

ANNUAL REPORT 2000-2001



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SUPER TIPS

- Consider making voluntary contributions – look at the benefits of compound interest!
- Review your death & TPD insurance cover.
- Consider Salary Protection Insurance.
- Make sure that you have nominated a beneficiary.
- Make a will and keep it up-to-date.
- Review your investment choice option.
- Consider making an Enduring Power of Attorney.

THE EFFECTS OF COMPOUND INTEREST

The table shows the difference of contributing \$2000 (net) a year for 20 years; member 1 starting early and member 2 starting late. The assumed investment return is 7%.

Date	Member 1			Member 2		
	age	cont	benefit	age	cont	benefits
30/6/99	25	0	0	25	0	0
30/6/00	26	2000	2,069	26	0	0
30/6/01	27	2000	4,282	27	0	0
30/6/02	28	2000	6,651	28	0	0
30/6/03	29	2000	9,185	29	0	0
30/6/04	30	2000	11,897	30	0	0
30/6/05	31	2000	14,799	31	0	0
30/6/06	32	2000	17,904	32	0	0
30/6/07	33	2000	21,226	33	0	0
30/6/08	34	2000	24,780	34	0	0
30/6/09	35	2000	28,584	35	0	0
30/6/10	36	2000	32,653	36	0	0
30/6/11	37	2000	37,008	37	0	0
30/6/12	38	2000	41,667	38	0	0
30/6/13	39	2000	46,653	39	0	0
30/6/14	40	2000	51,987	40	0	0
30/6/15	41	2000	57,695	41	0	0
30/6/16	42	2000	63,803	42	0	0
30/6/17	43	2000	70,338	43	0	0
30/6/18	44	2000	77,330	44	0	0
30/6/19	45	2000	84,812	45	0	0
30/6/20	46	0	90,749	46	2000	2,069
30/6/21	47	0	97,101	47	2000	4,282
30/6/22	48	0	103,899	48	2000	6,651
30/6/23	49	0	111,171	49	2000	9,185
30/6/24	50	0	118,953	50	2000	11,897
30/6/25	51	0	127,280	51	2000	14,799
30/6/26	52	0	136,190	52	2000	17,904
30/6/27	53	0	145,723	53	2000	21,226
30/6/28	54	0	155,924	54	2000	24,780
30/6/29	55	0	166,838	55	2000	28,584
30/6/30	56	0	178,517	56	2000	32,653
30/6/31	57	0	191,013	57	2000	37,008
30/6/32	58	0	204,384	58	2000	41,667
30/6/33	59	0	218,691	59	2000	46,653
30/6/34	60	0	233,999	60	2000	51,987
30/6/35	61	0	250,379	61	2000	57,695
30/6/36	62	0	267,906	62	2000	63,803
30/6/37	63	0	286,659	63	2000	70,338
30/6/38	64	0	306,725	64	2000	77,330
30/6/39	65	0	328,196	65	2000	84,812

CHAIRMAN'S REMARKS

Dear Member

It is my pleasure to present on behalf of the Board of Trustees to members of Rei Super, the Annual Report for the year ending June 2001.

As the new Chairman of Rei Super, I would like to thank the retired Chairman Kris Callaghan for the outstanding leadership and guidance he put into the Fund over the 12 years he was Chairman. His wisdom and knowledge was appreciated by all the trustees, who continue to see the benefits today.

Your Fund continues to grow with over 24 000 members and investments now total in excess of \$ 230 million.

Returns despite being low have been above the benchmark for the year and returns are in line with the Board's decision, ie in the long-term interest of members there should be a higher weighting to international shares than our peer group.

The Trustee Super Balanced investment option has returned just under 10% over the past five years and your Board is confident that it will continue to provide solid long-term returns for you, the member. Mindful of the growing number of schemes being offered to the Australian workforce, you can rest assured that the strict governance the Trustee employs means that the Fund, which is industry-based (not for profit) ensures all profits are returned to the members.

InTech Fiduciaries Ltd provides an implemented asset consulting service for the Fund and invests in registered managed investment schemes – Rei Super retains full control over the type and number of investment options and monitors InTech ensuring that all aspects of implemented consulting are fulfilled.

We have appointed a custodian, Cogent, a wholly-owned subsidiary of AMP, to monitor and hold our assets and it operates in accordance with the requirements of the superannuation supervisory authority.

William M Mercer, which reports directly to the Fund Secretary Phil Roberts and the Board, handles the Fund's administration. As part of the administration we run a helpline service that over the year handled approximately 100 calls per day from members. Ninety eight per cent of these enquiries were resolved within 2.6 minutes. Should members wish to speak to a higher authority they are put through to the Fund Secretary. Your Board places a high priority on member service, which I am pleased to say is reflected in your feedback to us.



My appointment as Chairman of Rei Super created a casual vacancy on the Board, which was filled by Michael Kumm from ACT. Michael is a former ACT Institute President and has served on the Board of REIA in recent years.

Your Board has long held the philosophy that any member of the Fund should be eligible to become a trustee. To this end we sought, and were granted approval by the Australian Prudential Regulation Authority (APRA) to have all trustee directors with the exception of the independent director, elected by members of the Fund. Elections for four retiring trustee positions will be held this year.

Your Board continues to ensure that benefits, such as home loans (currently 5.99% variable) and business loans are available through the Fund. Worthy of note, in a recent survey Rei Super death insurance cover rated in the top 10 best deals.




We continue to offer three choices of investment, Super Growth, Trustee Super Balanced and Super Cash, all of which are explained in detail within this Annual Report. Finally may I acknowledge and thank the trustees and the Fund Secretary for their diligence and effort throughout the year.

Bill Woolcock - Chairman

WHAT YOU MUST KNOW

INVESTMENT OBJECTIVES

Trustees review progress against investment objectives at each board meeting. The objectives for the three investment options follow.

 Super Growth	 Trustee Super Balanced	 Super Cash																																																			
<p>Primary Objective: To provide members with a top performing equities investment.</p> <p>Investment Objectives:</p> <ul style="list-style-type: none"> To earn a rate of return, after tax and fees, that exceeds CPI by at least 5% per annum over the average time expected to be spent by members in the workforce. In achieving the performance target above, to credit a positive return to members' accounts in at least 3 in every 4 years. <p>Peer Group Objectives:</p> <ul style="list-style-type: none"> To earn a rate of return that exceeds the median of the InTech High Growth Investor Choice Survey (75-100% growth assets), measured over rolling 3 year periods. In achieving the performance target above, the tracking error* relative to the median return of the InTech High Growth Investor Choice Survey (75-100% growth assets) is not to exceed 2% per annum, measured over rolling periods of 3 years and longer. <p>Investment Strategy:</p> <table border="1" data-bbox="167 1310 558 1523"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation (%)</th> <th>Min/Max Range (%)</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>44</td> <td>42 - 46</td> </tr> <tr> <td>International Shares</td> <td>54</td> <td>52 - 56</td> </tr> <tr> <td>Cash</td> <td>2</td> <td>1 - 4</td> </tr> <tr> <td>Total</td> <td>100</td> <td>n/a</td> </tr> <tr> <td>Total Growth</td> <td>98</td> <td>96 - 99</td> </tr> <tr> <td>Total unhedged international</td> <td>35</td> <td>33 - 37</td> </tr> </tbody> </table>	Asset Class	Target Allocation (%)	Min/Max Range (%)	Australian Shares	44	42 - 46	International Shares	54	52 - 56	Cash	2	1 - 4	Total	100	n/a	Total Growth	98	96 - 99	Total unhedged international	35	33 - 37	<p>Primary Objective:</p> <ul style="list-style-type: none"> To provide members with a top performing growth-oriented investment. <p>Investment Objectives:</p> <ul style="list-style-type: none"> To earn a rate of return, after tax and fees, that exceeds CPI by at least 4% per annum over the average time expected to be spent by members in the workforce. In achieving the performance target above, to credit a positive return to members' accounts in at least 4 in every 5 years. <p>Peer Group Objectives:</p> <ul style="list-style-type: none"> To earn a rate of return that exceeds the median of the InTech Growth Investor Choice Survey (60-75% growth assets), measured over rolling 3 year periods. In achieving the performance target above, the tracking error* relative to the median return of the InTech Growth Investor Choice Survey (75-100% growth assets) is not to exceed 1% per annum, measured over rolling periods of 3 years and longer. <p>Investment Strategy:</p> <table border="1" data-bbox="598 1310 989 1601"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation (%)</th> <th>Min/Max Range (%)</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>35</td> <td>33 - 37</td> </tr> <tr> <td>International Shares</td> <td>29</td> <td>27 - 31</td> </tr> <tr> <td>Listed Property</td> <td>8</td> <td>6 - 10</td> </tr> <tr> <td>Australian Bonds</td> <td>12</td> <td>10 - 14</td> </tr> <tr> <td>International Bonds - hedged</td> <td>12</td> <td>10 - 14</td> </tr> <tr> <td>Cash</td> <td>4</td> <td>3 - 6</td> </tr> <tr> <td>Total</td> <td>100</td> <td>n/a</td> </tr> <tr> <td>Total Growth</td> <td>72</td> <td>69 - 75</td> </tr> <tr> <td>Total unhedged international</td> <td>21</td> <td>19 - 23</td> </tr> </tbody> </table>	Asset Class	Target Allocation (%)	Min/Max Range (%)	Australian Shares	35	33 - 37	International Shares	29	27 - 31	Listed Property	8	6 - 10	Australian Bonds	12	10 - 14	International Bonds - hedged	12	10 - 14	Cash	4	3 - 6	Total	100	n/a	Total Growth	72	69 - 75	Total unhedged international	21	19 - 23	<p>Primary Objective: To provide a capital guaranteed investment for members that is guaranteed by a recognised Australian or international bank or financial institution.</p> <p>Benchmarks:</p> <ul style="list-style-type: none"> To credit a positive rate of interest to members each year. To maintain the capital value of members' accounts after the deduction of fees and taxes. To achieve a minimum return of the average yield on retail cash management trusts plus 0.5%. To outperform the average returns of Retirement Savings Accounts over a five-year rolling period. <p>Strategy: Initially, this option will have one investment manager. The manager may use protection and insurance mechanisms (including derivatives) to protect and enhance the investment.</p>
Asset Class	Target Allocation (%)	Min/Max Range (%)																																																			
Australian Shares	44	42 - 46																																																			
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Note: From time to time, there may be minor changes in Target Allocation and Fund Managers used.

Tracking Error

* Tracking Error is the degree to which a portfolio's returns follow or 'track' the returns of a chosen benchmark over a period of time. In this case, the benchmark is based on peer group funds (the InTech High Growth Investor Choice Survey) with similar investment objectives.

Adopting positions different to the median of the peer group causes tracking error. As such, it is a measure of the potential to out-perform or under-perform the peer group. For example, a tracking error of 1% pa implies that over annual periods the Fund would be expected to under-perform the peer group by more than:

- 1% - approximately 17% of the time
- 2% - approximately 3% of the time

Over the long term, the Fund is expected to out-perform the peer group.

WHAT YOU MUST KNOW

NET ASSETS Net assets stood at \$233.1 million at 30 June, up 22.3 per cent. The Trustee has declared that the return credited to members' accounts for the year is 1.5 per cent (Super Growth), 4.0 per cent (Trustee Super Balanced) and 4.0 per cent (Super Cash).

MEMBERSHIP

Employee Members	Employer Members
1 July 2000 ~ 25 086	1 July 2000 ~ 4 916
30 June 2001 ~ 24 359	30 June 2001 ~ 3 170

Note: The 2000 figure for employer members includes all employers who have ever joined the Fund. The 2001 figure only includes employers who make contributions for members.

MEMBERSHIP OF THE FUND STABILIZED IN 2000/01.

Membership by State and Territory as at 30 June 2001 was as follows:

	Number	%
New South Wales	8755	35.9
Victoria	9299	38.3
Queensland	2515	10.3
Western Australia	2299	9.4
South Australia	344	1.4
Tasmania	538	2.2
ACT	327	1.3
Northern Territory	282	1.2
Total	24359	100

Almost 60 per cent of the members of the Fund are female.

ADMINISTRATION FEES AND CHARGES The tables below show the administration fees and charges that are levied by the Fund and deducted from members' benefits and their accounts. Insurance costs are allocated to each member seeking such cover and are deducted from the member's account.

Fees and Charges	All Members
Administration Fee	\$1.10 per week
Funds Transferred into Rei Super	NIL
Voluntary Contributions Fee	NIL
Benefit Processing Fee (if applicable)	\$40

The Management Expense Ratio (MER) which includes investment manager and custodian fees for the three investment choices are:

Super Growth	0.58%
Trustee Super Balanced	0.48%
Super Cash	0.19%

The MER is recovered directly from the Fund's assets and flows through to a reduced rate of return.

BENEFITS PAID

The number of benefits paid in 2000-2001 rose significantly to 9 534.

Type	2000-2001		1999-2000	
	No.	\$('000)	No.	\$('000)
Death (incl. Insurance)	25	513	16	494
TPD (incl. Insurance)	9	448	3	163
Retrenchment & Resignation	8 828	15 640	3 241	14 375
Retirement	672	6 936	269	3 245
Total	9 534	23 537	3 529	18 277

VOLUNTARY CONTRIBUTIONS Members can significantly increase their retirement benefits by making voluntary contributions to the Fund. The Fund has been specifically designed to allow members flexibility in the amounts and frequency they choose to contribute voluntarily. There are no additional charges for making voluntary contributions.

INSURANCE All new members must accept one unit of insurance cover unless they can show that they have a similar level of cover in place. Under the Fund's group life policy, new members are automatically accepted for this cover without a medical declaration or examination. Up to two units of cover are available on joining the Fund without medical evidence.

A significant increase in the level of cover available commenced on 1 October 1998. Up to 10 units of cover are available, subject to medical clearance for cover in excess of two units on joining the Fund. Members may request an increase in their level of cover but acceptance depends on our insurer accepting the medical evidence provided. Each unit of cover costs \$1 per week. Details of insurance options can be obtained from the Administrator.

While on Leave Without Pay/Maternity Leave, members' cover continues for up to 12 months provided that the member's account balance exceeds the applicable premium to be deducted.

On termination of employment, Hannover Life Re of Australasia, our insurer, provides death and TPD cover for 90 days. If the member remains in the Fund after this time, they automatically receive one unit of death-only cover at a cost of \$0.50 per week. The level of cover depends on age. A schedule of the level of cover at different ages is available on the website www.reisuper.com.au

LOW COST HOME LOANS The Trustee has invested \$1 million in the Superannuation Members' Home Loans program. This investment currently returns around six per cent. Importantly, it allows Fund members access to very competitive variable and fixed rate housing and residential investment property finance.

WHAT YOU MUST KNOW

There are no establishment fees and the lending criteria matches that of the major banks. If members qualify, they can refinance their existing loan.

As at 30 June 2001, 520 members of the Fund had obtained mortgage finance totalling some \$58.9 million through the program.

Rei Super is one of over 100 superannuation funds participating in the program that is administered by Members Equity.

Call 1300 654 990 for more information or visit the website www.membersequity.com.au

LOW COST BUSINESS LOANS The Trustee has invested \$1 million in Super Business Loans. Super Business Loans provides very competitive finance for all business needs including vehicle leasing.

Call 1800 500 680 for more information or visit the website www.membersequity.com.au

TOTAL & PERMANENT DISABLEMENT (TPD) Members who work full-time receive protection for total and permanent disablement. The policy offered through Hannover Life Re of Australasia Limited provides a good deal for Fund members.

This cover provides protection for both members and their families. The cover is 24 hours a day, 7 days a week (24x7).

The protection applies even when the member is not at work.

The rules for making a claim are strict and eligibility for a benefit is governed by the definition of Total and Permanent Disablement. The definition of TPD is:

- a. suffering the loss of two limbs or the sight of both eyes or the loss of one limb and the sight of one eye (where limb is defined as the whole hand or the whole foot); or
- b. having been absent from employment through injury or illness for six consecutive months and having provided proof to the satisfaction of the Insurer that the Member has become incapacitated to such an extent as to render the Member unlikely ever to engage in or work for reward in any occupation or work for which the Member is reasonably qualified by education, training or experience.

Clause (b) is the definition of TPD that most members rely on when they submit a claim. To be successful, the claimant must be so seriously injured or disabled that they can NEVER work again in a job that they are REASONABLY QUALIFIED to do.

Unfortunately, in some instances, members have the misconception that they may be eligible for TPD benefit if they cannot find a job. This is not the purpose of the TPD cover provided.

If a member indicates on their benefit payment request form that they left employment because of disablement and they have insurance cover, the appropriate forms will be sent to them for completion. In collecting information on a member's disablement, the insurer

may require a specialist medical report. The insurer pays for this report. The insurer assesses the claim and either accepts it or denies liability. If the insurer denies liability, the Trustee reviews the insurer's decision and makes a final determination.

SALARY PROTECTION INSURANCE (SPI) The Fund offers SPI to protect a member's income in the case of an accident and/or illness.

Members can insure up to 75 per cent of their salary. Salary includes commissions, retainers and bonuses.

Each unit of cover provides \$100/week and costs \$13 a year. If 75 per cent of your annual salary is, say, \$52 000, then to provide cover for \$1 000/week would cost \$130/year.

If members earn in excess of \$50 000 per year, they should seriously consider using their superannuation account to pay for their SPI.

For a brochure on SPI, call the Fund's administrator on 1300 1344 33. The brochure is also available on the website at www.reisuper.com.au

WHAT YOU SHOULD KNOW

TRUSTEE The chairman, directors and officer at 30 June 2001 were:

Independent Chairman (non-voting) ~ Bill Woolcock

Directors ~ Ian Armstrong ~ David Cameron ~ John Greig ~ Michael Kumm ~ Jill Macfarlane ~ Norm Meadows ~ Neville Pozzi ~ Ken Searson (Independent) ~ Beth Stratfold

Officer ~ Fund Secretary and Public Officer ~ Phil Roberts.

The Trustee of the Fund and registered office is:

Rei Superannuation Fund Pty Limited (ABN 68 056 044 770)

Level 11, St George Centre, 60 Marcus Clarke Street

CANBERRA ACT 2600.

TRUST DEED The Trust Deed was not amended during the year. As a member, you are entitled to inspect or obtain a copy of the Trust Deed. A reasonable photocopying and handling charge applies for a copy of the Deed. If you wish to inspect or obtain a copy of the Deed, contact:

The Fund Administrator

Rei Super

Locked Bag 479

ADELAIDE SA 5001

WHAT YOU SHOULD KNOW

TRUSTEE RESPONSIBILITIES The responsibility of trustees and their workload continues to grow. During 2000/2001, elected trustees were paid directors' fees of \$2 083 per month, the independent trustee \$2 333 per month and the Chairman since January 2001, \$3 600 per month. All directors attended all board meetings during the year with the exception of John Greig who was unable to attend the December 2000 meeting.

CREDITING INTEREST Interest is credited to each member's account on 1 July each year. If a member leaves the Fund during the year, interest is credited to the date of payment of a benefit. Interest is calculated on a daily basis, from the day contributions are credited to members' accounts, at the rate declared by the Trustee.

FUND TYPE The Fund is the industry fund for the property sector. It receives both employer and employee contributions. Employers should base their contributions on their payroll records and should make at least the minimum contribution required by the Superannuation Guarantee, currently 8 %, or the applicable award or enterprise agreement. Contributions paid to the Fund are accounted for on an accrual basis in the Fund's financial statements. When benefits are reviewed annually on 1 July, contributions are accounted for on a cash basis.

GOVERNMENT IMPOSED TAXES AND CHARGES The Federal Government imposes the most significant taxes and charges levied on the Fund. Employer contributions on behalf of employees and before-tax contributions by employees are taxed at 15 per cent. Earnings on investments are also taxed at 15 per cent and capital gains tax is levied on realized gains.

Income tax for 2000/2001 is \$8 472 662. The effective tax rate paid by the Fund in 2000/2001 is 11.5%.

EMPLOYERS During the year there was a further increase in the number of employers who made monthly contributions for their employees. As monthly contribution returns are sent to each employer, the Fund encourages monthly remittance of contributions. The Australian Tax Office continued its program of Superannuation Guarantee audits during the year. Employers should be aware that the ATO has no discretion should an employer not comply with the Act. All employers should keep a copy of their contribution returns. Employers are required to comply with the Trust Deed. In 2000/2001, 125 employers had their Fund membership cancelled because they ceased trading.

SURCHARGE In August 1996, the Federal Government introduced a surcharge (tax) on superannuation contributions for members with an adjusted taxable income of more than \$70 000 or who have superannuation contributions of \$2 000 or more per year and for whom the Fund does not have a tax file number.

For 2000/2001, the surcharge commences at an adjusted taxable income of \$81 493 at 0% and increases to 15% for an adjusted taxable income of \$98 955 or more. The surcharge tax paid by Fund members in 2000/2001 was \$927 597. In addition to taxes, the Fund is required to pay a fee to the Australian Prudential Regulation Authority. The fee for 2000/2001 was \$50 123.

MEMBER PROTECTION From 1 July 1995, the Fund has protected members' account balances of less than \$1 000.00. This means that the account balance of the 'protected member' will not be reduced by administration charges. Other charges such as the Federal Government's contributions tax, surcharge tax and insurance premiums will continue to be deducted.

INVESTMENT MANAGERS In the management of investment portfolios, it is acknowledged that the investment managers may use financial derivatives (eg. futures, options, forward purchase of currency, etc).

They may do this provided that the overall exposure to each asset sector is within the investment guidelines and provided that the portfolio is not geared (that is, derivatives must not be used as a substitute for borrowing).

In relation to the investment objectives and strategy, the Trustee considered the following:

- the risk involved in making and holding investments and the likely return for the Fund's investment having regard to the Trustee's objective and the Fund's cash-flow requirements;
- the composition of the Fund's investments as a whole, including the extent to which the investments are diverse or expose the Fund to risk from inadequate diversification;
- the liquidity of the Fund's investment having regard to the Fund's cash-flow requirements; and
- the ability of the Fund to discharge existing and prospective liabilities.

WHAT YOU SHOULD KNOW

ABRIDGED FINANCIAL STATEMENTS REI SUPER AS AT 30 JUNE 2001

Abridged Statement of Financial Position as at 30 June 2001

	2001	2000
	\$ ('000)	\$ ('000)
Assets		
Investments	228 388	186 299
Cash at bank	6 408	6 786
Sundry debtors	6 042	8 564
Total Assets	240 838	201 649
Less Liabilities		
Benefits payable	962	4 347
Sundry creditors	499	396
Provision for income tax	6 531	4 311
Provision for deferred income tax	401	1 976
Total Liabilities	8 393	11 030
Net Assets Available to Pay Benefits	232 445	190 619
Represented by:		
Liability for Accrued Benefits		
Allocated to Members' Accounts	224 365	183 920
Unallocated Amounts	8 080	6 699
Liability for Accrued Benefits		
as at 30 June	232 445	190 619

Abridged Operating Statement for the year ended 30 June 2001

	2001	2000
	\$ ('000)	\$ ('000)
Revenue		
Net investment revenue	8 916	21 122
Contributions revenue	54 657	45 220
Transfers from other funds	10 357	8 782
Proceeds from group life claims	735	435
Other income		6
Total Revenue	74 665	75 565
Less Expenditure		
Group life premiums	889	772
Administration fees	905	753
Other general administration expenses	1 110	856
Total Expenditure	2 904	2 381
Benefits Accrued as a result of Operations before Income Tax	70 835	72 290
Income Tax Expenses	8 439	7 533
Benefits Accrued as a Result of Operations	62 396	64 757

The Financial Statements of the Fund have been audited and an unqualified auditor's report has been received.



REI SUPERANNUATION FUND (REISF) PRIVACY STATEMENT

YOUR RIGHTS TO PRIVACY

The REISF Trustee knows and understands the importance of protecting an individual's right to privacy, particularly in relation to any personal details our contracted administrators, William M Mercer Pty Limited (MERCER), may hold.

On 21 December 2000, the Privacy Amendment (Private Sector) Act 2000 (Cth) received Royal Assent. It amended the Privacy Act (which currently covers federal public sector agencies and private sector credit providers) to include provisions that regulate the way private sector organisations handle personal information.

The Privacy Act ensures that private sector organisations provide basic protection to personal information, including extra protection to sensitive information, such as health information.

To comply with the Privacy Amendment Act 2000 (Cth), the REISF Trustee will be bound by the 10 National Privacy Principles outlined in the legislation. The National Privacy Principles regulate, among other things, the collection, storage, quality, use and disclosure of personal information. The Trustee will ensure compliance with this legislation by ensuring that the National Privacy Principles are entrenched in all the procedures and policies undertaken by MERCER, and other REISF contracted companies.

ADHERENCE TO THE NATIONAL PRIVACY PRINCIPLES

- The Trustee will collect personal information (where reasonable and practicable) directly from the individual. The Trustee may at times collect personal information directly from your employer.
- The Trustee will use the personal information collected for its primary purpose of collection only – that is, for the purposes of superannuation administration. Where the Trustee uses your information for a secondary purpose, such as direct marketing, the Trustee will obtain your consent. If your consent has not been obtained prior to the mailing, the Trustee will give you the opportunity to opt out of any future direct marketing campaigns at the time of mailing to you.
- The Trustee will take all reasonable steps to ensure that the personal information collected is accurate, complete and up to date. The Trustee will do this by ensuring that individuals are regularly given the opportunity to advise change of details with the mailings conducted each year.

- The Trustee has policies in place to ensure that the personal information collected and stored by MERCER is not misused or open to unauthorised access, modification or disclosure. The Trustee will achieve compliance with this by the standard audit process and by good communication with MERCER in regard to system access and will ensure external contractors contract on the basis that they also have privacy policies adhering to the National Privacy Principles.
- Where sensitive information such as information about your health is collected, it will only be used or disclosed for the primary purpose of collection and will not be used or disclosed for any other purposes unless MERCER, on behalf of the Trustee or the Trustee directly, holds your consent.

THE TYPES OF PERSONAL INFORMATION HELD BY MERCER, ON BEHALF OF THE TRUSTEE

MERCER collects personal information on behalf of the Trustee, for the purposes of superannuation administration. The type of personal information collected includes name, address, date of birth, telephone number and tax file number. The Trustee only collects personal information that is necessary for the purposes of superannuation administration.

The main way the Trustee would collect personal information from you is if you used the REISF web-site to lodge forms, such as membership application and change of personal details forms etc, or completed hard-copy paperwork sent to you. Also, there are circumstances where your employer may transfer your personal details to MERCER to establish a membership account on your behalf. In these cases, MERCER, on behalf of the Trustee, will advise you how your personal information will be used.

THE PURPOSE FOR COLLECTING PERSONAL INFORMATION

The personal information collected by MERCER, on behalf of the Trustee, is used to establish a superannuation membership account, to which your employer contributes, to correspond with you and to provide you with the superannuation benefits and options offered by your superannuation plan.



The consequences of not providing requested personal information may mean that MERCER, on behalf of the Trustee, will not be able to provide superannuation administration services to you, including offering you some benefits and options of your superannuation plan.

Other organisations, which will have access to your personal information may include:

- A mailing house – an organisation contracted to undertake all mailing for REISF.
- Archiving companies – MERCER contracted organisations to ensure that all hard-copy documents are stored off site in a secure environment.
- Auditors and Regulators – organisations that ensure REISF and MERCER are complying with legislation and can comment on contractual obligations.
- Underwriters – insurance organisations which provide underwriting services for insured benefits.
- Solicitors, barristers and medical specialists engaged by the Trustee and/or MERCER in respect of the REISF – your name and address will be de-identified as far as is possible in respect of these disclosures.
- Computing or information technology professionals engaged to assist MERCER with the provision of administration services for the REISF.

Should the Trustee enter into a strategic alliance with an organisation offering financial planning services to the public, disclosure of members' personal information to that organisation for provision of those services may become necessary.

CONTACT DETAILS

If you would like further information on how MERCER or the Trustee handles personal information, or if you wish to make a complaint about a possible breach of privacy, please write to the address below:

*Complaints Officer
Rei Super
Locked Bag 479
Adelaide SA 5001*

If you are not satisfied with the resolution of any matter of privacy, you can refer the matter to the Privacy Commissioner by calling 1300 363 992.

REQUESTS FOR PERSONAL INFORMATION

Under the National Privacy Principles, you also have a right to know what information the Trustee holds and you are entitled to view this information to ensure it is accurate and correct. To obtain this information, please write to the postal address above requesting MERCER, on behalf of the Trustee, to forward your personal details. There are certain circumstances in which access to the information will be denied or restricted.

You must understand that providing information to you in an electronic form may not be secure.

A small charge may in certain circumstances be levied for the administration time involved in capturing and providing your specifically requested information.

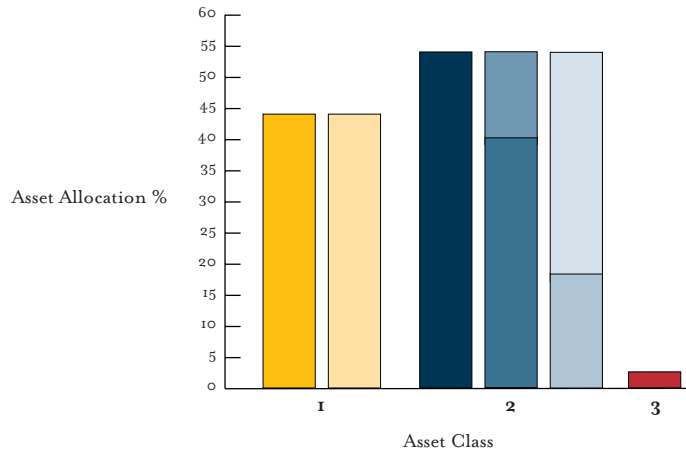
This statement has been prepared to assist individuals' understanding of how the Trustee aims to protect the privacy of your personal information. A more detailed 'Privacy Plan' established by the Trustee for your certainty and benefit will be posted on the web site at www.reisuper.com.au by 21 December 2001.



WHAT YOU SHOULD KNOW

SUPER GROWTH INVESTMENT OPTION

Total Investments - \$39.702 million



1. AUSTRALIAN SHARES

■ Asset Allocation 44%
■ Active 100%

Investment Managers

AMP, Credit Suisse, Jardine Fleming Capital Partners,
Maple-Brown Abbott

2. INTERNATIONAL SHARES

■ Asset Allocation 54%
■ Active 75%
■ Passive 25%
■ Hedged 35%
■ Unhedged 65%

Investment Managers

Capital, Fidelity, Lazard, Putnam, Wellington, SSgA

3. CASH

■ Asset Allocation 2%

Investment Manager

Invesco

Performance of the Fund over the past five years

Investment Option:	Trustee Super Balanced			Super Growth			Super Cash			
	CR	CPI	RR	CR	CPI	RR	CR	CPI	RR	
Year	Earnings\$									
1996-97	11 381 349	18.0	0.3	17.7						
1997-98	7 352 880	8.5	0.7	7.8						
1998-99	9 613 785	8.4	1.1	7.3	9.5	1.1	8.4	4.5	1.1	3.4
1999-00	21 122 457	9.7	3.2	6.5	13.1	3.2	9.9	4.6	3.2	1.4
2000-01	8 915 844	4.0	6.0*	-2.0	1.5	6.0*	-4.5	4.0	6.0*	-2.0
Five Year Compound Average	9.6%									

CR – Crediting Rate CPI – Consumer Price Index RR – Real Return

* Includes Once Only GST Impact

WHAT YOU SHOULD KNOW

TRUSTEE SUPER BALANCED INVESTMENT OPTION

Total Investments - \$194 369 million



1. AUSTRALIAN SHARES

Asset Allocation	35%
Active	80%
Passive	20%

Investment Managers

AMP, Credit Suisse,
Jardine Fleming Capital Partners,
Maple-Brown Abbott, SSgA

2. INTERNATIONAL SHARES

Asset Allocation	29%
Active	60%
Passive	40%
Hedged	28%
Unhedged	72%

Investment Managers

Capital, Fidelity, Lazard, Putnam, Wellington,
SSgA

3. LISTED PROPERTY

Asset Allocation	29%
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Investment Managers

AMP, Zurich Schudder

4. AUSTRALIAN BONDS

Asset Allocation	12%
Active	100%

Investment Managers

BT, Invesco, Citigroup, UBS

5. INTERNATIONAL BONDS

Asset Allocation	12%
Passive	100%
Hedged	100%

Investment Manager

SSgA

6. MEMBERS EQUITY

Asset Allocation	1%
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Investment Manager

IFBT

7. CASH

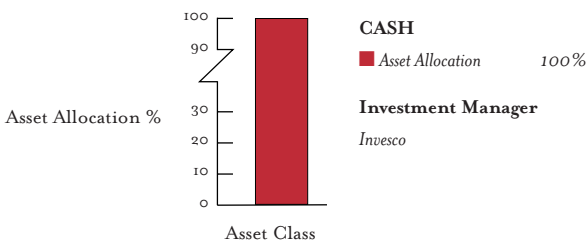
Asset Allocation	3%
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Investment Manager

Invesco

SUPER CASH INVESTMENT OPTION

Total Investments - \$0.729 million



WHAT YOU SHOULD KNOW

IMPLEMENTED CONSULTING After extensive research and interviews, Rei Super appointed InTech to provide implemented asset consulting services from 1 July 2000. Rei Super uses InTech's Managed Asset Consulting Service (MACS) for almost all of its investments. InTech has been delegated full responsibility and is held accountable for selecting and monitoring asset managers, implementing investment decisions and managing the day-to-day cash flow, asset allocation and other ongoing investment administration matters.

Rei Super retains full control over the type and number of investment options offered, the primary objective, investment objectives and peer group objectives for each investment option, the strategic asset allocation and ranges for the asset classes in each investment option.

In essence, Rei Super with the assistance of InTech has set the investment objectives and investment strategies and has delegated investment implementation in MACS Trusts in accordance with those objectives and strategies.

At each Trustee board meeting the directors review the performance of the Fund against the investment objective, benchmarks and strategy in light of the comprehensive analysis provided.

From time to time trustee directors attend investment briefings by fund managers and InTech.

MONITORING INVESTMENT PERFORMANCE During the year, the Fund received investment advice from Paul Ireland and Andrew Korbel, Senior Consultants, InTech. InTech also provides a quarterly investment report for the Trustee.

InTech staff provide investment management performance details and William M Mercer provide administration information for the monthly report that is compiled and circulated to the trustees from the Secretariat.

PURPOSE Rei Super is designed for people who work in the property sector. The Fund provides its members with benefits on retirement and, for members' dependants, additional benefits in the event of death or total and permanent disablement. The Fund provides for:

- increased benefits to members through voluntary contributions;
- maintenance of accumulated benefits in the Fund without penalty after a member transfers employment within the industry;
- additional benefits for dependants in the event of a member's death;
- additional benefits for the member and dependants in the event of a member's total and permanent disablement; and
- salary protection insurance in the event of an accident or ill-health.

TYPE OF FUND The Fund is an accumulation fund where contributions made by, or on behalf of a member, are accumulated in the member's name. Contributions are held in one account, together with any interest less administration costs, taxation and insurance costs where applicable. Interest credited to members is the earning rate of the investment choice selected by the member.

MEMBERSHIP CATEGORIES

- **Category 1:** Non award staff on a sliding vesting scale with voluntary employer superannuation arrangements and/or Superannuation Guarantee.
- **Category 1a:** Members who are self-employed. (This section of the Fund is closed to new members.)
- **Category 2:** Employee members who are either covered by an Award and/or Superannuation Guarantee (including directors of a company) and are 100% vested.

CONTRIBUTIONS The Fund accepts:

- superannuation guarantee contributions;
- occupational superannuation contributions required under an Award or prescribed agreement or arrangement;
- voluntary contributions by an employer over and above the levels prescribed under Superannuation Guarantee and/or an Award or prescribed agreement or arrangement;
- voluntary member contributions;
- contributions from existing Category 1a members; and
- contributions on behalf of low income spouses of members.

BENEFITS Benefits payable to members will represent the total of all accounts held by the Fund in each member's name that are vested in the member. In the event of death or total and permanent disablement or an accident, additional benefits may be payable if the member is insured.

PORTABILITY The Fund has been specifically designed with portability in mind. Members can retain their membership, and therefore their benefits in the Fund, whilst transferring between employers who are members of the Fund. For a period of up to 2 years after leaving employment, the Fund can accept voluntary contributions from a member. There are no charges for changing employment and retaining membership in the Fund. If members have a benefit from another fund they can transfer (roll-over) that benefit into Rei Super. There are no charges for having superannuation benefits rolled into the Fund. Members can also transfer their benefits to another fund when they change employer.

WHAT WE HAVE TO TELL YOU

TRUSTEE INDEMNITY INSURANCE The Trustee has arranged a policy for Trustee Indemnity Insurance cover for \$10 million. This policy is designed to provide added protection for the Fund's assets.

FUND ADMINISTRATION The Fund is administered by William M Mercer Pty Ltd (ABN 32 003 315 917). The company is part of the Marsh & McLennan Group, which is one of the largest insurance broking operations in the world. The Trust Deed allows the Trustee to appoint an administrator for the Fund. The tasks and duties of the administrator are detailed in a Memorandum of Delegation of Authority that the Trustee has provided to William M Mercer. Under the Memorandum, William M Mercer is responsible for establishing and maintaining all Fund administration records, receiving contributions, paying benefits and attending to most administrative requirements of the Fund. William M Mercer is paid a monthly fee for the administration it provides, based on the number of Fund members. From time to time William M Mercer provides additional services to the Fund that are paid for on a 'fee for service' basis.

SUPERANNUATION SECRETARIAT SERVICES The Trustee has appointed Superannuation Secretariat Services Pty Ltd to provide secretariat services for the Fund. The company employs Mr Phillip Roberts as Executive Officer/Fund Secretary. He is also the Public Officer and Complaints Officer for the Fund.

COMPLYING FUND Rei Super has complied with the Occupational Superannuation Standards legislation since the legislation was introduced. Since 1 July 1994 the Fund has also complied with the Superannuation Industry (Supervision) Act, 1993. This makes Rei Super a complying fund.

The staff of the Fund Administrator who can help you with any enquiries you may have regarding your entitlements are: Fund Administration Manager: Julie Ingham, Work group Leaders: Aileen Hurst and Sonja Brauns, Fund Administrators: Angela Godleman, Troy Sutherland, Steven Conlon and Rachel Hayes. Sarah Howlett leads the Service Centre team. Employers or their office manager should contact the administrator named on the contribution return when they require any specific information.

REGULATED FUND The Fund is a regulated superannuation fund. The Superannuation Industry (Supervision) Act 1993 and regulations govern the operation of superannuation funds in Australia. This report contains all the information and disclosures required by the legislation.

ELIGIBLE ROLL-OVER FUND (ERF) The Superannuation (Industry) Supervision legislation allows the Trustee to pay a member's benefit to an eligible rollover fund once 28 days have elapsed after a benefit becomes payable and the member has not given a direction to the Trustee. Currently, the legislation also requires that the Trustee must pay a member's benefit into an ERF if the member becomes a 'lost member'. During the year, the Trustee has used the discretion provided by the legislation to rollover members' benefits into the Colonial SuperTrace ERF. Members affected by this Trustee decision are notified. The ERF can be contacted as follows:

Colonial SuperTrace ERF
Locked Bag 5429
PARRAMATTA NSW 2124
Tel: 1300 788 750

MANAGING YOUR FUND The Trustee is responsible for the overall management of the Fund. The board meets quarterly to review the operations of the Fund and considers such matters as:

- performance of the Fund's investments and assessment of the investment strategy;
- administration of the Fund including receiving reports from William M Mercer on administration and technical superannuation issues;
- payment of discretionary benefits relating to death or total and permanent disablement claims; and
- promotion of the Fund to members, employers and other interested parties.

Comprehensive performance standards for the Fund Administrator have been established. These standards are designed to obtain the best possible service for members. They provide the means by which the Trustee monitors the performance of William M Mercer.

Performance standards are agreed with the Fund Administrator to ensure they are realistic and reasonable. The trustee directors with a view to improving services to members regularly review the standards against industry 'best practice'.

PRESERVATION Under changes to the superannuation legislation that came into effect on 1 July 1997, benefits payable in excess of \$500 must be preserved and paid into an 'Approved Deposit Fund' unless the member:

- has reached preservation age and has permanently retired from the work force;
- is permanently disabled;
- has reached age 65.

WHAT WE HAVE TO TELL YOU

If one or more of these conditions can be satisfied, the benefit can be paid to the member. Proof of satisfying these conditions must be provided to the Fund Administrator. All superannuation contributions received after 30 June 1999 are preserved.

<i>Birth Date</i>	<i>Preservation Age</i>
<i>Before 1/7/60</i>	<i>55</i>
<i>1/7/60 – 30/6/61</i>	<i>56</i>
<i>1/7/61 – 30/6/62</i>	<i>57</i>
<i>1/7/62 – 30/6/63</i>	<i>58</i>
<i>1/7/63 – 30/6/64</i>	<i>59</i>
<i>After 30/6/64</i>	<i>60</i>

COMPLAINTS Rei Super has formally established and approved procedures for handling complaints from members. The procedure provides members with a mechanism to lodge complaints and to have them answered.

In the first instance, complaints should be in writing and addressed to: Complaints Officer, Rei Super, Locked Bag 479, Adelaide SA 5001.

The Complaints Officer will consider a member's complaint and respond in writing. If members are not completely satisfied with the response, or consider that they have been disadvantaged by a decision, they should formally notify the Fund that they dispute the decision. In this case, their letter to the Complaints Officer should be headed "Notice of Dispute". The Fund will consider and respond to the notice of dispute within 90 days.

Members have a further avenue of redress if they do not receive a response within 90 days or are not satisfied with the response. If the above procedures have been followed, members can approach the Superannuation Complaints Tribunal for assistance with their dispute.

The Superannuation Complaints Tribunal can be contacted on 13 14 34.

DISCLAIMER Information provided in this report is not offered as financial, investment or taxation advice. Individuals should seek appropriate professional advice for financial, investment and taxation matters.

Information provided in this report was correct as at 31 October 2001.

TRUSTEES AND OFFICERS

(Standing L to R) John Greig, David Cameron, Neville Pozzi, Norm Meadows, Michael Kumm, Phil Roberts
 (Seated L to R) Ian Armstrong, Jill Macfarlane, Bill Woolcock, Beth Stratfold, Ken Searson





Ian Armstrong



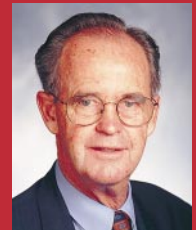
David Cameron



John Greig



Jill Macfarlane



Norm Meadows



Neville Pozzi



Ken Seanson



Beth Stratfold



Michael Kumm
Joined the Board on February 2001.

SERVICE PROVIDERS

Accounting and Taxation Advisor

William M Mercer Pty Ltd
ACN 005 315 917

Auditor

Arthur Andersen
ACN 125 456 273

Banker

Macquarie Bank Limited
ACN 008 583 542

Fund Administrator and Advisor

William M Mercer Pty Ltd
ACN 005 315 917

Insurers

Hannover Life Re of Australasia Limited
ACN 002 971 477
MLC Limited
ACN 000 000 402

Investment Advisor

InTech Fiduciaries Limited
ABN 54 071 808 501

Investment Managers

AMP Asset Management Australia Limited
ACN 001 777 591
National Mutual Funds Management Ltd
ACN 006 787 720
Credit Suisse Asset Management
ACN 007 305 384
Lazard Asset Management Pacific Co.
ACN 064 523 619
Maple-Brown Abbott Limited
ACN 001 208 564
Merrill Lynch Mercury Asset Management
Limited
ACN 006 165 975
Macquarie Bank Investment Management
Limited
ACN 002 867 003

Rothschild Asset Management Limited

ACN 000 727 659
Salomon Smith Barney Asset Management
Australia Limited
ACN 004 835 849
Schroders Australia Property Management
Limited
ACN 003 048 486
Vanguard Investments Australia Limited
ACN 072 881 086

Secretariat Services

Superannuation Secretariat Services
ACN 078 767 049

Solicitors

NSP Buck Legal