LEGISLATIVE ASSEMBLY MEMBERS'
SUPERANNUATION FUND

Annual Report

2013-14

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Northern Territory Superannuation Office

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Introduction

The Legislative Assembly Members' Superannuation (LAMS) scheme is established by the *Legislative Assembly Members' Superannuation Fund Act* (LAMS Act) and provides superannuation benefits for eligible members of the Northern Territory Legislative Assembly. The LAMS scheme commenced operation on 23 September 1979 and was closed to new members on 9 May 2005. Since that date, parliamentarians elected to the Legislative Assembly for the first time have the superannuation guarantee paid to their nominated complying superannuation fund.

Superannuation Trustee Board

Under the LAMS Act and the *Superannuation Act*, the Superannuation Trustee Board (STB) has overall responsibility for the management and the investments of the three funds administered by the Northern Territory Superannuation Office, including the LAMS fund. Day-to-day administration is undertaken by the Commissioner of Superannuation.

STB met four times during the year. The meetings related to general business of STB and investment decisions of the fund.

The STB resolved to apply its associated costs to the three funds administered according to the value of funds under management. On this basis, 5.94 per cent is attributed to LAMS for 2013-14. STB expenses totalled $65 702, of which $3902 was attributed to LAMS. Costs include sitting fees, training and conference attendance, Australian Institute of Superannuation Trustees membership and governance expenses.

Legislative Amendments

In the 2013-14 financial year, no amendments were made to any of the Acts that affect the LAMS scheme.

Administration

Compliance and Taxation Status of the LAMS Scheme

The scheme is an exempt public sector superannuation scheme and therefore is not regulated under the Commonwealth *Superannuation Industry (Supervision) Act 1993* (SIS Act).

A Heads of Government Agreement provides that the scheme complies with the Commonwealth retirement income policies and therefore conforms with the principles of the SIS Act and certain other Australian superannuation legislation. This means that although the scheme is subject to some Australian superannuation legislation, such as the superannuation surcharge and family law, the scheme is specifically exempt from legislation such as choice of fund.

A compliance audit of the scheme is undertaken each year by the Auditor-General, in conjunction with the annual financial statement audit, to ensure that the scheme complies with the principles of the SIS Act. To date, no compliance issues have arisen from these audits.

The scheme is a complying fund for the purposes of part IX of the *Income Tax Assessment Act 1936* as amended. Consequently, income tax is assessable at 15 per cent on net investment earnings and net taxable contributions.

Audit

An audit of the scheme was conducted by the Auditor-General for the Northern Territory as at 30 June 2014. No compliance issues arose from the audit.

Actuarial Services

Actuarial services to the scheme were provided by John Rawsthorne FIAA of Cumpston Sarjeant Pty Ltd, under the panel contract arrangements for actuarial services to the Territory Government.

An actuarial investigation of the scheme has been undertaken as at 30 June 2013. A summary of the report is provided on page 5. The next triennial actuarial review is due in 2016.

Summary of the Report of the Actuarial Investigation of the Scheme

as at 30 June 2013

The triennial actuarial investigation of the scheme was carried out as at 30 June 2013 by John Rawsthorne FIAA of Cumpston Sarjeant Consulting Actuaries Pty Ltd and the results were presented in his report dated 16 August 2013.

The scheme was closed to new members in 2005 and the contributory membership has decreased quickly since. However, there will be pensions payable from the scheme for many years as the pensioners and four contributors are relatively young. The most important assumption in determining the eventual employer liability for current contributors is the rate of future salary and pension growth. The exercise of exit and commutation option by the few remaining contributors, and the eventual longevity of pensioners will also impact on liabilities to a moderate extent.

Accrued liabilities at 30 June 2013 were $71.4 million compared to $63.6 million at 30 June 2010. The liability is based on future salary growth of 4.5 per cent per annum and future investment returns on assets of 7.0 per cent per annum net of investment tax. Low recent and anticipated short-term salary growth has reduced liabilities by about $4 million compared to expected, while lower actual and anticipated commutations at pension commencement have increased liabilities by about $3 million compared to expected. Currently assets are around 80 per cent of liabilities.

Emerging costs are expected to be about $3.3 million in 2013-14, and will increase in nominal terms to about $4.6 million per annum in 2020.

The assets of the fund are invested with 70 per cent in growth assets and 30 per cent in defensive assets. This is appropriate for a fund with long-term wage-linked liabilities.

The current estimate of total future employer contributions required is $16.7 million, plus contributions tax of $2.9 million.

The long-term employer contribution rate recommended at the valuation is $2 million per annum.

Auditor-General

Independent Auditor's Report to the Trustee Board
Legislative Assembly Members' Superannuation Fund
Year Ended 30 June 2014

I have audited the accompanying financial report of the Legislative Assembly Members' Superannuation Fund (the Fund), which comprises the statement of changes in net assets, statement of net assets as at 30 June 2014, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Trustee Board for the Financial Report

The Trustee Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial report gives a true and fair view of the financial position of the Legislative Assembly Members' Superannuation Fund as at 30 June 2014 and its changes in net assets for the year then ended in accordance with Australian Accounting Standards.

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

30 September 2014

Statement by the Superannuation Trustee Board

In the opinion of the Superannuation Trustee Board:

- the accompanying financial statements consisting of a Statement of Net Assets, Statement of Changes in Net Assets and Notes to the Financial Statements are drawn up to present fairly the financial position of the Legislative Assembly Members' Superannuation Fund as at 30 June 2014 and the results of its operations for the year then ended in accordance with Australian Accounting Standards and other mandatory reporting requirements;
- the financial statements have been prepared in accordance with the requirements of the *Legislative Assembly Members' Superannuation Fund Act* as amended; and
- the scheme has operated in accordance with the provisions of the *Legislative Assembly Members' Superannuation Fund Act* and the *Superannuation Act* as amended and in compliance with the requirements of the *Superannuation Industry (Supervision) Act 1993* during the year ended 30 June 2014.

Deputy Chairperson Date: 26 September 2014

M MCADIE

Member Date: 26 September 2014

A POLLON

Statement of Net Assets

as at 30 June 2014

	Note	2014	2013
		$000	$000
ASSETS			
Cash and cash equivalents		202	223
Wholesale unit trusts	4	63 859	56 619
TOTAL ASSETS		**64 061**	**56 842**
Less			
LIABILITIES			
Sundry liabilities		7	6
Provision for surcharge contributions tax		220	215
Current tax liability	6(c)	20	22
TOTAL LIABILITIES (excluding net assets available to pay benefits)		**247**	**243**
NET ASSETS AVAILABLE TO PAY BENEFITS		**63 814**	**56 599**

The statement of net assets should be read in conjunction with the notes to the financial statements.

Statement of Changes in Net Assets

for the year ended 30 June 2014

	Note	2014	2013
		$000	$000
REVENUE			
Investment income		**8 550**	**9 352**
Interest		10	16
Distributions from investments		1 324	1 574
Movement in net market value of investments		7 216	7 762
Contributions revenue		**2 139**	**2 347**
Members' contributions		68	107
Surcharge debts paid		71	240
Territory contributions		2 000	2 000
TOTAL REVENUE		**10 689**	**11 699**
EXPENSES			
Benefits paid		**3 438**	**3 711**
Lump sum benefits		111	640
Pensions		3 327	3 071
Other expenses		**12**	**15**
Board expenses		4	4
Other expenses		3	3
Superannuation surcharge contributions tax		5	8
TOTAL EXPENSES		**3 450**	**3 726**
Net change for the year before income tax		7 239	7 973
Income tax expense	6(b)	24	23
Net change for the year after income tax		**7 215**	**7 950**
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE BEGINNING OF THE FINANCIAL YEAR		**56 599**	**48 649**
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF THE FINANCIAL YEAR		**63 814**	**56 599**

The statement of changes in net assets should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements for the year ended 30 June 2014

1. Reporting Entity

The Legislative Assembly Members' Superannuation scheme (ABN 61 929 107 845) was established under the *Legislative Assembly Members' Superannuation Fund Act* (as amended). The fund incorporates a member accumulation and a defined benefit component and operates for the purpose of providing Members of the Legislative Assembly (and their dependants or beneficiaries) lump sum or pension benefits or both upon retirement, termination of service, death or disablement. Administration of the scheme and the fund is conducted by the Northern Territory Superannuation Office on behalf of the Trustee.

2. Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose report that is prepared in accordance with Australian Accounting Standards (AAS) including AAS25, other applicable accounting standards, the requirements of the *Superannuation Industry (Supervision) Act 1993* and regulations, and the provisions of the *Legislative Assembly Members' Superannuation Fund Act* as amended.

International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB). Certain requirements of AAS25 differ from the equivalent requirements that would be applied under IFRS.

The financial statements were approved by the Trustee on 26 September 2014.

(b) Basis of measurement

The financial statements are prepared on a net market value basis.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional currency of the scheme.

Amounts have been rounded to the nearest one thousand dollars except where otherwise noted.

(d) Use of estimates and judgements

The preparation of financial statements requires the Trustee to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are viewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

There are no critical accounting estimates and judgments contained in these financial statements other than those used to determine the liability for accrued benefits, which are not brought to account but disclosed by way of note. The significant accounting policies adopted in the preparation and presentation of the financial report are detailed in the following note.

Notes to the Financial Statements for the year ended 30 June 2014

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently in these financial statements.

(a) Assets

Assets are included in the statement of net assets at net market value as at reporting date, and movements in net market value of assets are recognised in the statement of changes in net assets in the periods in which they occur.

The fund recognises financial assets on the date it becomes party to the contractual provisions of the asset. Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in net market value are recorded.

Estimated costs of disposal are deducted in the determination of net market value. As disposal costs are generally immaterial, unless otherwise stated, net market value approximates fair value.

The fund's investments with JANA Investment Advisers (JANA) are unitised and operate as units in untaxed superannuation trusts. The investments are valued at the redemption price at reporting date, as advised by JANA, and are based on the net market value of the underlying investment.

Unit values denominated in foreign currency are then translated to Australian dollars at the current exchange rates.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily converted to known amounts of cash and subject to an insignificant risk of changes in value.

(c) Financial liabilities

The fund recognises a financial liability on the date it becomes a party to the contractual provisions of the instrument.

Benefits payable comprises the entitlements of members who ceased employment with the employer sponsor prior to year end but have not been paid by that date. Other payables are payable on demand or short time frames of less than 60 days.

The fund recognises financial liabilities at net market value as at reporting date with any change in net market values of the fund's financial liabilities since the beginning of the reporting period included in the statement of changes in net assets for the reporting period. Net market value approximates to the amortised costs of the liability using the effective interest rate method less estimated transaction costs.

As disposal costs are generally immaterial, unless otherwise stated, net market value approximates fair value.

Notes to the Financial Statements for the year ended 30 June 2014

3. Significant Accounting Policies (continued)

(d) Accrued benefits

The liability for accrued benefits is the fund's present obligation to pay benefits to members and beneficiaries and has been calculated on the basis of the present value of expected future payments arising from membership of the scheme up to the reporting date.

In accordance with Section 8 of the *Legislative Assembly Members' Superannuation Fund Act*, the triennial actuarial investigation of the fund was last undertaken as at 30 June 2013 and the results were provided in the actuary's report dated 16 August 2013. The main accrual assumption used to determine accrued benefits was that basic salaries on which pensions are indexed will increase at a rate of 2.5 per cent below investment returns. The 2013 review revised the assumption for benefits being commuted down to 15 per cent, in light of experience.

(e) Revenue

Interest revenue

Interest revenue is recognised when the fund has established its right to receive the interest.

Distributions and dividends

Distribution and dividend revenue is recognised when the fund has established its right to receive the income.

Contribution revenue and transfers

Member and employer contributions and transfers into the fund are recognised when the control of the asset has been attained. These transactions are recorded in the period to which they relate. Under Section 16 of the *Legislative Assembly Members' Superannuation Fund Act*, members contribute to the fund at the rate of 11.5 per cent of their salaries.

Movement in net market value of investments

Changes in net market value of investments are recognised as income and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year or cost (if the investment was acquired during the period).

(f) Income tax

The contributory superannuation scheme established under the *Legislative Assembly Members' Superannuation Fund Act* is an exempt public sector superannuation scheme under the *Superannuation Industry (Supervision) Act 1993* and is deemed to be a complying superannuation fund for the purposes of Part IX of the *Income Tax Assessment Act 1936* (as amended). Accordingly, the concessional tax rate of 15 per cent has been applied.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the statement of net assets and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation of the asset using tax rates enacted or substantially enacted at the reporting date.

Notes to the Financial Statements for the year ended 30 June 2014

3. Significant Accounting Policies (continued)

A deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that a related tax benefit will be realised.

The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Trustee and are properly payable by the fund.

(g) Superannuation contributions (surcharge) tax

The Trustee recognises amounts paid or payable in respect of the surcharge tax as an expense of the fund. The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Trustee and are properly payable by the fund.

No estimate has been made for the balance of any tax payable in respect of surchargeable contributions received by the fund during the current year as the Trustee is unable to determine this amount until receipt of applicable assessments in the following period.

The superannuation contribution surcharge is levied on notional surchargeable contributions in relation to periods from 21 August 1996 to 30 June 2005. The Australian Taxation Office (ATO) assesses the amount of surcharge based on each member's adjusted taxable income and level of surchargeable contributions and periodically sends grouped assessments to the fund. The liability to pay the surcharge rests with the holder of the surchargeable contribution at the time the surcharge assessment is received from the ATO.

The superannuation surcharge was abolished with effect from 1 July 2005 by the *Superannuation Laws Amendment (Abolition of Surcharge) Act 2005*. The last reporting of contributions for surcharge purposes will be in respect of contributions made up to and including 30 June 2005.

(h) GST

The fund is not registered for GST. Where GST has been applied, revenues, expenses and assets are recognised inclusive of GST. Receivables and payables in the statement of net assets are also shown inclusive of GST.

(i) Issued standards not early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods commencing 1 July 2014 and have not been applied in preparing these financial statements. Those that may be relevant to the fund are set out below. The fund does not plan to early adopt these standards.

AASB9: AASB9 Financial Instruments (2013), AASB9 Financial Instruments (2010) and *AASB9 Financial Instruments (2009).*

AASB9 introduces new requirements for the classification and measurement of financial assets. Under AASB9 (2009), financial assets are classified and measured based on the business model in which they are held and characteristics of their contractual cash flows. AASB9 (2010) introduces additional changes relating to financial liabilities. The International Accounting Standards Board currently has an active project to make limited amendments to the classification and measurement requirements of AASB9 and the new requirements to address impairment of financial assets. AASB9 (2013) introduces new requirements for hedge accounting.

Notes to the Financial Statements for the year ended 30 June 2014

3. Significant Accounting Policies (continued)

AASB9 is effective for annual periods beginning 1 January 2017. The effective date is subject to review pending the finalisation of the outstanding phases of the standard but early adoption is permitted. The adoption of these standards is not expected to have a significant impact on the fund's net assets, since the overriding requirements of AAS25 is to measure assets and liabilities at net market value.

4. Investments

	2014	2013
	$000	$000
Units in National Corporate Investments Trust (NCIT)		
Opening balance	56 619	48 684
Additions/redemptions	- 1 300	- 1 401
Market movement	7 216	7 762
Distributions	1 324	1 574
Closing balance	63 859	56 619

5. Auditors' Remuneration

Audit services are provided by the Northern Territory Auditor-General's Office at no cost to the fund.

Notes to the Financial Statements for the year ended 30 June 2014

6. Income Tax Expense

	2014	2013
	$000	$000
(a) Current tax expense		
Current year	24	23
Total Income tax expense	**24**	**23**
(b) Numerical reconciliation between tax expense and benefits accrued as result of operations before tax		
Net change for the year	7 239	7 973
Income tax expense		
Tax at the complying superannuation fund tax rate of 15% (2013: 15%)	1 086	1 196
Increase in income tax expense due to:		
Pension payments	516	557
Non deductible expenses	2	2
Decrease in tax expense due to:		
Investment income	- 136	1
Member contributions and transfers in	- 21	- 52
Exempt pension income	- 1 192	- 1 446
Tax effect of other adjustments		
Imputation and foreign tax credits	- 231	- 235
Income tax expense on benefits accrued as a result of operations	**24**	**23**
(c) Current tax liabilities/(assets)		
Balance at beginning of year	22	- 256
Income tax paid – current period	- 4	- 1
Income tax received	- 22	256
Current year's income tax provision	24	23
Total current tax liabilities	**20**	**22**

7. Liability for Accrued Benefits and Funding Arrangements

(a) Benefits payable

Benefits payable include benefits in respect of members who ceased to be members prior to year end but had not been paid by that date. At 30 June 2014, there were no benefits payable.

(b) Guaranteed benefits

Section 10 of the *Legislative Assembly Members' Superannuation Fund Act* provides that any contributions required to be paid into the fund by the Territory are authorised to be paid from the public moneys of the Territory.

Notes to the Financial Statements for the year ended 30 June 2014

7. Liability for Accrued Benefits and Funding Arrangements (continued)

(c) Accrued benefits

The amount of accrued benefits has been determined on the basis of the present value of expected future payments, which arise from membership of the scheme up to the reporting date. The figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions. The liability for accrued benefits is not included in the statement of net assets, but the liability at the latest measurement date is reported by way of note.

	2014	2013
	$000	$000
Accrued benefits as at 30 June	73 838	71 439

8. Vested Benefits

Vested benefits are benefits not conditional upon continued membership of the scheme and include benefits that members are entitled to receive had they terminated their membership of the scheme at the reporting date. Vested benefits at a particular date represent the present value of benefits payable in respect of former members and the benefits payable to current members on voluntary withdrawal from scheme membership at that date. Vested benefits were measured as at the 30 June 2014 actuarial review on the basis of 15 per cent commutation.

	2014	2013
	$000	$000
Vested benefits as at 30 June	76 062	73 199

9. Related Parties

(a) Sponsor

Costs for the day-to-day management of the scheme are paid by the Territory and include salaries, audit, actuarial, office accommodation, administration and operational costs.

(b) Trustee

The Superannuation Trustee Board (STB) is the Trustee of the fund. In 2013-14, there were no changes to STB membership.

Current members are:

Kathleen Robinson	Chairperson
Marianne McAdie	Deputy Chairperson
Jodie Ryan	Member
Alex Pollon	Member
Vicky Coleman	Member
Michael Martin	Member
Naomi Porrovecchio	Member
Mark McAdie	Member
Gowan Carter	Member

Notes to the Financial Statements for the year ended 30 June 2014

9. Related Parties (continued)

Four members were paid sitting fees for services during the 2013-14 financial year totalling $5320.

The total board cost is attributed to each of the three funds proportional to the value of funds under management. Board expenses totalled $65 702, of which $3902 (5.9 per cent) was attributed to LAMS. Costs include sitting fees, training and conference attendance, Australian Institute of Superannuation Trustees membership and governance expenses.

Where a member is also a member of the scheme, member contributions or benefit payments are made in accordance with the normal terms and conditions of the scheme rules and governing legislation. No retirement benefits from the LAMS scheme were paid to board members or relatives of board members during the reporting period.

10. Financial Instruments

Investments of the fund (other than cash held for liquidity purposes) comprise units in untaxed superannuation trusts. The Trustee determined that this type of investment is appropriate for the fund and is in accordance with the fund's investment strategy.

The Trustee has overall responsibility for the establishment and oversight of the fund's risk management framework. The Trustee establishes risk management policies to identify and analyse the risks faced by the fund and they set appropriate risk limits and controls, monitor risks and adherence to risk limits. Monitoring of risks includes those managed by the investment manager, JANA. The former Trustees appointed MLC Implemented Consulting (MLC) in 2005. MLC merged with JANA last year.

The Trustee regularly reviews the risk management policies to ensure changes in market conditions and the fund's activities are reflected.

The fund's investments are exposed to a variety of investment risks, such as market risk and liquidity risk. This note presents information about the fund's exposure to these risks, the scheme's objectives, policies and processes for measuring and managing risk.

JANA reports regularly to the Trustee and provides a formal risk management statement. Other reports from JANA include:

- details of the controls it has in place to monitor compliance with the fund's investment strategy;
- current asset allocations against target positions;
- investment performance against benchmarks; and
- fund manager compliance reporting.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. To mitigate market risk, JANA undertakes extensive due diligence prior to the appointment of fund managers and monitors ongoing investment manager performance.

Notes to the Financial Statements for the year ended 30 June 2014

10. Financial Instruments (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The fund is exposed to currency risk on financial instruments that are denominated in a currency other than Australian dollars. Consequently, the fund is exposed to the risk that exchange rates may change in a manner that adversely affects the value of the fund's investments held in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the fund's financial assets are non-interest-bearing with only cash being directly subject to interest rate risk. As a result, the fund is subject to limited exposure to interest rate risk due to fluctuations in interest rates. All the fund's cash assets are held with National Australia Bank.

An increase (or decrease) of 1 per cent in interest rates at the reporting date would have increased (or decreased) the benefits accrued as a result of operations and net assets available to pay benefits by the following amounts:

		1% Movement in Interest Rates	
Cash and Cash Equivalents	Balance	Benefits Accrued as a Result of Operations	Net Assets Available to Pay Benefits
30 June 2014	202	± 2.1	± 2.1
30 June 2013	223	± 1.9	± 1.9

Other market price risk

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The fund's financial instruments are carried at net market value with changes recognised in the Statement of Changes in Net Assets. All changes in market conditions affecting net market value are therefore recognised in the Statement of Changes in Net Assets. The fund's exposure to other market price risk is limited to the market price movement of the underlying investments. The Trustee determined that these investments are appropriate for the fund and are in accordance with the fund's published investment strategy in respect of asset class allocation.

The following sensitivity analysis demonstrates the movement in the total value of investments as a result of a 5 per cent variation in value.

		5% Movement in Investment Returns	
	Balance	Change for the Year in Net Assets Available to Pay Benefits	Net Assets Available to Pay Benefits
Investments	$000	$000	$000
30 June 2014	63 859	± 3 012	± 3 012
30 June 2013	56 619	± 2 633	± 2 633

Notes to the Financial Statements for the year ended 30 June 2014

10. Financial Instruments (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation.

No financial assets are considered past due as all payments are considered recoverable when contractually due.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets. The fund does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the fund.

	2014	2013
	$000	$000
Cash and cash equivalents	202	223
Units in NCIT Moderate Trust	63 859	56 619
	64 061	**56 842**

Liquidity risk

Liquidity risk is the risk that the fund will not be able to meet its financial obligations as they fall due. The fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. The fund's liquidity risk is managed on a daily basis in accordance with policies and procedures in place and the fund's investment strategy. The fund's overall liquidity risks are regularly monitored by the Trustee.

The following are the contractual maturities of financial liabilities:

	Balance	Contractual Cash Flows Potentially Payable in 2014-15
	$000	$000
30 June 2014		
Benefits payable	0	0
Vested benefits	76 062	76 062
	76 062	**76 062**
30 June 2013		
Benefits payable	0	0
Vested benefits	73 199	73 199
	73 199	**73 199**

Vested benefits (refer Note 8) have been included as this is the amount that members could call upon as at year end. This is the earliest date on which the fund can be required to pay members' vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

Notes to the Financial Statements for the year ended 30 June 2014

10. Financial Instruments (continued)

Estimation of fair values

The fund's financial assets and liabilities included in the statement of net assets are carried at net market value, which the Trustee believes approximates net fair value. The major methods and assumptions used in determining net market value of financial instruments were disclosed in Note 3(a) of the summary of significant accounting policies section.

Fair value measurements

The following table analyses financial instruments carried at net market value, which approximates fair value, by valuation method. The different levels are defined as:

- Level 1 net market value measurements are those instruments with value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 net market value measurements are those instruments with value based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 net market value measurements are those instruments with value based on inputs for the asset or liability that are not based on observable market data.

The Trustee has determined that the fair value of the fund's investments are Level 2.

Level 2 investments	2014	2013
	$000	$000
Units in NCIT Moderate Trust	63 859	56 619

11. Contingent Liabilities

The fund has no contingent liabilities at 30 June 2014 (2013: nil).

12. Segment Reporting

The scheme operates in one business and geographical segment, being the provision of superannuation benefits for members in the Northern Territory of Australia.

13. Events Subsequent to the Reporting Date

There were no subsequent events.