10	\$0.23	46	\$2.60	\$3.92
23	\$0.10	\$0.26	47	\$2.98	\$4.45
24	\$0.10	\$0.30	48	\$3.40	\$5.03
25	\$0.10	\$0.30	49	\$3.86	\$5.68
26	\$0.10	\$0.31	50	\$4.36	\$6.38
27	\$0.10	\$0.32	51	\$4.90	\$7.14
28	\$0.10	\$0.35	52	\$5.49	\$7.96
29	\$0.10	\$0.39	53	\$6.11	\$8.84
30	\$0.12	\$0.44	54	\$6.76	\$9.75
31	\$0.16	\$0.50	55	\$7.42	\$10.67
32	\$0.21	\$0.57	56	\$8.04	\$11.54
33	\$0.27	\$0.66	57	\$8.59	\$12.30
34	\$0.34	\$0.76	58	\$8.99	\$12.86
35	\$0.42	\$0.87	59	\$9.13	\$13.06
36	\$0.52	\$1.00	60	\$9.20	\$13.16
37	\$0.63	\$1.16	61	\$8.86	\$12.69
38	\$0.75	\$1.33	62	\$7.32	\$10.52

## Other things you should know *continued*

### Death Cover

Death insurance provides a lump sum benefit to dependants or estate of the member on death. This helps to provide security and peace of mind for members and their dependants.

Employees who join NESS when *First Eligible* are provided with *basic cover* of 2 units.

Employees who join NESS at a later date (ie. not when *First Eligible*) or elect voluntary cover are subject to underwriting.

Improvements in Cover:

- There is no change to the cost of Death Cover but prior to 1 September 2008 members could only obtain up to a maximum of 10 units of Death Cover and now cover up to a maximum of \$5,000,000 is available. The cover now varies according to the member's age as per the new scale below,
- The Trustee has negotiated improved benefit amounts for some ages,
- Life Style Events is a new option available to members (see below).

#### Amount of Death Benefit

The amount of the insurance benefit payable by NESS on death is determined by the member's age and the number of units of cover held.

Members are now also eligible to apply for additional voluntary units up to the Maximum Cover of \$5,000,000.

The following table gives examples of different levels of cover depending on the number of units elected:

NESS Basic Death Cover from 1 September 2008 - Age scale of benefits and premiums				
	Weekly Premium 1 unit \$ 1.20	Weekly Premium 2 units \$ 2.40	Weekly Premium 3 units \$ 3.60	Weekly Premium 4 units \$ 4.80
Basic				
Age	Cover \$	Cover \$	Cover \$	Cover \$
15 to 24	77,400	154,800	232,200	309,600
25 to 29	73,100	146,200	219,300	292,400
30 to 34	68,800	137,600	206,400	275,200
35 to 39	60,200	120,400	180,600	240,800
40 to 44	56,400	112,800	169,200	225,600
45 to 49	55,200	110,400	165,600	220,800
50 to 54	53,900	107,800	161,700	215,600
55 to 59	52,500	105,000	157,500	210,000
60	45,000	90,000	135,000	180,000
61	44,000	88,000	132,000	176,000
62	43,000	86,000	129,000	172,000
63	41,500	83,000	124,500	166,000
64	40,000	80,000	120,000	160,000
65	35,000	70,000	105,000	140,000
66	30,000	60,000	90,000	120,000
67	25,000	50,000	75,000	100,000
68	20,000	40,000	60,000	80,000
69	15,000	30,000	45,000	60,000
70	0	0	0	0

*Please note: The total benefit paid by NESS on your death benefit is the sum of the amount paid by the Insurer and the balance of your member account.*

### Lifestyle Events - Additional Cover Options

Members who are currently insured can increase their current death cover by 1 unit without providing medical evidence, if one of the following nominated 'events' occurs:

- a) The member purchases a home as his or her permanent residence and takes out a mortgage,
- b) The member gets married,
- c) The member or his or her partner gives birth or adopts a child.

When one of these events occurs, a member can increase his or her cover subject to the following:

- The member must be less than age 55 when they apply for this cover,
- The member can only increase their cover for one 'event' in any year,
- The member can only ever increase their cover once for each 'event' outlined above,
- The member must apply to NESS within 60 days of the nominated 'event' happening with proof that the nominated 'event' occurred,
- Cover under this policy has not been declined by the Insurer and is not subject to any special conditions, loadings or exclusions.

If a claim occurs within 6 months of the increase, cover will be limited to claims resulting from *Accidental Bodily Injury*.

### How do I increase my death cover?

You can apply to the Insurer for an increase in your cover at any time, by completing the Change of my Membership Details form together with an Insurer's Personal Statement. Both are available from the NESS web site and the administrator. The Insurer will assess the information provided and advise any additional requirements before responding to your application.

Any increase in cover will only be effective once it has been approved by the Insurer.

You can have up to a maximum of \$5,000,000 of total death cover. Refer to the table on the previous page to find the amount of cover per unit for your age.

### Who receives my benefit following my death?

When you join NESS you should complete the Preferred Dependants section of the Application for Membership form. The Trustee will consider your nomination when determining the beneficiaries of your death benefit. Superannuation law limits the classes of persons to whom the Trustee may pay a death benefit. This includes your dependants, such as a spouse, child or other person that is in an interdependency relationship with you.

However, the Trustee has the discretion to decide to whom your benefit is paid. If you have no dependants it may be paid to another person or to your estate.

You should ensure that your dependant nomination is always kept up to date. This is important if your personal circumstances have changed, for example, marriage, divorce or the birth of children.

### When does my death insurance cover cease?

Your cover ceases on the earliest of the following events:

- a) reaching the agreed maximum insurable age (70), or
- b) being on Leave of Absence for more than one year, or
- c) the Insurer does not receive premiums for you, or
- d) you cease to be a member of NESS, or
- e) you reside overseas or leave Australia permanently, or
- f) you commence service with the armed forces of any country, or
- g) you retire permanently from the workforce, or
- h) you die, or
- i) you make a fraudulent claim under the policy, or
- j) you have insufficient funds in your account to pay the next month's premium, or
- k) NESS or the Insurer has terminated the policy.

## Other things you should know *continued*

### Spouse cover

Insurance is now available for Spouse members for Death Cover up to \$5,000,000, rather than being limited to 5 units. All cover is voluntary and is required to be underwritten. The spouse member must nominate the level of cover on an *Application Form*.

No benefits are payable when a claim arises directly or indirectly as a result of,

- *Suicide*, if within 13 months of cover commencing,
- Active participation in militant activities.

### Terminal illness benefit

A Terminal Illness benefit is available under the Death Cover and Spouse Cover.

A benefit will be paid where a Terminal Illness is diagnosed after 1 September 2008, subject to:

- a) If a terminal illness benefit is paid, it will be considered as a prepayment of the member's/spouse's death benefit,
- b) A terminal illness benefit will not be paid where an intentional self-inflicted injury or attempt at suicide causes the terminal illness, directly or indirectly,
- c) A terminal illness benefit will be the lesser of the member's/spouse's insured benefit or \$2,000,000,
- d) A member/spouse may only ever receive one terminal illness benefit.

A *Terminal Illness* is a disease or condition that, in the opinion of a specialist medical practitioner approved by the Insurer, is likely to lead to the member's/spouse's death within 12 months from the date the insurer receives notification of the member's/spouse's condition.

### Accident cover

*Accident Cover* is available under the Death Cover, Spouse Cover and the TSC policy but not the Long Term Salary Continuance policy.

Where an application for cover is being assessed, the Insurer will provide accidental cover for the type of cover being applied for but only where a claim is as a result of an injury solely by visible, violent and external means.

The amount of accidental cover provided will be the requested amount being underwritten for but for TSC cover is subject to a maximum of \$10,000 per month.

Accidental cover will be provided until acceptance, withdrawal, refusal, policy termination or 90 days immediately following the date the Insurer receives a properly completed, signed and dated *Application Form* (including a *Personal Statement and Declaration of Health*).

### Special conditions

- Members wishing to elect no insurance must personally write to the Trustee requesting no insurance.
- Members who are working Overseas for their employer, are subject to certain conditions such as remaining a member of NESS and continuing to pay premiums. Continuation of cover after three (3) years is subject to the Insurer's approval and the country must not be subject to a Commonwealth Department of Foreign Affairs and Trade (DFAT) warning advising against all travel. Subject to conditions, cover applies seven days a week anywhere in the world. The Insurer reserves the right to require a member to return to Australia (at his or her own expense) when a claim is submitted for TSC. Where eligible, TSC benefits will continue to be paid whilst a member is overseas for a maximum period of 3 months after which the claimant must return to Australia, at his or her own expense for TSC benefits to continue.
- It is a member's responsibility to advise the Trustee when his or her statement shows TSC cover for which that member is not eligible.

### **Transferring Insurance from another Superannuation Fund to NESS**

Members who want cover in excess of basic levels may be reluctant to roll all their Super money into NESS if it means losing insurance cover in their other Fund, especially where they have high insurance benefits in that Fund. NESS allows members to transfer their current Death only and TSC employer sponsored insurance benefits from their other Fund without the need to be fully underwritten.

The transfer will be on the basis of providing the number of units of cover to match their existing cover (rounded up to the next highest unit).

Members must satisfy the following criteria to be eligible:

- a) Any insurance cover in the existing Fund must cease on acceptance of cover under NESS and the member must not continue the cover under any other insurance arrangement, reinstate cover or effect a continuation option with any Fund,
- b) The member must transfer the entire account balance to NESS,
- c) In order to transfer death or TSC cover, the member must not be in an Excluded Occupation,
- d) The member must provide a copy of his or her most recent benefit statement as evidence of current cover held,

- e) The member's previous cover must not be subject to any premium loading, exclusion or restriction in relation to medical or other conditions,
- f) In addition to the above, the member must answer some simple questions to determine if cover can be transferred without the need for underwriting and this information must be received by NESS within 31 days of completion.

Terms in *Italics* are defined in the insurance policies. The Policy document signed by the Trustee reflects the full terms and conditions of these insurances.

### **NESS' Eligible Rollover Fund**

Your superannuation account balance may be transferred to an eligible rollover fund (ERF):

- Your super account balance falls below \$500 and
- We have not received contributions for 15 months or more.

Members transferred to NPT will cease to be members of NESS and, therefore, any insurance cover held in NESS will cease when they become a member of NPT and be subject to its governing rules. If NESS can provide NPT with current contact details, NPT will provide the ex NESS member with its current Product Disclosure Document (PDS)

which contains details of its Fund. Members will be charged a different fee to NESS. The NPT's PDS contains details of when fees will apply and will be invested in accordance with NPT's objective of preserving capital (there is no option for member investment choice). The strategy to achieve this is, accordingly, low risk and low return. Members should evaluate whether this strategy is appropriate to their circumstances. Earning rates are credited to members' accounts following 30 June each year. Members will not be able to select insurance. Members can apply to NPT to transfer their NPT benefits to another complying superannuation fund at any time.

The nominated Eligible Rollover Fund for NESS is the National Preservation Trust (NPT) ABN 31 008 428 322.

NPT can be contacted at the  
National Preservation Trust  
PO Box 6003  
Wollongong NSW 2500  
Phone: 1800 331 210  
Fax: 1800 779 084

### **Taxation**

NESS pays contributions tax to the Federal Government at the rate of 15% (or higher where the marginal rate of tax is charged) on all taxable contributions (less an allowance for fees and insurance premiums).

## Other things you should know *continued*

Contributions tax is deducted from your account. NESS is also liable to pay Federal Government tax up to 15% on NESS' investment earnings. The actual rate varies depending on the availability of offsets such as tax credits. This tax reduces the "gross" earning rate of investments. When you take your benefit as a lump sum, tax may be payable.

### Surcharge

An additional tax on all employer contributions and member before tax (ie. Salary sacrifice) contributions for higher income earners was abolished for contributions paid after 30 June 2005. However, if the Trustee does receive a surcharge assessment that applies to you, it will be deducted from your account. If we receive a surcharge assessment after you have left NESS it will usually be forwarded onto the entity to whom your benefit was paid.

### Enquiries and complaints

NESS has established a procedure for dealing with member enquiries and complaints. If you have a general enquiry about NESS or about your account, please ring our member helpline 1800 022 067 or write to NESS Administration Locked Bag 20, Parramatta NSW 2124.

Alternatively you can email your complaint to the Complaints officer at [nessadmin@aes.com.au](mailto:nessadmin@aes.com.au).

If you think NESS has treated you unfairly, write to the:

NESS Complaints Officer  
NSW Electrical Superannuation Scheme  
Locked Bag 20  
Parramatta NSW 2124

There is no fee for lodgement or management of your complaint. NESS will respond in writing to your complaint within 90 days of receipt. Once the complaint has been considered by the Trustee, it will advise its decision within 30 days.

If you haven't received a reply within 90 days or if you are still not happy with the response, you can contact the Superannuation Complaints Tribunal (SCT). The SCT is an independent tribunal set up by the Federal Government to settle superannuation complaints. The SCT must consider whether the Trustee of a Fund has been fair and reasonable in making a decision that relates to a member. If you wish to complain to the SCT you should contact it to determine if it can deal with your complaint. The SCT will not consider a complaint that has not been through the NESS internal complaints process or if your complaint relates to the management of NESS generally.

Before lodging a complaint with the SCT, we suggest that you telephone it first on 1300 780 808 for the cost of a local call anywhere in Australia.

### How we protect your privacy



The Privacy Amendment (Private Sector) Act 2000 outlines standards for the collection, maintenance and disclosure of information about individuals, the consequences of an individual not providing information when requested and provides for the destruction of personal information once it is no longer required. These policies, documentation and administration procedures are necessary to ensure compliance with the requirements of the Act has been achieved. Please see the current PDS for more information. If you would like a copy of the NESS Privacy Statement, please contact a NESS administrator on freecall 1800 022 067 or visit our website: [www.nesssuper.com.au](http://www.nesssuper.com.au).

### Communicating with NESS members



Members receive two statements each year, one after 31 December and one after 30 June each year. Your statement contains full details of all your account transactions, contributions made by you and your employer, taxation and fees debited.

## Service Providers

### The people who help us, help you

The Trustee appoints independent specialists to perform particular tasks on behalf of NESS. At 30 June 2008 these service providers are:

#### **ADMINISTRATIVE SERVICES**

Australian Administration Services  
ABN 62 003 429 114

#### **AUDITOR**

Ernst & Young ABN 75 288 172 749

#### **CONSULTANT**

Mercer (Australia) Pty Ltd  
ABN 32 005 315 917

#### **LEGAL ADVISER**

Mercer Legal ABN 11 091 577 632

#### **ELIGIBLE ROLLOVER FUND**

National Preservation Trust  
ABN 31 008 428 322  
PO Box 6003, Wollongong NSW 2500  
Phone: 1800 331 210, Fax 1800 779 084

#### **INSURER**

Hannover Life Re of Australasia Ltd  
ABN 37 062 395 484

#### **INVESTMENT CONSULTANT**

Mercer Investment Consulting  
ABN 32 005 315 917

#### **ARREARS COLLECTION**

Laytins Mayfair Pty Ltd  
ABN 59 082 035 130

#### **FINANCIAL ADVISER**

Money Solutions Pty Ltd  
ABN 36 105 811 836, AFSL 258 145

# Keep in touch with your Super

## Four easy ways to keep in touch with your super

If you have any questions, or complaints NESS can help. We can give you an answer over the phone or we may ask you to put your question in writing. If so, you should receive an answer within 28 days.

### **NESS Enquiries line 1800 022 067**

Our friendly staff can help you with any information about your account. Just call Monday to Friday, between 8:00am and 5:00pm EST.

### **NESS Mail Bag**

You can also mail your request to us. Address it to:

NESS Administration  
Locked Bag 20  
Parramatta NSW 2124.

### **E-mail**

nessadmin@aas.com.au

### **Visit NESS Online [www.nesssuper.com.au](http://www.nesssuper.com.au)**

Simply log on to access up to date news and information. You can even download the latest member publications and forms.

### **Information on request**

You can also inspect to other documents on request, for example:

- the Trust Deed
- the investment policy statement
- the latest audited accounts and auditor's report
- details of how Trustee Directors are appointed
- the inquiries and complaints procedure
- NESS' Privacy Policy
- NESS' Risk Management Plan
- NESS' Insurance Policies

Call the NESS Enquiries line to arrange for an inspection at our office.





## Contact Us

### OFFICE

Level 12, 126 Church Street | Parramatta NSW 2150  
Locked Bag 20 | Parramatta NSW 2124

PHONE 1800 022 067

FAX 1300 855 376

INTERNET [www.nesssuper.com.au](http://www.nesssuper.com.au)

EMAIL [nessadmin@aas.com.au](mailto:nessadmin@aas.com.au)

### Or after December 2008

1a Homebush Bay Drive | Rhodes NSW 2138

### New South Wales Electrical Superannuation Scheme (NESS)

ABN 72 229 227 691 | SFN 2642 029 44 | SPIN NES0100AU | RSE Registration No. R1000115

### Trustee New South Wales Electrical Superannuation Scheme Pty Ltd

ABN 28 003 156 812 | PRI NESX100AU | AFSL 238945 | RSE Licence No. L0000161

*This report has been prepared by Australian Administration Services and the Trustee. It is a regulated document that summarises NESS' features and performance over the past year. The Trust Deed is the legal document governing your superannuation benefits.*

*While all care has been taken to ensure that the information contained herein is correct, neither the Trustee, nor its advisers accept responsibility for any person who acts on this information.*