2002 – 2003

Annual report of the QSuper Board of Trustees
and the Government Superannuation Office

Financial Statements







QSuper
Financing your future

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State Public Sector Superannuation Fund

Statement of Net Assets for the year ended 30 June 2003

	Notes	2003 $'000	2002 $'000
ASSETS			
Cash assets			
Cash	1(b)	14,000	21,764
Receivables			
Employer contributions receivable	1(c)	9,363	7,282
Members' contributions receivable	1(c)	2,127	2,306
GST receivable	1(c),1(d)	486	446
Interest receivable	1(c)	135	173
Sundry receivables	1(c)	106	29
		12,217	**10,236**
Investments			
Investments in unit trusts - QIC	1(e),3	9,803,617	9,431,512
Investments in unit trusts - Suncorp Metway	1(e),3	-	81,318
Investment in Q♦Invest Limited	1(e),4	1,800	1,800
		9,805,417	**9,514,630**
TOTAL ASSETS		**9,831,634**	**9,546,630**
LIABILITIES			
Payables			
Benefits payable	1(f)	10,799	-
Administration and investment management fees payable	1(g)	7,123	9,538
Sundry payables	1(g)	402	376
		18,324	**9,914**
Tax liabilities			
Current tax liabilities	1(h)	40,338	20,500
Provision for deferred income tax	1(h)	1,437	(1,760)
Provision for superannuation contributions surcharge	1(i)	41,379	34,245
		83,154	**52,985**
TOTAL LIABILITIES		**101,478**	**62,899**
NET ASSETS AVAILABLE TO PAY BENEFITS		**9,730,156**	**9,483,731**
Represented by:			
Reserves	7	131,553	87,783
Accumulated funds	8	9,598,603	9,395,948
NET ASSETS AVAILABLE TO PAY BENEFITS		**9,730,156**	**9,483,731**

The Statement of Net Assets should be read in conjunction with the accompanying notes.

Statement of Changes in Net Assets for the year ended 30 June 2003

	Notes	2003 $'000	2002 $'000
NET ASSETS AVAILABLE TO PAY BENEFITS			
At the beginning of the financial year		9,483,731	9,471,280
Investment revenue			
Distribution from unit trusts	1(k),1(l),3	424,011	1,300,489
Change in net market value of investments	1(k),3,9	(577,559)	(1,751,592)
Investment management fees	13	(17,165)	(17,919)
Interest	1(k)	679	1,272
		(170,034)	**(467,750)**
Contribution revenue			
Employer contributions	1(k),10	801,866	379,197
Members' contributions	1(k),11	458,218	495,088
Transfers from other funds	1(k)	198,806	396,604
		1,458,890	**1,270,889**
Other revenue			
Insurance recoveries	1(k)	344	572
Sundry revenue	1(k)	396	476
		740	**1,048**
Total revenue from ordinary activities		**1,289,596**	**804,187**
Less:			
Benefits paid		935,631	755,036
General administration expenses			
Administration fee	13	41,566	35,040
Superannuation contributions surcharge		9,797	14,352
Insurance premiums		1,245	653
		52,608	**50,045**
Total expenses from ordinary activities		**988,239**	**805,081**
Change in net assets before income tax		**301,357**	**(894)**
Income tax expense	12	54,932	(13,345)
Total change in net assets after income tax		**246,425**	**12,451**
NET ASSETS AVAILABLE TO PAY BENEFITS			
At the end of the financial year		**9,730,156**	**9,483,731**

The Statement of Changes in Net Assets should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2003

Note 1 Significant accounting policies

(a) Basis of accounting

General

These financial statements are a general purpose financial report which has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1977* (with the exception noted below), the *Superannuation (State Public Sector) Act 1990*, Australian Accounting Standard AAS25 "Financial Reporting by Superannuation Plans", other applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board as adopted in the Queensland Government's *Financial Management Standard 1997* and Urgent Issues Group Consensus Views.

An amendment to the *Financial Administration and Audit Act 1977* requires financial statements to be completed within three months from balance date to allow for the timely completion of Whole of Government reporting. The State Public Sector Superannuation Fund (the Fund) is classified as "out of scope" for the purposes of Whole of Government reporting, therefore these accounts have been completed within the timeframe adopted in previous years, which is in accordance with the *Superannuation Industry (Supervision) Act 1993 (Cwlth)* and Regulations.

These financial statements have been prepared on an accrual and going concern basis.

Accounting policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Comparative information is reclassified where appropriate to enhance comparability.

Rounding

Unless otherwise stated, amounts have been rounded to the nearest thousand dollar.

(b) Cash

Cash represents cash at bank.

(c) Receivables

Receivables are carried at the nominal amount due and receivable. This value will approximate net fair value.

(d) Goods and services tax (GST)

Where applicable, GST incurred by the Fund that is not recoverable from the Australian Taxation Office, has been recognised as part of the expense to which it relates. Receivables and payables are stated with any applicable GST included in the value. The amount of any GST receivable from, or payable to, the Australian Taxation Office is included as a receivable or payable in the Statement of Net Assets.

(e) Investments

The Fund holds investments in unit trusts which are recorded at net market value. Under net market value, the investments are recorded at financial market prices less an allowance for costs expected to be incurred in realising the investments. Net market value equates to net fair value.

The Fund also has a 50% interest in Q♦Invest Limited (Note 4) which is recorded at net fair value. The Board of Trustees (the Board) obtains an independent valuation of the net fair value of the investment on at least a triennial basis.

(f) Benefits payable

Benefits payable by the Fund are accounted for on an accrual basis. Benefits payable comprise the entitlements of members who ceased employment prior to year end and have had their claims assessed and approved, but not physically paid as at 30 June.

The Fund has not previously disclosed a liability for benefits payable on the Statement of Net assets. This is due to the liability outstanding at year end in previous years not being considered material in nature. During the year, an Exposure Draft of a revised AAS25 Financial Reporting by Superannuation Plans was issued by the National Superannuation Taskforce of the Institute of Chartered Accountants. This Exposure Draft requires separate disclosure of benefits payable in the financial statements. In anticipation of industry changes, the Fund has adopted this disclosure policy and has disclosed a benefits payable liability as at year end.

Notes to the Financial Statements for the year ended 30 June 2003

Note 1 Significant accounting policies (continued)

(g) Payables

Payables represent liabilities for goods and services provided to the Fund prior to year end which are unpaid as at 30 June. Payables are normally settled within thirty days of recognition.

(h) Taxation

The Fund is an exempt public sector superannuation scheme and as such is deemed to be a complying fund within the provisions of the *Income Tax Assessment Act 1936 (Cwlth).* Accordingly, the concessional rate of 15% has been applied.

Tax-effect accounting in accordance with the provisions of Australian Accounting Standard AAS3 "Accounting for Income Tax (Tax-effect Accounting)" has been adopted. Income tax expense is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net realised taxation benefit or liability is disclosed as a future income tax benefit or a provision for deferred income tax. The future income tax benefit relating to timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

The provision for deferred income tax or future income tax benefit would be expected to be settled twelve months or more from the reporting date as it relates to investments which are maintained for a long-term objective.

(i) Superannuation contributions surcharge

Superannuation contributions surcharge is levied on surchargeable contributions on the basis of individual members' adjusted taxable income. The liability for the superannuation contributions surcharge is recognised when the assessment is received from the Australian Taxation Office as the Board considers this is when it can be reliably measured.

A liability has been recognised in the financial statements for the amount of surcharge assessments received and not paid, together with interest debited to members' surcharge debt accounts. The superannuation surcharge liability recognised by the Fund has been charged to the relevant members' accounts.

(j) Liability for accrued benefits

Defined benefit account

The liability for accrued benefits is actuarially measured on at least a triennial basis. This liability represents the Fund's obligation to pay benefits in the future, and is determined on the basis of the present value of expected future payments which arise from membership of the scheme up to the measurement date. The figure is determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

Accumulation account

The liability for accrued benefits represents the Fund's present obligation to pay benefits to members and has been calculated as the difference between the carrying amount of the assets and the liabilities of the Fund as at the reporting date.

Notes to the Financial Statements for the year ended 30 June 2003

Note 1 Significant accounting policies (continued)

(k) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and that revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

- Distribution income is accounted for on an accrual basis. Distribution income is recognised when the Fund becomes presently entitled to the trust income.
- Changes in net market value of assets are recognised in the periods in which they occur. The changes in net market value include both realised and unrealised movements, net of the allowance for costs expected to be incurred in realising the investments.
- Employer and member contributions are brought to account as received. At year end an accrual is recognised for any contributions which relate to whole pay periods ending prior to 30 June but which are received after year end.
- Transfers from other funds and insurance recoveries are brought to account when received.
- Interest income and sundry revenue is accounted for on an accrual basis.

(l) Change in accounting policy

Distribution income

The separate disclosure of distribution income represents a change in accounting disclosure policy. The financial statements of the previous period included distribution income within the movement in net market value total amount. This change in accounting disclosure policy has occurred to enable the provision of more meaningful information to the users of the financial statements. This change has had no financial impact on the financial statements, in either this period or the prior period. Prior year comparatives have been adjusted to reflect the change in accounting disclosure.

Note 2 Operation of the Fund

The Fund has been established by the *Superannuation (State Public Sector) Act 1990* to provide benefits for Queensland Public Sector employees and employees of Queensland Government entities, such as statutory authorities and government owned enterprises. The Fund consists of both defined benefit and accumulation accounts.

The Fund receives all member superannuation contributions. The Fund also receives employer contributions through a mixture of regular employer contributions and payments from the Consolidated Fund (refer Note 11). Contribution rates in relation to the Fund's defined benefit funding are determined by the Treasurer on the advice of the State Actuary. The funding arrangements are explained in Note 11.

The Fund is administered by the Government Superannuation Office, a portfolio office of Queensland Treasury.

Notes to the Financial Statements for the year ended 30 June 2003

Note 3 Investment in unit trusts

		2003 $'000	2002 $'000
Queensland Investment Trust (QIT) No. 1	(i)	**3,543,938**	3,064,460
Queensland Investment Trust (QIT) No. 2	(ii)	**4,399,172**	4,502,779
QIC Property Fund	(iii)	**1,097,179**	1,403,886
QIC Cash Fund	(iii)	**559,848**	311,323
QIC High Growth Fund	(ii)	**203,480**	149,064
Investments in unit trusts - QIC		**9,803,617**	9,431,512
Suncorp Capital Guaranteed Superannuation (No 1) Portfolio		**-**	81,318
Investments in unit trusts – Suncorp Metway	(i)	**-**	81,318

(i) Funds held in relation to defined benefit members only.

(ii) Funds held in relation to allocated pension and accumulation account members.

(iii) Funds held in relation to all three member categories.

Investments held with QIC

The Board determines the investment objectives and strategy of the Fund. QIC is the fund manager and is responsible for implementing the investment strategy. QIC provides regular reports on the Fund's investments to the Board.

During the 2002 financial year, the Board made a strategic decision in relation to the asset allocations of the Fund. This resulted in the movement of the Fund's investments from the Queensland Investment Corporation Investment Trust (QICIT) into the Queensland Investment Trusts (No 1 and No 2) and the QIC Property Fund as at 30 June 2002. To achieve this, all of the Fund's assets in the QICIT were sold. The disposal of these assets resulted in the realisation of a significant capital gain reflecting the growth in asset values between the period of acquisition and sale. This gain is included in the 2002 distribution from unit trusts. Volatile markets conditions in the 2002 financial year also resulted in a significant reduction in market value during the year.

The Board has authorised QIC's use of other specialist fund managers to manage portions of the international and domestic equity portfolios. This approach recognises the diversification advantages of employing a range of select investment specialists. The fund managers utilised are listed below:

International equities	Domestic equities
Capital International (Global)	Alpha Investment Management Pty Ltd
Barclays Global Investors (US)	Schroder Investment Management Australia Ltd
DSI International (US)	Maple-Brown Abbott Ltd
Deutsche Asset Management (US)	Perennial Investment Management
GMO Australia Ltd (Country Allocation)	West AM Australia
Fidelity Investments (Europe)	Portfolio Partners
Oechsle International Advisors (Europe)	
Wellington Management (Europe)	
Martin Currie Investment Management (Japan)	
AXA Rosenberg Investment Management Ltd (Europe)	

Notes to the Financial Statements for the year ended 30 June 2003

Note 3 Investment in unit trust (continued)

Investments held with Suncorp Metway

The investments held with Suncorp Metway arose on the transfer of members from the Queensland Ambulance Service Superannuation Scheme to the Fund during the previous financial year. During the year the funds were transferred to Queensland Investment Corporation (QIC).

Note 4 Investment in Q♦Invest Limited

The Fund holds a 50% interest in Q♦Invest Limited. Q♦Invest Limited's principal activities consist of acting as a licensed dealer in securities, providing financial planning advice and acting as responsible entity for the Q♦Invest Investment Access Funds.

The reported value of the investment as at 30 June 2003 is based on an independent valuation of the net fair value of Q♦Invest Limited as at 30 June 2002 (refer Note 1(e)). The Board considers it is reasonable to use this valuation as at 30 June 2003.

Note 5 Liability for accrued benefits

The last actuarial review of the Fund was conducted as at 30 June 2001 by the State Actuary, Mr W H Cannon BSc (Hons) FIAA. The value of accrued benefits as at that date was $19,195,855,000. A summary of this, the most recent actuarial report prepared for the Fund is attached to, but does not form part of, these financial statements. The summary includes the State Actuary's opinion as to the financial condition of the Fund as at that date.

The difference existing between net assets available to pay benefits per the Statement of Net Assets and the value of accrued benefits as at measurement date is explained by the Fund's funding arrangements. Further details are provided in Note 11.

The next actuarial review of the Fund will be performed as at 30 June 2004.

Note 6 Vested benefits

Vested benefits are benefits that are not conditional upon continued membership of the Fund (or any factor other than resignation from the scheme) and include benefits which members were entitled to receive had they terminated their Fund membership as at the reporting date.

	2003 $'000	2002 $'000
Vested benefits	**22,672,499**	20,609,657

The difference between net assets available to pay benefits and the value of vested benefits as at reporting date is explained by the Fund's funding arrangements (refer Note 11).

Notes to the Financial Statements for the year ended 30 June 2003

Note 7 Reserves

	Balance at beginning of financial year $'000	Transfers to/(from) reserve $'000	Balance at end of financial year $'000
General	57,423	33,123	**90,546**
Investment fluctuation	(380)	(928)	**(1,308)**
Insurance	30,740	11,575	**42,315**
Reserves	87,783	43,770	**131,553**

General reserve – this reserve is used to pay expenses such as income tax liabilities and general administrative expenses of the Fund. In previous financial years the general reserve also included funds accumulated to smooth returns for accumulation and allocated pension account members investing in the Balanced with Reserves membership investment choice option. As a result of the recent adverse market conditions, these accumulated funds were fully depleted during the year. In May 2003, this option was withdrawn.

Investment fluctuation reserve – this reserve is held to absorb investment variations which may be caused by the delay between when member funds are receipted or an investment switch is requested by a member and when the transaction is processed and allocated to the member's selected investment option.

Insurance reserve – this reserve holds insurance premiums collected from members to meet Fund death and disability insurance payments and income protection expenses. The premium rates are reviewed by the State Actuary and set by the Board.

Note 8 Accumulated funds

	2003 $'000	2002 $'000
Balance at the beginning of financial year	**9,395,948**	9,318,413
Total change in net assets after income tax	**246,425**	12,451
Transfers to/(from) general reserve	**(43,770)**	65,084
Balance at end of financial year	**9,598,603**	9,395,948
Represented by:		
Accumulated members' funds	**9,215,297**	9,172,910
Accumulated employer funds	**383,306**	223,038
Accumulated funds	**9,598,603**	9,395,948

Notes to the Financial Statements for the year ended 30 June 2003

Note 9 Change in net market value of investments

The change in net market value of investments comprises net realised income and unrealised changes in the value of investments in unit trusts. The change in net market value of investments also includes unrealised changes in the net market value of the Fund's 50% interest in Q♦Invest Limited.

	2003 $'000	2002 $'000
Investments in unit trusts	**(577,559)**	(1,751,242)
Investment in Q♦Invest Limited	**-**	(350)
Total change in net market value of investments	**(577,559)**	(1,751,592)

Note 10 Employer contributions

	2003 $'000	2002 $'000
Accumulation account		
Employer contributions	**375,026**	288,877
Defined Benefit account		
Employer contributions – salary sacrifice	**141,840**	90,320
Employer contributions – Consolidated Fund	**285,000**	-
	426,840	90,320
Employer contributions	**801,866**	379,197

Employer salary sacrifice contributions in the defined benefit account represent standard contributions members have chosen to salary sacrifice. Salary sacrificed contributions are classified as employer contributions. For details in relation to employer contribution funding arrangements, refer Note 11.

Notes to the Financial Statements for the year ended 30 June 2003

Note 11 Funding arrangements

Defined benefit arrangement

Standard members' contributions are made to the Fund at a rate ranging from 2 per cent to 9 per cent (2002: 2 per cent to 9 per cent) of members' salaries.

Employing authorities are required to remit employer contributions to the Queensland Treasury Department. These contributions are accumulated in a reserve in the Consolidated Fund, which is maintained to finance the State's future liability for the employer component of all benefits. The Treasurer determines the rate of employer contribution on the advice of the State Actuary following each actuarial valuation.

As defined benefits become payable, the full cost is met by the State Public Sector Superannuation Fund, with the Consolidated Fund contributing the employers' share of these benefits. This split funding arrangement is the reason for the difference between net assets available to pay benefits, per the Statement of Changes in Net Assets and the value of accrued benefits and vested benefits as at the respective measurement dates.

Funding from the Consolidated Fund may be in the form of "last minute funding" received at the time the benefit is paid (as described in the *Superannuation (State Public Sector) Act 1990* and in various sections of the *Superannuation (State Public Sector) Deed* dated 14 June 1990 (as amended)). Alternatively, the Act allows the transfer of amounts from the Consolidated Fund to the Fund in circumstances and at times other than funding the immediate payment of benefits. A transfer of this nature occurred on 27 June 2003 when an amount of $285 million was transferred to the Fund from the Consolidated Fund.

Accumulation arrangement

Where members have chosen an accumulation style benefit, all member and employer contributions are paid to the Fund other than where a member transfers from the defined benefit account. In this instance, the benefit arising in relation to the defined benefit membership remains under the abovementioned last minute funding arrangement. Employer contributions to the Fund for members who do not contribute are at a rate ranging from 3 per cent to 9 per cent (2002: 3 per cent to 8 per cent) of members' salaries.

Accumulation account members who make their own member contributions at a rate ranging from 2 percent to 6 percent, receive employer contributions at a rate ranging from 9 percent to 18 percent. Non-core employers may choose to enter into special arrangements that may differ from these standard arrangements.

Notes to the Financial Statements for the year ended 30 June 2003

Note 12 Income tax expense

		2003 $'000	2002 $'000
Increase in net assets before income tax		**301,357**	(894)
Prima facie tax thereon at 15 per cent		**45,204**	(134)
Tax effect of permanent differences:			
Benefits paid		**140,345**	113,255
Net capital gain	(i)	**9,292**	31,884
Administration expenses attributable to exempt income	(iii)	**1,427**	208
Superannuation contribution (surcharge) tax		**1,470**	2,153
Difference between accounting and taxation treatment of return on investments	(i)	**75,434**	107,350
Members' contributions		**(67,348)**	(73,564)
Transfers from other superannuation schemes	(ii)	**(28,712)**	(58,258)
Group insurance recoveries		**(52)**	(86)
Non-assessable sundry revenue		**(40)**	(60)
Exempt pension income	(iv)	**(6,246)**	(5,380)
Pre-1 July funding credit	(v)	**(45,605)**	-
Notional premium for death or disability cover	(iv)	**(25,133)**	(19,000)
Anti-detriment deduction		**(55)**	(35)
Net imputation and foreign tax credits		**(42,089)**	(49,622)
Unrealised capital gain adjustment	(i)	**2,717**	(52,401)
		60,609	(3,690)
Under/(over) provision for taxation – prior years		**(5,677)**	(9,655)
Income tax expense		**54,932**	(13,345)

(i) The variances are due to the transfer from the QICIT to alternative investment vehicles within QIC on 30 June 2002 (refer Note 3)

(ii) This variance is due to the transfer of membership and funds from the Queensland Ambulance Service Superannuation Scheme and the Q♦Invest Retirement Fund (following their closures) during the 2002 financial year.

(iii) This variance is due to the increase in net foreign income received during the year.

(iv) As actuarial certificates for the 2003 financial year are yet to be obtained, these amounts are estimates based on the prior years' actuarial certificates.

(v) The entitlement to the pre-1 July 1988 funding credit in the current year is due to the increase in employer contributions received during the year, primarily as a result of the $285 million in advance funding received from the Consolidated Fund (refer Note 11).

Notes to the Financial Statements for the year ended 30 June 2003

Note 13 Related parties

(a) *Trustees*

The Trustees of the Fund as at 30 June 2003 were:

Member Representatives	*Employer Representatives*
Chris Barrett	Gerard Bradley
Karen Peut	Terri Hamilton
Steve Ryan	Linda Apelt
Garry Ryan	Helen Ringrose
Gary Wilkinson	Tony Hawkins

Any Trustee who is a member of the Fund contributes to the Fund on the same terms and conditions as other members.

Trustees who are non-Queensland Government employees or their employing organisations are paid a fee for attendance at Trustee meetings. This fee is set by the Cabinet.

(b) *Employer Sponsor*

Employer funding arrangements are discussed in Note 11.

(c) *Government Superannuation Office (GSO)*

The GSO provides fund administration services to the Fund in accordance with the *Superannuation (State Public Sector) Act 1990* and is paid an administration fee for providing these services. The fee covers all administration costs including superannuation administration, audit, actuarial fees, legal fees, financial planning fees and medical costs. Administration fees paid for the period totalled $41,566,000 (2002: $35,040,000).

(d) *Q♦Invest Limited (Q♦Invest)*

The Fund has a 50% ownership interest in Q♦Invest. Q♦Invest provides financial planning advice to Fund members. The Fund's administrator (GSO) pays Q♦Invest financial planning fees under normal commercial terms in relation to these services.

Q♦Invest Limited also acts as responsible entity for the Q♦Invest Limited Investment Access Funds in which Fund members may invest.

(e) *Queensland Investment Corporation (QIC)*

QIC is the Fund manager. It is a body corporate established under the *Queensland Investment Corporation Act 1991*. QIC holds the remaining 50% interest in Q♦Invest Limited.

QIC receives payment for its investment services by way of a fee that is charged monthly, calculated on the daily value of funds under management. Fees paid to QIC for the period totalled $17,165,000 (2002: $17,919,000).

Notes to the Financial Statements for the year ended 30 June 2003

Note 14 Financial instruments

General

The Board seeks information and advice from QIC on the performance of the individual asset classes of the Fund (and may also seek independent advice from other qualified persons) so as to form an opinion on the nature and extent of risks returns. This includes receipt of a formal Risk Management Statement from QIC.

The Fund, via its investment in the QIC vehicle, has investments in a variety of financial instruments, including derivatives, which expose the Fund's investments to a variety of investment risks, including market risk, credit risk, interest rate risk and currency risk.

Credit risk

The net market value of financial assets included in the Statement of Net Assets represents the Fund's exposure to credit risk in relation to those assets.

Interest rate risk

The Fund is exposed to interest rate risk through cash held in the bank account.

The Fund's investment manager invests in financial assets that are subject to interest rate risk. The returns on investment will fluctuate in accordance with movements in market interest rates.

Net fair value

The Fund's financial assets are included in the Statement of Net Assets at net market value amounts that approximate net fair value. The methods of determining net market value are described in Note 1.

Note 15 Capital guarantee

The Fund has underwritten to provide the members of the closed Voluntary Preservation Plan (VPP), a capital guarantee that the earning rate for a full financial year will not be negative. In return for this capital guarantee, VPP members are levied a premium on 30 June each year.

The accumulated premiums levied up to 30 June 2003 are $8,690,000 (2002:$8,088,000).

Note 16 Segment information

The Fund operates solely in the business of provision of benefits to members and operates in Australia only.

Note 17 Commitments and Contingent liabilities

The Fund has no known material commitments or contingent liabilities as at 30 June 2003.

Note 18 Post balance date events

There were no known material events which occurred subsequent to balance date.

Certificate of the Board of Trustees of the State Public Sector Superannuation Scheme

For the Year Ended 30 June 2003

We have prepared the foregoing annual financial statements pursuant to the provisions of the *Financial Administration and Audit Act 1977* and the *Superannuation (State Public Sector) Act 1990* except as noted in note 1(a), and certify that -

(a) the foregoing statements and notes to and forming part thereof are in agreement with the accounts and records of the Fund; and

(b) in our opinion -

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the foregoing statements have been prepared so as to present a true and fair view of the changes in net assets for the period 1 July 2002 to 30 June 2003, and of the net assets as at the close of that year.

G.P. Bradley Chairman	A.J. Hawkins Trustee Chairman of the Audit and Compliance Committee	R.A. Vilgan Executive Officer

17 October 2003

Independent Audit Report

To the Board of Trustees and Members of the State Public Sector Superannuation Scheme

Matters relating to the electronic presentation of the audited financial statements

The audit report relates to the financial statements of the State Public Sector Superannuation Scheme for the financial year ended 30 June 2003 included on the QSuper web site. The Executive Officer of the QSuper Board is responsible for the integrity of the QSuper web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from the Government Superannuation Office, to confirm the information included in the audited financial statements presented on this web site.

These matters also relate to the presentation of the audited financial statements in other electronic media including CD Rom.

Scope

The financial statements

The financial statements of the State Public Sector Superannuation Fund consist of the statement of net assets, statement of changes in net assets and notes to and forming part of the financial statements and certificates given by the trustees and officer responsible for the financial administration of the State Public Sector Superannuation Fund, for the year ended 30 June 2003.

The Trustees' responsibility

The Trustees are responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

As required by law, an independent audit was conducted in accordance with QAO Auditing Standards to enable me to provide an independent opinion whether in all material respects the financial statements present fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland
Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Trustees,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

INDEPENDENT AUDIT REPORT (continued)

Audit Opinion

In my opinion the financial statements present fairly the net assets of the Fund as at 30 June 2003 and the changes in net assets for the year ended 30 June 2003 in accordance with prescribed accounting standards and other mandatory professional reporting requirements in Australia and the provisions of the *State Public Sector Superannuation Act 1970*.

Application of Section 46FA of the *Financial Administration and Audit Act 1977*

Without qualification to the opinion expressed above, attention is drawn to the following matter. As stated in Note 1(a), the State Public Sector Superannuation Fund has complied with prescribed requirements in all material aspects, except for the requirement in *section 46FA of the Financial Administration and Audit Act 1977* in relation to the completion and audit of the financial statements within three months of the end of the financial year. This has had no financial effect on the information disclosed in the financial statements.

L.J. SCANLAN FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane

29 October 2003

APPENDIX

SUMMARY REPORT ON THE ACTUARIAL INVESTIGATION OF THE STATE PUBLIC SECTOR SUPERANNUATION SCHEME (QSUPER) AS AT 30 JUNE 2001

The latest actuarial investigation of the State Public Sector Superannuation Scheme (QSuper) was conducted as at 30 June 2001 by Mr W H Cannon BSc (Hons) FIAA. The previous valuation was undertaken as at 30 June 1998. Given below is a summary of the main findings of the 2001 valuation.

(a) Funding Arrangements

Defined Benefit Category

The Defined Benefit category is set up differently to most funds in that only employee contributions are deposited into the QSuper fund. Benefit payments from this Fund are generally made from member contributions accumulated with interest to the extent that this is possible, with the balance of the benefits being met by the Consolidated Fund as a last minute contribution to the Fund.[1] However, the employer makes advance provision for these benefits in that at the same time as member contributions are remitted, employing authorities are required to remit employer contributions to the Treasury Department. These contributions are accumulated in a reserve in the Consolidated Fund, which is maintained to finance the State's future liability for the employer component of all benefits. The State Actuary determines the rate of employer contribution at each actuarial valuation.

In a sense, the Defined Benefit category of QSuper could be considered to be a defined contribution scheme in that its liabilities are limited to the value of member contributions accumulated with interest. However, the total liabilities of the Category are the total defined benefits as described in the QSuper Deed. Consideration of the QSuper fund only would not give a comprehensive understanding of the funding of the scheme and hence this report considers the overall funding of the scheme taking into account both the QSuper and Consolidated Funds.

Accumulation Category

The QSuper Accumulation Categories are defined contribution schemes and both member contributions and employer contributions are deposited into the QSuper fund. Each member of the Category has an account in their name into which the contributions are recorded. Interest earned is credited to the account and administration, insurance and taxation costs are deducted from the account. Benefit payments are made from the members' account. It should also be noted that Accumulation members who have previously been a member of the Defined Benefit Category may have a portion of their balance maintained in the Consolidated Fund in respect of the State component of their transfer benefit.

State and Police Categories

The State and Police Categories are also operated on a "last minute funding" basis. Employee contributions are deposited into the QSuper fund. Benefit payments from this Fund are determined according to the benefit rules as described in the Deed. However, the Consolidated Fund pays a proportion of these benefits (as specified by the Actuary at each valuation) as a last minute contribution to the Fund.

Similarly to the Defined Benefit Category, the State makes advance provision for these benefits in that at the same time as member contributions are remitted, employing authorities are required to remit employer contributions to the Consolidated Fund. The rate of employer contribution is determined by the State Actuary at each actuarial valuation.

Fire Category

The Fire Category operates differently to the other defined benefit categories in that both member and employer contributions are paid to the QSuper Fund. All benefits are paid from the QSuper Fund.

1 As a result of a forward funding transfer from the Consolidated Fund, benefit payments are currently being met solely from QSuper.

APPENDIX (Continued)

(b) Funding Method and Recommendations

The main objectives of the valuation are to establish the scheme's funding requirements and to assess its financial condition in light of those requirements. In determining the funding requirements of QSuper, the actuary has adopted methods of funding benefits appropriate to each Category.

The valuation method used in the Defined Benefit Category valuation is based on the "Entry Age Normal" funding method. This is a standard actuarial funding technique appropriate to funds open to new entrants.

Under this method a new entrant contribution rate is determined which is the rate required to provide the benefits of the Fund to a theoretical group of new entrants. The difference between the present value of benefits in respect of existing members of the Fund at the valuation date and the sum of assets, member contributions and employer contributions at the new entrant rate is the actuarial surplus (or deficit) of the Fund. If the experience of the Fund evolves as expected then contributions at the new entrant rate will provide exactly for the benefits of new entrants and no surplus or deficit will arise in respect of them.

This surplus (or deficit) disclosed by the valuation can then be expressed as an additional contribution (either positive, in the case of a deficit, or negative, in the case of a surplus) to be made by the employer in order to fully fund benefits.

The treatment of the other defined benefit plans' liabilities is similar to an Aggregate funding method. This method is often used with funds closed to new entrants.

Using the funding methods and actuarial assumptions described above as to the Fund's future experience, the actuary has recommended that the State contribute at the rates indicated in Table 1 for the next 10 years. After that time, the contribution rate is recommended to revert to the new entrant contribution rates indicated in the report.

Table 1 – Recommended Employer Contribution Rates by Category

Category	Recommended Employer Contribution Rate
DB Standard	7.75% of Salary + 1.00 x Member Contributions
State Category	4.75% of Salary[2] + 1.00 x Member Contributions
DB Police	6.00% of Salary + 2.00 x Member Contributions
Police Category	3.00% of Salary + 2.00 x Member Contributions
DB Fires	12% of Salary

(c) Net Market Value of Assets

The net market value of the Fund's assets as at 30 June 2001 was $9,471,280,000. The value of the assets held in the Consolidated Fund was $10,975,070,000. Therefore, the total market value of assets was $20,446,350,000. These asset values were also used to determine the recommended contribution rates.

(d) Vested Benefits

Vested benefits are the benefits to which members would be entitled if they terminated service at the date of calculation. These have therefore been defined as early retirement benefits for those members who are eligible and resignation benefits otherwise. The relationship between vested benefits and Fund assets at any particular date provides an indication of the Fund's ability to provide benefits on a short-term basis. Generally, it is considered essential that the market value of assets exceeds the value of vested benefits since the security of members' benefits would be jeopardised if the Fund were to be terminated.

2 This is equivalent to the contribution rate in respect of the relevant Defined Benefit Category members less the 3% contribution to the Basic Accumulation Category.

APPENDIX (Continued)

(d) Vested Benefits (continued)

However, in the case of QSuper, not only is the security of members' benefits guaranteed for all practical purposes (as the State can be assumed to be indefinitely continuing), it is quite likely that, in the absence of any significant surplus of assets over accrued liabilities, the market value of assets will be less than the value of vested benefits (as defined above).

This occurs as a result of the benefit design of the Defined Benefit Category in QSuper and a detailed discussion of this apparent anomaly is contained in the valuation report. In summary, it is more appropriate to assess the funding of QSuper by comparing its assets to the present value of accrued benefits as shown below. It will be noted however that, at this valuation, there was indeed a surplus of assets over accrued liabilities so that vested benefits would be expected to be less than the value of assets.

The total value of vested benefits as at 30 June 2001 was $19,777,446,000. This includes vested benefits in respect of active members (including accumulation members), preserved benefits in respect of former members and the value of pensions payable to former members and beneficiaries[3], and allows for the estimated level of vested contributions tax.

The ratio of the value of Fund assets to the total vested benefits required to be paid by the Fund in respect of active members was 103.1%. This indicates that the assets were more than sufficient to provide for the vested benefits.

(e) Accrued Benefits

Accrued Benefits are the benefits that the Fund is committed to provide in the future in respect of membership of the Fund completed at the reporting date. The relationship between the value of accrued benefits and the Fund's assets at a particular date may be used as a guide to the Fund's ability to provide benefits on an ongoing basis.

The accrued benefits of the Fund comprise the following items:

- Accrued benefits for active members in respect of their membership up to the reporting date;
- Preserved benefits held in respect of former members;
- Pensions payable to former members and beneficiaries; and
- Account balances of Accumulation Category members.

The aggregate value of accrued benefits was determined by the actuary as at the date of the actuarial investigation on the following basis:

- Accrued benefits for active members were assumed to increase in line with general levels of salary inflation and promotional salary growth.
- Accrued benefits were assumed to be payable (or for pensioners, cease to be payable) on the leaving of service, death or disablement of members in a manner consistent with the assumptions made in the most recent actuarial valuation of the Fund.
- The present value of accrued benefits was assessed by applying a long-term discount rate equivalent to an investment return that is 3.5% p.a. in excess of assumed salary inflation. Salary inflation was assumed to be 4.0% p.a. This assumed investment return allows for all forms of investment income, dividends, rents and capital gains and is assumed to be net of investment management expenses, charges, fees and taxes.
- Accrued benefits were apportioned between past and future service using the Actual Accrual Approach. This is equivalent to allowing only for the period of service up to 30 June 2001 when calculating the expected benefits payable in future years.

The total value of accrued benefits as at 30 June 2001 was $19,195,855,000.

3 The value of vested benefits in respect of accumulation accounts, preserved benefits in respect of former members and the value of pensions payable to former members and beneficiaries was $5,790,521,000.

APPENDIX (Continued)

(e) Accrued Benefits (Continued)

The ratio of the value of Fund assets to the total discounted value of accrued benefits in respect of active members was 107.5%. This indicates that the assets were more than sufficient to provide for the present value of accrued benefits.

(f) Financial Condition

The actuary has certified that the expected liabilities of the Fund should be adequately provided for by the assets of the QSuper fund and Consolidated Fund, together with the funds' investment earnings and member and State contributions at the recommended level.

VALUATION ASSUMPTIONS

A FINANCIAL ASSUMPTIONS

A.1 Interest

The assumed long term earning rate on the Fund's assets after tax and investment expenses is 7.5% p.a.

In order to allow for the experience of the Fund since the valuation date, the earning rate was assumed to be –5.0% in 2001–2002.

A.2 Salary Growth

Long term salary growth due to inflation is assumed to be at the rate of 4% p.a.

Salary growth due to promotion is assumed to be in accordance with the salary scale set out in the service tables (Table 7, Table 8 and Table 9).

A.3 Inflation

This assumption is relevant for the purposes of valuing pensions that are increased in line with increases in the CPI. Pensions in payment have been assumed to increase at the rate of 2.5% p.a.

B DEMOGRAPHIC ASSUMPTIONS

B.1 Decrements – Active Members

The rates of retirement, mortality, disability and resignation used in the valuation are based on the Fund's own experience.

The decrement rates used are illustrated in the service tables.

B.2 Investment Linked Option

The following proportions of resigning members are assumed to immediately choose the investment linked option:

Table 2 – Proportions Choosing ILO on Resignation by Type of Member

Standard Males	7%
Standard Females	5%
Police	7%

In addition, the loading to allow for the subsequent option for deferred retirement benefit members to convert to the ILO was 3%.

APPENDIX (Continued)

B.3 Pensioners – Mortality – Defined Benefit Category

The base mortality rates for TPD pensioners are those of Queensland Life Tables 1998–2000 (Males or Females, as appropriate, for standard members with Males used for Police) rated up 6 years.

Mortality improvement is incorporated in the value of pensions in line with the rates described in Table 3.

Table 3 – Mortality Improvement Rates

Age Group	Annual Percentage Improvement in Mortality	
	Males	Females
15–19	1.78	1.96
20–24	1.62	1.89
25–29	1.52	1.90
30–34	1.35	1.76
35–39	1.46	1.81
40–44	1.45	1.74
45–49	1.50	1.61
50–54	1.50	1.61
55–59	1.41	1.11
60–64	1.22	0.85
65–69	1.04	0.74
70–74	0.88	0.71
75–79	0.75	0.69
80–84	0.62	0.71
85–89	0.50	0.70
90–94	0.40	0.67
95–99	0.33	0.61

It has been assumed that 10% of members who become eligible for a total and permanent disablement benefit would take the pension option.

APPENDIX (Continued)

B.4 Pensioners – Mortality – State Category

The base mortality rates for all State Category pensioners are those of Queensland Life Tables 1998–2000 (Males or Females, as appropriate) with age ratings varying by the type of pension as shown in Table 4.

Table 4 – Mortality Age Ratings – State Category

Type of Pension	Males	Females
Age Retirement	– 4 years	+ 0 year
Ill-health Retirement	+ 4 years	+ 4 years
Spouse	– 2 years	– 2 years

Mortality improvement is incorporated in the value of pensions in line with the rates described in Table 3.

It has also been assumed that males are three years older than their spouses.

Assumptions are also required as to what proportion of pensions would not be commuted.

In this regard, the following has been assumed

- 50% of age retirees will take the pension;
- 50% of ill-health retirees will take the pension;
- 50% of spouses will take the pension;
- Where the member had died while in receipt of a pension, 50% of the spouses will take the pension;
- Where a former member who commuted their pension entitlement prior to 27 February 1984 has died, 50% of spouses will take the pension.

B.5 Pensioners Mortality – Police Category

The base mortality rates for all Police Category pensioners are those of Queensland Life Tables 1998–2000 (Males or Females, as appropriate) with age ratings varying by the type of pension as shown in Table 5.

Table 5 – Mortality Age Ratings – Police Category

Type of Pension	Males	Females
Age Retirement	+ 2 years	+ 0 years
Ill-health Retirement	+ 6 years	+ 6 years
Spouse	+ 4 years	+ 4 years

Mortality improvement has been incorporated in the value of pensions in line with the rates described in Table 3. It has also been assumed that males are three years older than their spouses.

Assumptions are also required as to what proportion of pensions would not be commuted. In this regard, the following has been assumed

- 50% of age retirees will take the pension;
- 50% of ill-health retirees will take the pension;
- 50% of spouses will take the pension;
- Where the member had died while in receipt of a pension, 50% of the spouses will take the pension;
- Where a former member who commuted their pension entitlement prior to 27 February 1984 has died, 50% of spouses will take the pension.

APPENDIX (Continued)

C EXPENSES AND INCOME PROTECTION BENEFIT

It has been assumed that expenses will equate to 0.4% of salaries. The income protection benefit is expected to cost 0.4% of salaries for standard males and 0.6% of salaries for standard females in the Defined Benefit Category. The income protection benefit is assumed to cost 1.0% of salaries for members of the State Category. There is no income protection benefit for Police Category members nor police members of the Defined Benefit Category.

D CHILD AND ORPHAN BENEFIT

Child and orphan benefits have been allowed for by increasing the costs of lump sum death benefits by 5%.

E NEW ENTRANT DISTRIBUTIONS

The distribution of new entrants to the Defined Benefit Category was assumed to be as shown in Table 6.

Table 6 – New Entrant Distributions

Age Group	Standard Males		Standard Females		Police	
	Proportion of New Entrants	Salary at Entry (2001 $)	Proportion of New Entrants	Salary at Entry (2001 $)	Proportion of New Entrants	Salary at Entry (2001 $)
15–19	0.5%	16,417	0.4%	19,544	0.3%	33,037
20–24	4.8%	32,070	6.1%	33,118	37.4%	33,037
25–29	12.2%	42,067	13.3%	39,741	34.9%	33,037
30–34	13.5%	45,709	13.0%	42,511	13.4%	33,037
35–39	14.1%	49,218	13.8%	42,524	8.7%	33,037
40–44	14.8%	48,343	14.4%	39,851	3.1%	33,037
45–49	13.7%	50,463	14.6%	39,898	1.3%	33,037
50–54	11.2%	49,623	11.3%	38,213	0.7%	56,518
55–59	8.6%	55,385	8.2%	42,620	0.2%	80,000
60+	6.6%	49,173	4.9%	46,682	0.0%	–
Total	100.0%	47,507	100.0%	40,453	100.0%	33,300

F MEMBER CONTRIBUTION RATES

It was assumed that average member contribution rates for the active members at the valuation date would be maintained in the future. Further, in determining the new entrant contribution rate, it was assumed that new entrants would contribute at the average rate of the current active members.

APPENDIX (Continued)

G SERVICE TABLES

Standard Male Members

Age x	Number Attaining Age x	Number leaving within one year of attaining age x as a result of				Salary Scale
		PPD / Retrenchment / Age Retirement	Death	TPD	Resignation	
16	100,000	98	73	5	8,093	100
17	91,732	114	74	4	8,155	112
18	83,385	127	70	8	7,995	128
19	75,186	138	66	11	7,732	150
20	67,238	147	58	13	7,249	185
21	59,771	152	52	11	6,622	221
22	52,933	156	44	10	5,969	256
23	46,755	157	35	9	5,248	284
24	41,306	155	30	7	4,533	306
25	36,582	153	25	5	3,897	323
26	32,502	149	21	6	3,321	341
27	29,005	146	16	5	2,833	358
28	26,005	142	14	6	2,417	374
29	23,426	139	13	6	2,008	389
30	21,261	136	11	6	1,652	403
31	19,456	134	10	7	1,395	415
32	17,911	131	8	7	1,177	425
33	16,587	129	8	8	1,024	436
34	15,419	127	7	8	875	445
35	14,402	125	7	10	752	455
36	13,508	123	6	11	658	465
37	12,710	122	5	12	569	474
38	12,002	120	6	13	501	484
39	11,362	119	6	14	440	493
40	10,782	119	6	14	391	502
41	10,253	118	6	16	351	511
42	9,762	117	7	16	310	520
43	9,312	116	7	18	282	528
44	8,889	115	8	20	257	536
45	8,489	114	9	22	236	544
46	8,109	113	10	24	219	552
47	7,744	111	10	27	203	558
48	7,392	110	11	28	189	565
49	7,055	108	11	29	174	571
50	6,732	106	12	31	163	576
51	6,420	104	12	33	152	581
52	6,118	102	13	35	144	586
53	5,824	100	13	37	135	590
54	5,538	98	13	38	127	593
55	5,262	1,047	13	36	0	595
56	4,166	621	11	32	0	597
57	3,502	418	10	30	0	599
58	3,044	363	9	28	0	600
59	2,644	394	9	25	0	600
60	2,217	440	8	22	0	600
61	1,747	260	7	19	0	600
62	1,461	217	6	17	0	600
63	1,221	242	5	15	0	600
64	959	332	4	11	0	600
65	611	611	0	0	0	600

APPENDIX (Continued)

G SERVICE TABLES (CONTINUED)

Standard Female Members

Age x	Number Attaining Age x	Number leaving within one year of attaining age x as a result of				Salary Scale
		PPD / Retrenchment / Age Retirement	Death	TPD	Resignation	
16	100,000	138	19	5	15,856	100
17	83,982	120	16	4	12,544	113
18	71,297	106	14	3	10,076	127
19	61,099	94	12	3	8,143	142
20	52,846	85	10	3	6,618	158
21	46,130	77	9	4	5,458	186
22	40,581	72	8	4	4,522	207
23	35,976	66	7	5	3,802	226
24	32,095	62	6	6	3,207	240
25	28,814	59	6	6	2,747	252
26	25,997	56	5	6	2,359	263
27	23,570	54	5	7	2,030	275
28	21,475	52	4	7	1,751	285
29	19,661	50	4	7	1,535	294
30	18,065	49	4	7	1,348	302
31	16,658	47	3	8	1,186	309
32	15,414	46	3	8	1,044	315
33	14,313	45	3	8	920	321
34	13,337	44	3	9	826	326
35	12,455	42	3	9	743	330
36	11,657	42	3	10	669	334
37	10,934	41	3	10	602	338
38	10,279	40	3	11	542	342
39	9,683	40	3	11	489	346
40	9,140	39	3	12	440	349
41	8,646	39	3	13	396	353
42	8,195	39	3	14	357	356
43	7,782	38	3	15	321	360
44	7,404	38	4	17	288	363
45	7,058	38	4	17	267	366
46	6,732	37	4	18	247	370
47	6,426	37	4	19	228	373
48	6,138	37	4	20	211	376
49	5,866	37	5	21	195	379
50	5,609	36	5	22	180	381
51	5,367	36	5	23	167	384
52	5,135	35	5	24	157	386
53	4,914	35	6	25	148	388
54	4,700	34	6	25	140	390
55	4,496	762	6	23	0	392
56	3,705	406	5	21	0	394
57	3,273	359	5	20	0	396
58	2,889	316	5	19	0	397
59	2,549	279	4	18	0	399
60	2,247	559	4	16	0	400
61	1,668	299	3	13	0	401
62	1,353	269	3	11	0	401
63	1,070	245	2	9	0	401
64	814	242	2	7	0	401
65	562	562	0	0	0	401

APPENDIX (Continued)

G SERVICE TABLES (CONTINUED)

Police Members

Age x	Number Attaining Age x	Number leaving within one year of attaining age x as a result of PPD / Retrenchment / Age Retirement	Death	TPD	Resignation	Salary Scale
16	100.000	83	60	50	399	100
17	99,408	97	59	49	437	103
18	98,765	118	59	49	483	105
19	98,055	147	59	49	548	109
20	97,252	182	68	58	621	112
21	96,323	216	67	58	712	116
22	95,271	249	66	66	903	120
23	93,986	280	56	65	1,107	124
24	92,478	310	55	73	1,384	129
25	90,656	337	54	72	1,591	134
26	88,602	362	53	79	1,696	139
27	86,412	385	51	77	1,723	144
28	84,177	406	58	83	1,738	149
29	81,892	432	57	89	1,740	154
30	79,575	455	55	94	1,706	159
31	77,266	476	61	107	1,662	163
32	74,961	495	59	118	1,617	167
33	72,672	506	57	129	1,536	171
34	70,444	517	62	139	1,449	176
35	68,276	532	61	155	1,359	179
36	66,170	565	59	176	1,273	183
37	64,097	589	57	196	1,191	187
38	62,065	619	58	220	1,111	191
39	60,056	650	59	242	1,029	195
40	58,075	683	60	269	944	198
41	56,119	709	64	293	862	202
42	54,191	737	68	315	785	206
43	52,287	767	70	335	717	209
44	50,398	793	72	352	657	214
45	48,524	816	76	373	601	218
46	46,659	835	79	395	541	223
47	44,808	855	84	419	485	227
48	42,965	875	88	444	437	232
49	41,122	894	92	469	386	237
50	39,280	908	95	494	339	242
51	37,443	921	99	519	294	247
52	35,611	932	103	538	256	253
53	33,781	941	105	560	225	259
54	31,951	953	107	586	199	264
55	30,108	14,870	83	467	0	270
56	14,688	4,347	48	285	0	277
57	10,006	2,958	35	215	0	283
58	6,799	2,007	25	161	0	290
59	4,605	1,357	18	121	0	296
60	3,109	3,109	0	0	0	303
61	0	0	0	0	0	311
62	0	0	0	0	0	311
63	0	0	0	0	0	311
64	0	0	0	0	0	311
65	0	0	0	0	0	311

Government Superannuation Office

Statement of Financial Performance for the year ended 30 June 2003

	Notes	2003 $'000	2002 $'000
Revenues from ordinary activities	2	41,555	34,878
Expenses from ordinary activities	3	38,377	32,719
Surplus before effect of change in accounting policy		**3,178**	**2,159**
Effect of change in accounting policy for capitalisation of non-current physical assets		-	(558)
Surplus for the operating period		**3,178**	**1,601**
(Decrease) in accumulated surplus as a result of initial adoption of new standard for employee benefits	1(k)	(43)	-
Net surplus		**3,135**	**1,601**

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2003

	Notes	2003 $'000	2002 $'000
ASSETS			
Current assets			
Cash assets	1(e),4	8,966	6,921
Receivables	1(f),5	4,248	6,492
Other	6	247	171
Total current assets		**13,461**	**13,584**
Non-current assets			
Property, plant and equipment	1(c),7	2,250	1,652
Intangibles	1(g),8	6,424	3,017
Other	6	89	36
Total non-current assets		**8,763**	**4,705**
TOTAL ASSETS		**22,224**	**18,289**
LIABILITIES			
Current liabilities			
Payables	1(h),9	6,693	5,998
Provisions	1(i),10	1,455	1,336
Total current liabilities		**8,148**	**7,334**
TOTAL LIABILITIES		**8,148**	**7,334**
NET ASSETS		**14,076**	**10,955**
EQUITY			
Accumulated surplus	11	14,076	10,955
TOTAL EQUITY		**14,076**	**10,955**

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2003

	Notes	2003 $'000	2002 $'000
Cash flows from operating activities			
Receipts			
Administration fees and other receipts		47,767	33,295
Interest		165	209
Goods and services tax refund		15	98
		47,947	**33,602**
Payments			
Employee and administration payments		38,525	30,016
Goods and services tax remittance		1,859	1,940
		40,384	**31,956**
Net cash from operating activities	12	**7,563**	**1,646**
Cash flows from investing activities			
Payments for property, plant and equipment		1,207	1,262
Payments for intangibles		4,311	1,248
Net cash from investing activities		**5,518**	**2,510**
Net movement in cash		**2,045**	**(864)**
Cash at beginning of financial year		6,921	7,785
Cash at end of financial year		**8,966**	**6,921**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2003

Note 1 Significant accounting policies

(a) Basis of accounting

General

The Government Superannuation Office (the organisation) elects to prepare general purpose financial statements. These statements have been prepared in accordance with the *Financial Administration and Audit Act 1977, Financial Management Standard 1997*, applicable Australian Accounting Standards, Urgent Issues Group Abstracts and Statements of Accounting Concepts.

These financial statements have been prepared on accrual and going concern basis under the historical cost convention except where specifically stated.

Accounting policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Comparative information is reclassified where appropriate to enhance comparability.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the organisation's operational cycle.

Rounding

Unless otherwise stated, amounts in the statements have been rounded to the nearest thousand dollars.

(b) Revenue recognition

Revenue is recognised when goods or services are delivered.

(c) Recognition and measurement of property, plant and equipment

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of the assets provided as consideration plus any incidental costs attributable to the acquisition, including all other costs incurred in getting the assets ready for use.

Property, plant and equipment items with a cost or value in excess of $5,000 and a useful life of more than one year, are recognised as an asset. All other items of property, plant and equipment are expensed on acquisition.

Repairs and maintenance

Routine maintenance, repairs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Notes to the Financial Statements for the year ended 30 June 2003

Note 1 Significant accounting policies (continued)

(c) Recognition and measurement of property, plant and equipment (continued)

Operating leases

Lease payments for operating leases are recognised as an expense in the years in which they are incurred, as this reflects the pattern of benefits derived by the organisation.

Leasehold improvements

Leasehold improvements with a cost in excess of $10,000 are recognised as an asset and depreciated over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

(d) Depreciation of property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the organisation.

Work-in-progress is not depreciated until it reaches service delivery capacity.

Where assets have separately identifiable components, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the organisation.

Major depreciation periods used are listed below:

	2003	2002
Property, plant and equipment		
Computer equipment	3 to 5 years	3 to 5 years
Office equipment	5 years	5 years
Office furniture and fittings	10 years	10 years
Leasehold improvements	4 to 12 years	12 years
Intangibles		
Enhanced superannuation arrangements regime	2.5 to 3 years	2.5 to 3 years
Software development	3 to 6 years	1.5 to 3 years
Software purchases	3 to 5 years	3 years

(e) Cash assets

For the purposes of the statement of financial position, cash assets include all cash and cheques receipted but not banked.

Notes to the Financial Statements for the year ended 30 June 2003

Note 1 Significant accounting policies (continued)

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for doubtful debts.

Bad debts are written off in the period in which they are recognised.

(g) Intangibles

All intangible assets with a cost or other value greater than $50,000 are recognised in the financial statements, with items of a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the organisation less any anticipated residual value.

(h) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the organisation. Creditors are generally unsecured, and are normally settled within 30 days of invoice receipt.

(i) Provision for employee entitlements

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. The liability for salaries and annual leave is calculated using the remuneration rates the organisation expects to pay as at the reporting date.

Long service leave

Under the State Government's Long Service Leave Central Scheme a levy is made on the organisation to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a Whole-of-Government basis and reported in the financial statements prepared pursuant to AAS 31 – *Financial Reporting by Governments.*

Superannuation

Employees of the organisation are members of the State Public Sector Superannuation Fund (QSuper). Contributions to employee superannuation accounts are expensed as they are paid or become payable.

The Treasurer of Queensland, based on advice received from the Queensland State Actuary, determines the employer contributions for superannuation.

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a Whole-of-Government basis and reported in the Whole-of-Government financial statements prepared pursuant to AAS 31 – *Financial Reporting by Governments.*

Notes to the Financial Statements for the year ended 30 June 2003

Note 1 Significant accounting policies (continued)

(j) Taxation

The activities of the organisation are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable and GST payable from/to the Australian Taxation Office are recognised and accrued.

(k) Changes in accounting policy

The organisation has applied the revised AASB1028 “Employee Benefits” for the first time from 1 July 2002.

The liability for salaries and annual leave is now calculated using the remuneration rates the organisation expects to pay as at each reporting date, not salary rates current at reporting date.

The impact of this change to the financial statements is an increase of $52,000 in provisions comprising of:

$9,000 decrease in current year net surplus; and

$43,000 decrease in accumulated surplus.

Notes to the Financial Statements for the year ended 30 June 2003

Note 2 Statement of financial performance - revenues

Revenues from ordinary activities

		2003 $'000	2002 $'000
(a)	*Administration fees received or due and receivable*		
	QSuper fund (refer note 15(ii))	40,570	34,176
	Parliamentary fund (refer note 15(iii))	43	41
	Long service leave central scheme (refer note 15(i))	52	48
		40,665	**34,265**
(b)	*Interest received or due and receivable*	**172**	**170**
(c)	*Other revenue received or due and receivable*		
	Q♦Invest Limited (refer note 15(iv))	682	365
	Other revenue	36	78
		718	**443**
Total revenues from ordinary activities		**41,555**	**34,878**

Notes to the Financial Statements for the year ended 30 June 2003

Note 3 Statement of financial performance – expenses

Operating expenses from ordinary activities

			2003 $'000	2002 $'000
(a)	*Employee expenses*			
	Salaries and wages	(i)	14,159	12,132
	Superannuation contributions		1,660	1,470
	Payroll taxation		760	665
	Personnel development		367	291
	Recruitment and selection		292	140
	Contractors		2,512	2,806
	Other employee expenses		235	199
			19,985	**17,703**
	(i) The organisation had 316 full time equivalent employees at 30 June 2003 (290 at 30 June 2002).			
(b)	*Financial planning fees (refer note 15(iv))*		**5,870**	**3,335**
(c)	*Corporate service fees (refer note 15(i))*		**2,197**	**2,220**
(d)	*Postage and printing*			
	Postage		1,099	848
	Printing		859	812
			1,958	**1,660**
(e)	*Depreciation and amortisation*			
	Computer equipment (refer note 7)		492	232
	Office furniture and fittings (refer note 7)		1	1
	Office equipment (refer note 7)		50	42
	Leasehold improvements (refer note 7)		89	34
	Software purchases (refer note 8)		8	21
	Software development (refer note 8)		596	540
	Enhanced superannuation arrangements regime (refer note 8)		671	705
			1,907	**1,575**
(f)	*Rental expense – operating lease*		**1,448**	**1,301**
(g)	*Consultancy*			
	Communication		11	57
	Information technology		100	353
	Medical		716	569
	Investment		105	-
	Taxation		54	236
	Other		93	54
			1,079	**1,269**
(h)	*Computer charges and operating costs*		**1,029**	**906**

Notes to the Financial Statements for the year ended 30 June 2003

Note 3 Statement of financial performance – expenses (continued)

Operating expenses from ordinary activities (continued)

	2003 $'000	2002 $'000
(i) Auditors' remuneration		
Queensland Audit Office – external audit services	142	142
KPMG – internal audit services	113	31
Queensland Treasury – internal audit services	34	73
	289	**246**
(j) Other expenses		
Marketing and communications	718	609
Minor assets (refer note 1(c))	515	704
Stationery and subscriptions	399	384
Other occupancy charges	282	239
Actuarial fees	221	210
Legal costs	140	106
Trustee fees	25	26
Other administration costs	315	226
	2,615	**2,504**
Total operating expenses from ordinary activities	**38,377**	**32,719**

Notes to the Financial Statements for the year ended 30 June 2003

Note 4 Cash assets

	2003 $'000	2002 $'000
Cash on hand	1	1
Cash at bank	8,965	6,920
	8,966	**6,921**

Note 5 Receivables

Current		
Trade debtors	4,034	6,331
Interest	90	83
Other	124	78
	4,248	**6,492**

Note 6 Other assets

Current		
Prepayments	**247**	**171**
Non-current		
Prepayments	**89**	**36**

Notes to the Financial Statements for the year ended 30 June 2003

Note 7 Property, plant and equipment

		2003 $'000	2002 $'000
Computer equipment		3,125	2,271
Less: accumulated depreciation		1,666	1,190
Carrying amount at the end of the financial year		**1,459**	**1,081**
Office furniture and fittings		23	23
Less: accumulated depreciation		16	15
Carrying amount at the end of the financial year		**7**	**8**
Office equipment		277	237
Less: accumulated depreciation		110	74
Carrying amount at the end of the financial year		**167**	**163**
Leasehold improvements	(i)	769	463
Less: accumulated depreciation		152	63
Carrying amount at the end of the financial year		**617**	**400**
Total property, plant and equipment		**2,250**	**1,652**

(i) Revision of accounting estimates

During the year estimated useful life of a leasehold improvement was revised. The net effect of the change in the current year was an increase in depreciation expense of $31,000.

Notes to the Financial Statements for the year ended 30 June 2003

Note 7 Property, plant and equipment (continued)

Movements during the financial year	**2003 $'000**	**2002 $'000**
Computer equipment		
Carrying amount at the beginning of the financial year	1,081	887
Additions	870	940
Write-offs	-	(514)
Depreciation expense	(492)	(232)
Carrying amount at the end of the financial year	**1,459**	**1,081**
Office furniture and fittings		
Carrying amount at the beginning of the financial year	8	13
Additions	-	9
Write-offs	-	(13)
Depreciation expense	(1)	(1)
Carrying amount at the end of the financial year	**7**	**8**
Office equipment		
Carrying amount at the beginning of the financial year	163	106
Additions	55	128
Write-offs	(1)	(29)
Depreciation expense	(50)	(42)
Carrying amount at the end of the financial year	**167**	**163**
Leasehold improvements		
Carrying amount at the beginning of the financial year	400	296
Additions	306	138
Depreciation expense	(89)	(34)
Carrying amount at the end of the financial year	**617**	**400**
Total property, plant and equipment	**2,250**	**1,652**

Notes to the Financial Statements for the year ended 30 June 2003

Note 8 Intangibles

	Note	2003 $'000	2002 $'000
Software purchases	(i)	603	603
Less: accumulated amortisation		583	575
Carrying amount at the end of the financial year		**20**	**28**
Software development	(i)	5,459	1,953
Software development work in progress		2,591	1,414
Less: accumulated amortisation		1,646	1,049
Carrying amount at the end of the financial year		**6,404**	**2,318**
Enhanced superannuation arrangements regime		1,967	1,967
Less: accumulated amortisation		1,967	1,296
Carrying amount at the end of the financial year		**-**	**671**
Total intangibles		**6,424**	**3,017**

(i) Revision of accounting estimates

During the year estimated total useful lives of certain items of purchased and developed software were revised. The net effect of the change in the current year was a decrease in amortisation expense of $360,000.

Note 9 Payables

	2003 $'000	2002 $'000
Trade creditors	3,944	4,329
GST payable	195	73
Other creditors and accruals	2,554	1,596
	6,693	**5,998**

Notes to the Financial Statements for the year ended 30 June 2003

Note 10 Provisions

	2003 $'000	2002 $'000
Balance at the beginning of the financial year	1,336	1,172
Additional provisions recognised	1,249	1,096
Reductions in provisions as a result of payments	(1,130)	(932)
Balance at the end of the financial year	**1,455**	**1,336**

Note 11 Accumulated surplus

Balance at the beginning of the financial year	10,955	9,374
Surplus for the financial year	3,178	1,601
Adjustment to accumulated surplus as a result of initial adoption of new standard for employee benefits (refer to note 1(k))	(43	-
Net leave liabilities transferred from other government entities	(14	(20)
Balance at the end of the financial year	**14,076**	**10,955**

Note 12 Statement of cash flows

Reconciliation of net cash from operating activities

Surplus before effect of change in accounting policy	3,178	2,159
Depreciation (refer note 1(d))	632	309
Amortisation (refer note 1(d))	1,275	1,266
Write off of non-current assets	73	22
Equity adjustment associated with net leave liabilities transferred from other government entities	(14)	(20)
Adjustment to accumulated surplus as a result of initial adoption of new standard for employee benefits (refer to note 1(k))	(43)	-
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	2,244	(4,813)
Increase in provisions	119	164
(Increase) in prepayments	(129)	(38)
Increase in payables	228	2,597
Net cash from operating activities	**7,563**	**1,646**

Notes to the Financial Statements for the year ended 30 June 2003

Note 13 Superannuation

The organisation contributes in respect of its employees to the following superannuation accounts:

Type of account	Contribution rate	2003 $'000	2002 $'000
QSuper Defined Benefit account	9.75% to 12.75%	1,011	1,015
QSuper Accumulation account	9.75% to 12.75%	649	455
Total contributions		**1,660**	**1,470**

As at the reporting date, there were no outstanding contributions payable to the above accounts. The organisation is not liable for any unfunded liability in respect of the above employer sponsored defined benefits superannuation account.

Note 14 Segment information

The principal activities of the organisation include the provision of expert superannuation policy advice, the provision of competitive products and services to enhance employee remuneration and retain members post employment and the administration of legislation related to the management of superannuation for Queensland State Public Sector employees. The organisation concentrates its activities in one geographical area, being Queensland.

Note 15 Related parties

The organisation is a portfolio of the Queensland Treasury and is responsible for administering QSuper, the Parliamentary Contributory Superannuation Fund, the Judges' Pension Scheme, the Governors' Pension Scheme and the Long Service Leave provisions for Queensland State Public Sector employees. During the year transactions were undertaken between the organisation and a number of related parties.

(i) Queensland Treasury

Certain corporate service functions, such as payroll, human resources, cash management, accounting information systems and accounts payables, were provided by Queensland Treasury for a fee determined in accordance with a service level agreement. Corporate service fees paid to Queensland Treasury aggregated $2,000,000 (2002 - $2,000,000) during the financial year.

The organisation is appointed to administer the Long Service Leave Central Scheme by Queensland Treasury. Administration fees received for conducting this service aggregated $52,000 (2002 - $48,000) during the financial year.

(ii) QSuper

The organisation provides fund administration services to the QSuper Board of Trustees in accordance with the *Superannuation (State Public Sector) Act 1990*. Administration fees received from QSuper for the year aggregated $40,570,000 (2002 - $34,176,000) during the financial year.

(iii) The Parliamentary Contributory Superannuation Fund

The organisation provides fund administration services to the Parliamentary Contributory Superannuation Fund Board of Trustees in accordance with the *Parliamentary Contributory Superannuation Act 1970*. Administration fees received from Parliamentary Contributory Superannuation Fund for the year aggregated $43,000 (2002 - $41,000) during the financial year.

Notes to the Financial Statements for the year ended 30 June 2003

Note 15 Related parties (continued)

(iv) Q♦Invest Limited

The QSuper Board of Trustees holds a 50% interest in Q♦Invest Limited. Q♦Invest Limited's principal activities consist of providing financial planning advice under a dealers licence and to act as responsible entity for the Q♦Invest Limited Investment Access Funds. Financial planning fees paid under normal commercial terms to Q♦Invest Limited aggregated $5,870,000 (2002 - $3,335,000) during the financial year.

Under an agreement, based on normal commercial terms and conditions, the organisation provides services to Q♦Invest Limited. These services, such as accounting, information technology and marketing, aggregated $682,000 (2002 – $365,000) during the financial year.

(v) Queensland Investment Corporation (QIC)

QIC, a body corporate established under the *Queensland Investment Corporation Act 1991*, which holds the remaining 50% interest in Q♦Invest Limited, is the investment manager for the QSuper and the Parliamentary Contributory Superannuation Fund.

Note 16 Financial instruments

(i) Interest rate risk

The organisation is exposed to interest rate risk through cash held in the bank.

Under the Cash Management Incentive Regime, the Government Superannuation Office received interest at 3.77% to 4.12% calculated on the daily bank balance. Overdraft balances attract interest of 7.77% to 8.12%.

(ii) Credit risk

The maximum exposure to credit risk at balance date in respect of receivables is the carrying amount as disclosed in the statement of financial position.

(iii) Net fair value

The carrying amount of cash, receivables and payables approximates net fair value.

Notes to the Financial Statements for the year ended 30 June 2003

Note 17 Commitments

Operating lease commitments

At 30 June 2003 the organisation had the following operating lease commitments inclusive of GST for payment:

	2003 $'000	2002 $'000
Within one year	**1,808**	**1,230**

Capital commitments

At 30 June 2003 the organisation had the following capital commitments inclusive of GST for payment:

	2003 $'000	2002 $'000
Within one year	**293**	**246**

Note 18 Contingent liabilities

There are no known actual or possible material claims against the organisation at 30 June 2003.

Note 19 Post balance date events

No events have occurred subsequent to the financial statements date that would require adjustment to, or disclosure in, the financial statements.

CERTIFICATE OF THE GOVERNMENT SUPERANNUATION OFFICE

These general purpose financial statements have been prepared pursuant to the *Financial Administration and Audit Act 1977*, and other prescribed requirements and we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Government Superannuation Office for the financial year ended 30 June 2003 and of the financial position at the end of that year.

G P Bradley	R A Vilgan	C J Kaye
Under Treasurer	Chief Executive Officer	Chief Financial Officer

29 August 2003

INDEPENDENT AUDIT REPORT

To the Accountable Officer

Matters relating to the electronic presentation of the audited financial statements

The audit report relates to the financial statements of the Government Superannuation Office for the financial year ended 30 June 2003 included on the QSuper web site. The Executive Officer of the QSuper Board is responsible for the integrity of the QSuper web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from the Government Superannuation Office, to confirm the information included in the audited financial statements presented on this web site.

These matters also relate to the presentation of the audited financial statements in other electronic media including CD Rom.

Scope

The financial statements

The financial statements of the Government Superannuation Office consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the accountable officer and officer responsible for the financial administration of the Government Superannuation Office, for the year ended 30 June 2003.

The Accountable Officer's responsibility

The Accountable Officer is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

As required by law, an independent audit was conducted in accordance with QAO *Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements present fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Accountable Officer,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and reviewing the overall presentation of information in the financial statements.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

INDEPENDENT AUDIT REPORT (continued)

Audit Opinion

In accordance with the provisions of the *Financial Administration and Audit Act 1977* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Government Superannuation Office for the financial year 1 July 2002 to 30 June 2003 and the financial position as at the end of that year.

L J Scanlan FCPA | Queensland Audit Office

Auditor-General of Queensland | Brisbane

5 September 2003

QSuper contacts

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