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South Australia and the Northern Territory
Level 2, 104 Frome Street, Adelaide

Queensland
Level 11, 120 Edward Street, Brisbane

Western Australia
Level 2, 88 Colin Street, West Perth

New South Wales
Level 3, 220 George Street, Sydney

Tasmania
Level 2, 119 Macquarie Street, Hobart

HOST-PLUS PTY LTD ABN 79 008 634 704
Licensed Dealer in Securities 179172

HOST1659



Member Annual Report

for the financial year 2001-02

Message from the Executive Officer

As mentioned in our June mailing, the last financial year proved to be a very difficult investment period. The year was characterised by ongoing share market devaluations in the US and concerns over the potential for an ongoing global economic downturn.

However, HOST-PLUS' sound investment strategies have ensured that your investments have performed relatively well during this period. Although our results are significantly lower than in previous years we have still performed well above the industry average. In fact, despite crediting -0.5% for the year, our Balanced option has outperformed the average balanced manager by over 3%*. Indeed our Balanced option returns place us in the top 10% of balanced fund managers for the year*.

In this time of market volatility both in Australia and overseas, we are very pleased with the returns we have achieved for you. It is particularly important that in the current climate you make the most of your super. HOST-PLUS helps you to achieve the best from your investment by keeping our fees among the lowest in Australia and by returning all profits to members – rather than paying commissions to sales people or dividends to shareholders. Remember, HOST-PLUS is your Fund, so please make use of the information in your Annual Report and Statement.

Of course, if you have any questions, please feel free to call our friendly customer service centre on **1300 363 895**.



David Elia **Executive Officer**

*Source: Mercer Investment Consulting Pooled Fund Survey July 2002 – average manager refers to the median balanced manager performance of negative 4.1%.



David Elia, Executive Officer

Message from the Chairman



Michael Capezio, Chairman

HOST-PLUS has continued to perform above the market in a year when investing has been particularly challenging. While we are justifiably proud of this result, HOST-PLUS offers its members much more than quality management of superannuation investments.

The HOST-PLUS Board of Directors and management team are currently working on a number of projects that will deliver an even wider range of services to members in 2003. We'll be writing to members in February to keep you up to date – in the meantime you may like to visit our website at www.hostplus.com.au for news and updates on investment markets and the growing range of benefits from your HOST-PLUS membership.

HOST-PLUS has continued to grow with the hospitality and tourism industry over the past year. In fact, HOST-PLUS now manages in excess of \$1.8 billion on behalf of 489,895 members and 18,403 employers. We are proud to be the national Fund for this vibrant and important industry.

You can be confident that HOST-PLUS has your interests at heart, and that we will continue to apply our low-fee, profit-for-members philosophy to your superannuation investment into the future.

If we can offer any further assistance please contact us by calling **1300 363 895** or if you prefer, by emailing us at info@mail.hostplus.com.au



Michael Capezio **Chairman**

Your HOST-PLUS membership

Since 1987, HOST-PLUS has been delivering excellent value superannuation to Australians. As a HOST-PLUS member you enjoy the following benefits...

Security

Your super investment is secure with HOST-PLUS. HOST-PLUS is a regulated superannuation fund. The Fund complies with the Superannuation Industry (Supervision) Act 1993 (SIS) and meets the requirements of the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investment Commission (ASIC).

Experience

With Fund assets in excess of \$1.8 billion, invested on behalf of over 489,000 members, HOST-PLUS has a wealth of experience professionally managing superannuation savings.

Strong returns

HOST-PLUS has developed a history of delivering above industry average investment returns. The year to 30 June 2002 was a particularly challenging one, however, the investment strategies of the Fund have again delivered above industry average returns – the Balanced option for example has credited -0.5% to members for the year to 30 June 2002. This result places the HOST-PLUS Balanced option in the top 10% of balanced managers for the year*. Find out more on page 6.

Investment options

Our range of investment options give you control over how your money is invested. They are all designed to give you the best possible long-term returns, consistent within the investment objectives and strategies of each option. Find out more on page 7.

Profits for members only

As a profit-for-members fund, all our profits are returned to members. Our fees remain amongst the lowest in Australia; what's more we don't spend your money on shareholders' dividends or sales peoples' commissions. HOST-PLUS continues to utilise a straight forward flat fee structure, unlike the complex percentage-based fees of many other funds.

Flexible and portable

You can take HOST-PLUS with you – wherever you go. Like many of our members, when you change jobs – maybe from a club to a pub, one restaurant to another, or even interstate – you can take your HOST-PLUS membership with you. Simply give your new employer your HOST-PLUS membership number. Even if you move on from the hospitality and tourism industry, you can stay with HOST-PLUS and continue to enjoy the benefits.

On the web

Enjoy 24 hour access to our website – visit us at www.hostplus.com.au You'll find the latest news and information about your super. You can also check your account details online.

More than a super Fund

We do more than invest your super for the future – we provide access to great value services and products for you and your family right now! Choose insurance benefits to suit your needs or speak to us about the other member benefits you can enjoy, like one of the best home loan deals available** through Super Members Home Loans (SMHL) offered by Members Equity. Find out more about the insurance options available to you on page 8 or for more information on SMHL call Members Equity direct on **1300 654 990**.

*Source: Mercer Investment Consulting Pooled Fund Survey results of July 2002.

**Source: Money Magazine January 2002 – voted one of the 'Best of the Best' in the Standard Home Loan Category.

Important: Any advice contained in this document is of a general nature. It has been prepared without taking into account your particular investment objectives, financial situation or needs. Therefore, before you make an investment decision based on this advice, you need to consider, with or without the assistance of a securities adviser, whether the advice is appropriate in light of your particular investment needs, objectives and financial circumstances. Opinions expressed by individuals in this report are personal views and not necessarily those of the HOST-PLUS Trustee.

Investment market update

You only have to open the paper or watch the news to realise that the investment climate over the past 12 months has been extremely challenging. In fact, most superannuation funds have announced negative returns for the year ending 30 June 2002.

The significantly lower returns for 2001-02 are a result of many factors. These include a decline in US consumer confidence (post-September 11, 2001) and a widespread global economic downturn (that was well underway pre-September 11, 2001).

Of course, there has also been a strong market reaction to corporate governance and ethical management issues. Ongoing revelations from companies such as HIH, Enron and WorldCom have contributed to a level of scepticism regarding corporate profit forecasts and reporting – this has added to the downward pressure on equity markets.

The decline in consumer (and corporate) confidence has been reflected in financial markets, particularly share markets.

For the 12 months to 30 June 2002 the following share market results were recorded*:

- US (S&P500) down 19%,
- US (NASDAQ) down 32%,
- UK down 17%,
- Japan down 18%, and
- Germany down 27%.

The Australian stock market has held up relatively well, and was only down by 4.5% for the year to 30 June 2002 – but this is still the worst performance since 1987.

As most super funds invest a significant portion of their assets in shares, these market results have had a major impact on the earnings rates for 2001-02.

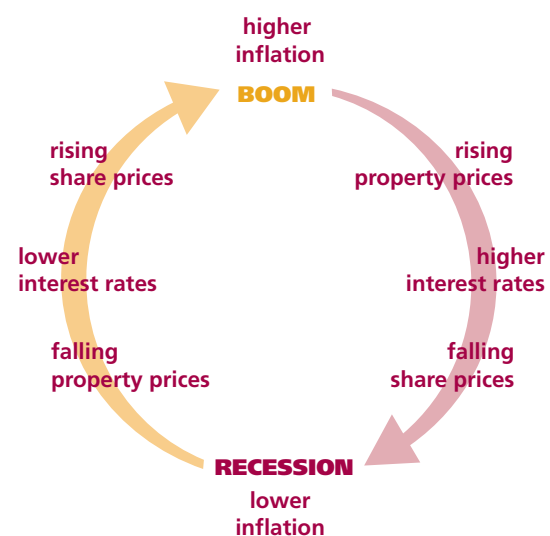
For many investors this will be their first experience of low returns and is likely to cause some concern. However, there is no doubt that a period of lower returns has been expected for some time – indeed it is part of the long-term investment cycle and is actually somewhat inevitable.

Economic and investment cycles

The Australian and international economy tends to grow in cycles. The diagram (above right) details the typical sequence of events in the economic cycle. However, recent history has been somewhat unusual seeing a period of low inflation, low interest rates and falling share prices.

Investments, particularly in asset classes such as shares and property, generally respond positively to economic growth. Certainly, over the last 10-15 years Australian investors have become accustomed to relatively high rates of return. Of course, over the longer-term, such rates are not sustainable and it's likely that over the coming years we will see much lower rates of return.

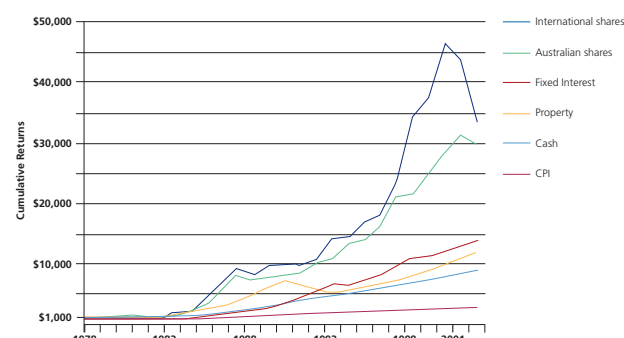
The typical sequence of events in the economic cycle



While no-one can predict the level of future returns, it is important to remember that for most people superannuation is a long-term investment and fluctuations in performance do tend to correct themselves over time. Though caution needs to be exercised in the short-term, a portfolio with a significant allocation of assets in shares should outperform other portfolios over the long-term.

Let's look at the following example – \$10,000 invested in Australian shares 10 years ago would now be worth \$28,347 – an annual rate of return of 10.98% pa*. The same amount invested in international shares would be worth \$29,502 – an annual rate of return of 11.43% pa*. Remember, these results include the disappointing returns from the 12 months to 30 June 2002.

Cumulative Asset Class Returns over the past 25 years



Assumptions: Initial investment of \$1,000 in each asset class.

Investment market update

The trend over the longer-term is even clearer. Look at the graph below left, you can see how international and Australian shares have produced the highest returns over the long-term. Clearly, someone who invested in these asset classes would have done better than someone who invested in cash or fixed interest. While past performance gives us no guarantee of the future, it does give us an insight into the potential rewards from each asset class.

So it's important to remain patient and not lose sight of the fact that superannuation still remains one of the most effective ways to accumulate retirement savings. You wouldn't consider selling your house if market values fell for a year or two – chances are you'd stay put and wait for the market to recover, because you'd be confident that demand would increase over time and that the market would pick up. In the same way your super is a long-term investment and you should not be overly concerned with short-term fluctuations in investment performance.

Warning: When markets fall, it can be tempting to switch your investment option to one which has produced better returns over the past year. The problem with this reaction is that switching out of an investment that has fallen in value

will lock in any losses. History has shown that the asset class that performed best last year is unlikely to be the asset class that performs best in the coming year. In most cases trying to 'time the market' by chasing returns is almost certainly going to produce lower, rather than higher, returns.

Generally, you should stick with your investment strategy if it matches your investment goals, time frame and risk profile. As your investment horizon shortens (i.e. as you approach retirement) you may wish to consider increasing your exposure to defensive assets. For more information on assessing your risk profile contact our customer service team on **1300 363 895** and ask for a copy of our Investment Choice Handbook. **Please note:** before making an investment decision, you should consider seeking personal advice from a licensed securities adviser.

*Source: JANA Investment Advisers – June 2002
References to specific asset classes in this example refer to the following indices: **International shares** – MSCI World (excluding Australia) Accumulation Index (unhedged). **Australian shares** – S&P ASX300 Accumulation Index. **Fixed interest** – UBSWA Composite Index (all Maturities). **Property** – Mercer Unlisted Property Index. **Cash** – UBSWA Bank Bill Index.

Looking after your super investment

Your super investment is managed by professional investment managers, who follow strict guidelines set by the Trustee. Here's a step-by-step guide to the process...

1. Developing the investment strategy

The Directors of HOST-PLUS meet on a regular basis with the Fund's investment adviser, JANA Investment Advisers. The investment adviser assists the Fund in establishing the overall investment strategy and the investment objectives of the various investment options.

2. Establishing asset allocations

The Directors of HOST-PLUS meet to determine the Fund's strategic asset allocation. This involves the setting of the allocation between growth and defensive assets for the various investment options. They decide which asset classes the Fund will invest in. They also set constraints on allocations to investments within each asset class.

3. Appointing investment managers

Professional investment managers are selected by the Fund based on a detailed assessment by the investment adviser. Once appointed, the investment managers are given detailed guidelines to follow and invest according to the strategy and risk profile stipulated by the Fund. Within the asset classes, the Directors also determine the mix of investment styles.

5. You benefit from the Fund's crediting rates

With your Annual Report you will have received details of your investment option's crediting rate for the 2001-02 year. The quality of HOST-PLUS' investment strategies and investment manager selections can be seen in comparison to the general marketplace. The Balanced option, for example, has credited members a return of -0.5% (after transfers from reserves), compared with an average balanced manager performance of -4.1%. Full details of HOST-PLUS' range of investment options can be reviewed on page 7 of this report.

4. Ongoing review and monitoring of investment managers

The Fund's investments are held by a custodian, JPMorgan Chase Bank.

The performance of the investment managers chosen by the Fund is constantly monitored – in fact a monthly performance report is prepared for the Fund's Directors by the custodian and investment adviser. The performance of each investment option is also regularly reviewed to ensure that it is achieving the agreed investment objectives.

How HOST-PLUS has performed

The tables below give a summary of the performance of HOST-PLUS' investment options to 30 June 2002. You can see that HOST-PLUS has again delivered above industry average results to members. The Balanced option, for example, has credited -0.5% compared to the average balanced manager performance of -4.1%. Rated against the Mercer Investment Consulting Pooled Fund Survey this places the HOST-PLUS Balanced option in the top 10% of balanced fund managers.

HOST-PLUS Earning & Crediting Rates to June 2002

	Shares Plus option				Balanced option				Capital Stable option			
	Net Earning Rate	Crediting Rate	Median Manager	HOST-PLUS Quartile Ranking	Net Earning Rate	Crediting Rate	Median Manager	HOST-PLUS Quartile Ranking	Net Earning Rate	Crediting Rate	Median Manager	HOST-PLUS Quartile Ranking
1998					9.2%	9.0%	9.2%	3rd				
1999	11.7%	11.1%	8.3%	1st	9.2%	9.0%	8.5%	2nd	6.5%	6.4%	5.5%	1st
2000	18.1%	17.8%	14.3%	1st	16.2%	16.0%	12.8%	1st	9.0%	8.9%	7.3%	1st
2001	5.8%	5.8%	4.4%	1st	5.9%	7.0%	5.4%	1st	6.4%	6.4%	5.7%	1st
2002	-5.5%	-5.5%	-6.7%	2nd	-1.5%	-0.5%	-4.1%	1st	2.5%	2.5%	0.9%	1st
3 Year average	5.7%	5.6%	3.9%	1st	6.6%	7.3%	4.5%	1st	5.9%	5.9%	4.8%	1st
4 Year average (since inception)	7.2%	7.0%	N/a	N/a					6.1%	6.0%	N/a	N/a
5 Year average					7.7%	8.0%	6.2%	1st				

Super Select Options for the year to 30 June 2002

Option	Australian shares	International shares	Property	Diversified fixed interest	Cash
Earning/Crediting Rate	1.6%	-19.2%	6.9%	4.8%	4.9%
Median Manager	-4.1%	-22.3%	7.7%	6.4%	4.8%
HOST-PLUS quartile ranking	1st	1st	4th	4th	1st

- **Median manager** refers to the average (or middle) manager in each category according to the relevant Mercer Investment Consulting Fund Survey
- **Quartile Ranking** refers to the relative performance of the HOST-PLUS investment option compared to the relevant Mercer Investment Consulting Fund Survey (e.g. '1st' means the HOST-PLUS option was in the top 25% of managers included in the survey) – all quartile references refer to HOST-PLUS crediting rates
- The **Mercer Investment Consulting Surveys** are widely regarded as an industry benchmark for comparing fund manager performance
- All **earning and crediting rates** are net of all investment management expenses and tax
- **Crediting rates** for the Balanced option are calculated annually and credited to members' accounts at 30 June each year (or date of exit). Crediting rates for all other options are calculated monthly and credited at 30 June each year (or date of exit)
- Past performance is not a guarantee of future performance

You can choose your investment strategy

HOST-PLUS members can choose how their retirement savings are invested. HOST-PLUS offers a range of investment options to suit the different needs and objectives of members.

Shares Plus option

The Shares Plus option has considerable investments in growth assets such as shares and property. It is expected to give a higher return over the long term but may experience greater fluctuations from year to year.

Objectives and strategy

- To achieve a high long-term rate of return, which exceeds that of the Balanced option, acknowledging that there may be significant yearly fluctuations in returns (measured over a rolling five-year period).
- To invest in longer-term growth assets, accepting that the prospect of a negative rate of return in any one year is increased.

Shares Plus

	Actual Asset Allocation as at 30 June 2001	Actual Asset Allocation as at 30 June 2002
Australian shares	45%	45%
International shares	27%	27%
Diversified fixed interest	10%	10%
Property	8%	8%
Other assets	10%	10%
Cash & Capital Guaranteed	0%	0%

Balanced option

The diversified balanced assets in this option mean members invest in some growth assets, such as shares and property, and offset this with lower-risk investments in cash and fixed interest. This is the default option designed for members who want consistent returns whilst accepting there will be some fluctuations.

Objectives and strategy

- To achieve a positive rate of return which exceeds that of the Capital Stable option, while minimising significant fluctuations in returns (measured over a rolling three-year period).
- To achieve a rate of investment return above the average return achieved by other similar funds.

Balanced option

	Actual Asset Allocation as at 30 June 2001	Actual Asset Allocation as at 30 June 2002
Australian shares	34.5%	31.9%
International shares	24.1%	16.2%
Diversified fixed interest	23.1%	31%
Property	10.3%	9.7%
Other assets	6.3%	6.4%
Cash & Capital Guaranteed	1.7%	4.8%

Note: The Board of HOST-PLUS actively manages the asset allocation of the Balanced option. The current asset allocation (as at 30 June 2002) has seen a reduction in the exposure to shares and an increased exposure to cash and fixed interest.

Capital Stable option

The Capital Stable option is a lower-risk option with more investments in defensive assets such as cash and fixed interest. Returns are expected to be lower than the Balanced option over the long term, but are more predictable from year to year.

Objectives and strategy

- To achieve a positive rate of return that exceeds the return on cash and minimises fluctuations in returns (measured over a rolling three-year period).
- To provide stable returns by maintaining an asset mix that, subject to the return requirement, maximises the prospect of a positive rate of return being credited in any one financial year.

Capital Stable

	Actual Asset Allocation as at 30 June 2001	Actual Asset Allocation as at 30 June 2002
Australian shares	11%	11%
International shares	7%	7%
Diversified fixed interest	46%	46%
Property	10%	10%
Other assets	6%	6%
Cash & Capital Guaranteed	20%	20%

Super Select option

The Super Select option allows you to create your own investment portfolio from five asset classes: Australian shares, international shares, diversified fixed interest, property and cash. This allows you to choose the asset class or combination that best suits your risk profile and investment objectives. The Super Select option cannot be combined with the other investment options.

Costs

HOST-PLUS offers one free account balance switch per financial year and charges any subsequent account balance switches at \$20 each. You can redirect your future contributions at any time at no cost.

When can I choose?

Members with an account balance greater than \$1,000 are able to make their choice of investment options at any time.

You don't have to choose

If you prefer not to choose, your super will be invested in the Balanced option.

Your insurance options

At HOST-PLUS we're committed to helping you along the way by providing insurance protection for you and your family right now. After all, an accident or illness can disrupt even the most carefully laid plans.

With this in mind, we have designed a quality range of low-cost insurance options just for you. Your HOST-PLUS membership gives you the control to choose the types and level of insurance benefits you need (within set limits). You can choose cover for:

- Salary Continuance (also known as income protection)
- Death and Total and Permanent Disability (TPD)

Salary Continuance

HOST-PLUS members who work 25 hours per week or more (on average) can apply for Salary Continuance Cover (income protection) at the low cost of just \$1 per unit per week. Salary continuance is a monthly benefit paid for up to 2 years if members are unable to work due to injury or illness (conditions and limits apply).

Death and Total and Permanent Disability (TPD) Insurance

A key benefit of being a HOST-PLUS member is access to great value insurance. For just \$1 per week employer sponsored members have one compulsory unit of Death and TPD Insurance, which provides up to \$51,800 of cover (depending on age). Full time staff can apply to increase this cover to a maximum of 10 units. Cover is provided 24 hours a day, 7 days a week.

There are two insurance scales: standard and management/clerkal. Ideal for those in management, marketing, clerical, administration or other sedentary occupations, the management/clerkal scale provides 150% of the current standard scale, for the same \$1 per unit per week. Therefore one unit of the management/clerkal scale of insurance provides up to \$77,700 of cover (depending on age).

Depending on your age at the time a benefit is payable, one unit of cover provides a lump sum insured benefit of:

Age last birthday	Standard scale (\$)	Management/clerkal scale (\$)
Up to 39	\$51,800	\$77,700
40	\$46,420	\$69,630
41	\$41,030	\$61,545
42	\$35,640	\$53,460
43	\$30,260	\$45,390
44	\$24,870	\$37,305
45	\$20,000	\$30,000
46	\$17,930	\$26,895
47	\$15,750	\$23,625
48	\$13,680	\$20,520
49	\$11,610	\$17,415
50	\$10,570	\$15,855
51	\$9,430	\$14,145
52	\$8,400	\$12,600
53	\$7,360	\$11,040
54	\$6,320	\$9,480
55	\$5,500	\$8,250
56	\$4,870	\$7,305
57	\$4,250	\$6,375
58	\$3,630	\$5,445
59	\$3,010	\$4,515
60	\$2,590	\$3,885
61	\$2,280	\$3,420
62	\$2,080	\$3,120
63	\$1,870	\$2,805
64	\$1,660	\$2,490
65 and over	nil	nil

You should check your Annual Benefit Statement to determine your current level of cover (if any).

To find out more about insurance or if you would like a copy of the HOST-PLUS Insurance Booklet please contact us on **1300 363 895** or email us at info@mail.hostplus.com.au. A copy of the Booklet is also available at our website at www.hostplus.com.au

Employers and members recommend us



Sandy and Harry

The Chefs of Tandoori are making full use of their HOST-PLUS membership. Are you?

Sandeep (Sandy) Behl and Harpreet (Harry) Singh first became friends in New Delhi in 1988. Just over 10 years later, having moved to Australia, they joined forces and opened 'Chefs of Tandoori' in Malvern, Adelaide.

Their restaurant, specialising in North Indian cuisine, seats up to 75 people – they have up to 12 staff working six nights a week.

Every staff member including Sandy and Harry are with HOST-PLUS. Sandy and Harry have rolled over their other super accounts into HOST-PLUS and have encouraged all their staff to do the same. As Sandy and Harry note, "It makes sense to consolidate your super because you save on fees."

Sandy and Harry (as well as their partners who work part time in the restaurant) have recently applied for additional Death and Total and Permanent Disability Insurance. "We like the idea that all our insurance needs can be covered by the one fund. This way we send one cheque in, once a month and all our cover is taken care of."

They are also investigating Salary Continuance Cover. "Business is really good at the moment. However, if we got sick and couldn't work, it would be good to know that we could still receive an income."

HOST-PLUS helped Christine find \$26,608!

Many people working in the hospitality and tourism industry have lost touch with at least some of their super. HOST PLUS is working to return lost super money to these members.

HOST-PLUS Executive Officer, David Elia says, "Members want their entire superannuation investment working for them. We work with organisations such as the Australian Preservation Fund (APF) to locate lost super monies wherever possible."

HOST-PLUS doesn't charge fees to locate lost super money and you should never pay anyone to find your lost super money.

Christine Mummery came back to live in Tarrawingee, near Wangaratta, after a death in the family. Her superannuation paperwork was packaged away in the move and, while Christine knew she would eventually have to sort out her super, time quickly passed.

"I knew I had money but I didn't know the exact amount," Christine said.

When HOST-PLUS and the APF successfully tracked Christine down, the figure turned out to be \$26,608, accumulated over about 15 years of her working life. The lost money has now been rolled over into her HOST-PLUS account.

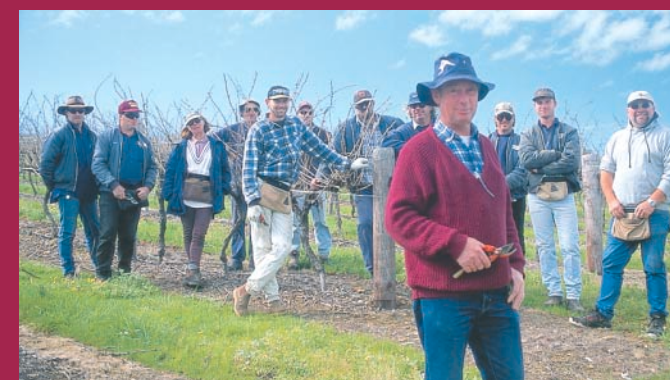


Christine Mummery

Yalumba rates HOST-PLUS as top shelf super

When you think of a winery you think of vines, crushing grapes and wine tasting. Speaking to Nick Slape, Staff Relations Manager of The Yalumba Wine Company, you soon realise there is much more to the winery business than this.

The staff at Yalumba Winery



Yalumba is an international business that likes to take care of every aspect from the vine to the table.

Yalumba joined forces with HOST-PLUS in 1994 and currently has over 500 staff with accounts in the Fund. Nick says they really like the hassle-free administration and personal service they get with HOST-PLUS. Fund representatives have assisted staff with their superannuation needs, one-on-one and via group sessions. "Our people really like the options that are available with HOST-PLUS, such as the various investment alternatives and insurance options. We also offer salary sacrifice which makes it easier for them to make additional super contributions and save for their future," he says.

The business values loyalty and the bulk of the staff who joined HOST-PLUS in 1994 are still with Yalumba today. "Our people are very important to us," notes Nick. "We want to provide the best employment benefits that we can. HOST-PLUS has consistently been at the top-end of investment performance and that's really important for long-term security."

Super update

Family Law amendments

New laws to allow for the splitting of superannuation on marriage breakdown will commence on 28 December 2002. New rules will allow for the division of a member's superannuation account either by agreement between the parties or by a court property order.

The Family Court will be given power to make two new types of orders:

- a splitting order; or
- a flagging order.

A splitting order will enable the Court to split member superannuation accounts after a valuation of the account and to allocate an amount out of that value to the non-member's spouse account.

A flagging order allows the Court to order the Trustee to place a flag on the member's superannuation account. This prevents the Trustee from paying out the member's benefit until the flag is lifted. These will most likely be used when the member is near retirement and the account is about to be released or paid.

Superannuation agreements enable couples to split or flag superannuation rather than seeking a court order. There are specific differences in the procedures between court orders and superannuation agreements. The Trustee may charge a reasonable fee for member requests for information. You will be notified in due course of this fee.

Please note that de facto couples are excluded from the new regime.

Lost members

New regulations remove the member protection standards for lost members with account balances greater than or equal to \$1,000. This means that administration fees that are in excess of any interest credited to a member's account may now be charged for these members.

The new regulations also raised to 65 the eligibility age of which any "lost" superannuation benefits of women become unclaimed money.

Continuing contributions to age 75

Working people aged over 70 but less than 75 are allowed to make personal contributions to superannuation if they are working at least 10 hours per week.

Individuals aged over 70 who are making personal superannuation contributions will not be eligible for an income tax deduction because they can access their superannuation at any time.

This measure does not extend the Superannuation Guarantee arrangements to people working past age 70. It will not

allow employers to make contributions for employees aged over 70, except for mandated employer contributions required under an industrial Award.

Benefits must be compulsorily cashed only if the member is working fewer than 10 hours per week, rather than the 30 hours currently required for these members. The 30-hour standard will remain for people aged over 75.

Higher fully deductible amount for contributions by self-employed persons

The fully deductible amount for superannuation contributions made by self-employed and other eligible persons has been increased from \$3,000 to \$5,000. Contributions above the new, higher fully deductible amount will remain 75% tax deductible with a maximum deduction equal to the taxpayer's age based limit.

Superannuation from the Baby Bonus

Recipients of the Baby Bonus are able to contribute the Baby Bonus, as well as any other amount, to superannuation, even if they have never worked before.

Superannuation for life: child accounts

Parents, grandparents, other relations and friends are allowed to make superannuation contributions on behalf of a child. The contribution limit is \$3,000 per child per three-year period.

Reduction of the tax rate on excessive Eligible Termination Payments

The tax treatment of Eligible Termination Payments (ETPs) from superannuation funds has been modified to limit the effective overall rate of taxation that applies to the excessive component. The excessive component of an ETP is the portion of the payment that exceeds the taxpayer's Reasonable Benefit Limit (RBL). For the 2001/02 income year, the lump sum RBL is \$529,373.

Access to superannuation by departing non-residents

Temporary residents can access their superannuation benefits upon permanent departure from Australia (subject to taxation).

Your privacy

Protecting your privacy has always been important to HOST-PLUS. Changes to the Commonwealth Privacy Act now require us to handle your personal information in accordance with a set of principles, known as the National Privacy Principles.

We ask you (or in the case of employer sponsored members, your employer) to provide personal information such as your name and address, date of birth, contact details, occupation and employer. We collect personal information from you so that we are able to:

- establish and manage your superannuation account,
- implement your investment choices,
- establish and maintain your additional insurance protection,
- process contributions, transfer monies or pay benefits,
- report the investment performance of your account to you, and
- keep you up to date via our newsletter and other communications with other products and services available to you as a HOST-PLUS member.

There are also specific circumstances where we will ask for additional information such as:

- personal health and income information (if you are applying for additional insurance protection or salary continuance), or
- your bank account details (if you are requesting a direct debit to your superannuation account), or
- your dependants (for the purposes of paying benefits in the event of your death).

We and/or our Insurers may also need to collect additional information from medical practitioners or from your employer for the purposes of assessing your eligibility for the insurance cover you have applied for or the assessment of a claim. We will always seek your express consent before collecting this kind of sensitive information.

We are also required to ask for certain information by law. Wherever there is a legal requirement for us to ask for information about you, we will inform you of the obligation and the consequences of not giving us the requested information. For example, we are required to ask for your Tax File Number (TFN) when you become a member of HOST-PLUS. If you choose not to give us your TFN you may be subject to higher tax charges on your superannuation.

There are instances where we need to give information about you to third parties, however, there are strict controls on how they can use this information. The types of organisations to which we usually disclose your personal information include:

- our fund administrator, who may in turn engage and disclose your personal information to third party service providers such as information technology, credit control, printing and mailing;
- our insurers or re-insurers (who may in turn disclose your personal information to other insurers or re-insurers) who we deal with in order to provide you with benefits;
- any fund to which your benefit is to be transferred or rolled over (including the administrator of that fund);

- medical practitioners and other relevant professionals, where you apply for additional insurance cover or make a claim for a disablement benefit;
- in the event of your death, your personal representative, or any other person who may be entitled to receive the death benefit, or any person contacted to assist us to process that benefit;
- regulatory authorities such as the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission and the Australian Taxation Office, to the extent required by law;
- your spouse or former spouse, to the extent required by law; and
- your professional advisers.

Your personal information will not be used or disclosed for any other purpose, without your consent, except where permitted or required by law.

We have stringent security systems, practices and procedures in place to safeguard your privacy. The people who handle your personal information for us have the training, knowledge, skills and commitment to protect it from unauthorised access or misuse.

You are not required to give us the information that we request. However, if you do not do so, or the information you give is not complete or accurate, this may prevent or delay the processing of your application or any claim, affect your eligibility for specified insurance cover, or prevent us from contacting you.

You may request access to the personal information we hold about you. We reserve the right to charge a reasonable fee to cover our costs. There may be circumstances where we are unable to give you access to the information that you have requested. If this is the case we will let you know and explain the reasons.

You have a right to ask us to correct any information we hold about you if you believe it is not accurate, complete or up to date. If we do not agree with the corrections you have supplied, we are not required to alter the information. If you have a concern about this, or anything else about the privacy of your information, you may lodge a complaint with us by writing to:

**Privacy Officer
HOST-PLUS
Locked Bag 999
Carlton South VIC 3053**

If our privacy officer is unable to resolve your complaint, you may lodge a complaint with the Privacy Commissioner.

You can contact the Privacy Commissioner by:

calling the hotline on **1800 023 985** or
visiting the web site **www.privacy.gov.au**

Financials

Asset Class	Managers	Investment
Australian Equities	Industry Fund Services	\$123 M
	Perpetual Investments	\$154 M
	Macquarie Investment Management Limited	\$124 M
	Paradise Cooper Investors	\$29 M
	UBS Asset Management	\$135 M
International Equities	Marvin & Palmer	\$90 M
	Alliance Bernstein	\$94 M
	Vanguard	\$87 M
Australian Private Equity	Develop Australia Fund II	\$12 M
International Private Equity	Develop Australia Fund Global	\$6 M
	Wilshire	\$3 M
Infrastructure	Develop Australia Fund	\$40 M
	Utilities Trust of Australia	\$41 M
Diversified Fixed Interest	Macquarie Investment Management Limited	\$203 M
	Macquarie Investment Management Limited	\$60 M
	Bridgewater	\$131 M
	Member's Equity SBL & SMHL	\$75 M
	Vanguard	\$85 M
	IFBT	\$10 M
Property	Australian Prime Property Fund – Commercial Unit	\$64 M
	Industry Superannuation Property Trust 1 & 2	\$100 M
	Hotel Leisure Tourism Trust	\$7 M
Cash / Capital Guaranteed	AMP Capital Guaranteed	\$22 M
	JP Morgan	\$64 M
	Bridgewater	\$16 M

Statement of financial position at 30 June 2002

	2002	2001
INVESTMENTS	\$1,778,213,198	\$1,583,535,354
Other assets		
Cash at bank	\$9,936,060	\$4,791,902
Contributions receivable	\$35,016,377	\$28,476,470
Other receivables	\$14,220,500	\$12,450,345
Operating assets	\$865,093	\$296,383
Total other assets	\$60,038,030	\$46,015,100
TOTAL ASSETS	\$1,838,251,228	\$1,629,550,454
LIABILITIES		
Income tax payable	\$23,943,826	\$31,617,615
Provision for deferred income tax	\$8,921,274	\$16,071,475
Accounts payable	\$19,623,696	\$18,840,446
Benefits payable	\$2,947,551	\$2,401,674
Total liabilities	\$55,436,347	\$68,931,210
NET ASSETS AVAILABLE TO PAY BENEFITS	\$1,782,814,881	\$1,560,619,244
Represented by:		
LIABILITY FOR ACCRUED BENEFITS		
Balanced	\$1,747,941,442	\$1,510,534,528
Shares Plus	\$25,441,242	\$21,460,552
Capital Stable	\$2,781,604	\$2,167,992
Super Select – Australian Shares	\$715,277	\$0
Super Select – International Shares	\$914,392	\$0
Super Select – Property	\$224,075	\$0
Super Select – Diversified Fixed Interest	\$74,422	\$0
Super Select – Cash	\$158,658	\$0
Reserves	\$4,563,769	\$26,456,172
TOTAL LIABILITY FOR ACCRUED BENEFITS	\$1,782,814,881	\$1,560,619,244

Reserves

The HOST-PLUS Balanced option has utilised an investment reserve to smooth the crediting rate paid to members from year to year. The Trustee has elected to discontinue this practice from 1 July 2002. The investment reserve as at 30 June 2002 has therefore been largely distributed to qualifying members invested in the Balanced option. The Fund continues to maintain an Administration Reserve that funds the day-to-day operations of the Fund.

Year ending 30 June	Reserves	% of Members' funds
2000	\$38,299,977	3.2%
2001	\$26,456,172	1.7%
2002	\$4,563,769	0.3%

Hospitality Industry Investments include:

Burswood Limited	Lion Nathan Limited	Tabcorp Holdings Limited
BRL Hardy Limited	Mirvac Group	Thakral Holdings Limited
Fosters Brewing Group Limited	Qantas Airways Limited	Tourism Asset Holdings Limited
Grand Hotel Group	Stockland Trust Group	Westfield Trust
General Property Trust	Spotless Group Limited	Hotel Leisure Tourism Trust Australia
Jupiters Limited	Southcorp Limited	
	TAB Limited	

Operating statement for the year ended 30 June 2002

	2002	2001
REVENUE FROM ORDINARY ACTIVITIES		
Net Investment revenue		
Interest	\$18,746,164	\$14,620,186
Dividends	\$43,462,266	\$37,237,060
Other income	\$33,319	\$18,635
Changes in net market value	(\$89,387,905)	\$34,642,916
Direct investment expenses	(\$4,407,788)	(\$3,880,869)
Total net revenue – investments	(\$31,553,944)	\$82,637,928
Contribution revenue		
Employer	\$338,549,653	\$317,178,933
Member	\$11,021,084	\$11,260,938
Transfers from other superannuation funds	\$80,448,581	\$58,660,037
Total revenue – contributions	\$430,019,318	\$387,099,908
Other revenue		
Interest on cash at bank	\$369,160	\$507,364
Profit/loss on sale of operating assets	\$5,701	\$0
Sundry	\$34,386	\$1,490,769
Proceeds from reinsurance	\$7,416,765	\$7,699,692
Total revenue – other	\$7,826,012	\$9,697,825
TOTAL REVENUE FROM ORDINARY ACTIVITIES	\$406,291,386	\$479,435,661
Less:		
EXPENSES FROM ORDINARY ACTIVITIES		
Superannuation Contributions Surcharge	\$416,019	\$354,840
Insurance	\$10,988,944	\$10,796,872
Administration	\$23,114,689	\$20,043,674
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	\$34,519,652	\$31,195,386
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX	\$371,771,734	\$448,240,275
Less:		
Income tax expense	\$40,155,324	\$46,047,637
BENEFITS ACCRUED AS A RESULT OF OPERATIONS	\$331,616,410	\$402,192,638

Important information about HOST-PLUS

HOST-PLUS was established jointly by the Australian Hotels Association (AHA) and the Liquor, Hospitality and Miscellaneous Workers Union (LHMU) to provide retirement savings for employees of the hospitality and tourism industry.

The activities of HOST-PLUS are managed by HOST-PLUS Pty Ltd (ABN 79 008 634 704), which is the Trustee of the HOST-PLUS Superannuation Fund. The HOST-PLUS Trustee has taken out a Trustee Liability insurance policy.

Directors of the HOST-PLUS Trustee Board are drawn equally from employer and employee organisations. Employer representatives are nominated by the AHA. Employee representatives are nominated by the LHMU. These organisations are responsible for appointing the Board of Directors of the Trustee who represent the interests of members and employers, in accordance with superannuation law. An independent Director may also be appointed.

Board changes

There were no changes to the HOST-PLUS Board during the year to 30 June 2002. However, Tim Ferrari was appointed by the LHMU on 4 August 2002, replacing Susan McGrath.

Audit

The annual audit has been completed and the Auditor has issued an unqualified opinion on the HOST-PLUS financial statements. The audited financial statements are available upon request.

Trust Deed

If you would like to view a copy of the HOST-PLUS Trust Deed please call **1300 363 895**. There were no amendments to the Trust Deed during the 2001-02 financial year.

Confirmation of transactions on your HOST-PLUS account

Certain transactions, like rollovers, are confirmed in writing with you directly. Other transactions, such as contributions, can be confirmed by telephoning our Customer Service

HOST-PLUS Board of Directors (as at 30 June 2002)

Employer representatives

Michael Capezio – Chairperson
Kevin Burke
John Hudson
Richard Mulcahy
Brian Oates
Michael Strickland

Employee representatives

Linda Rubinstein – Deputy Chairperson
Jeff Carr
Stuart Coutts
Brian Daley
Susan McGrath
Shirley Mellor

Enquiries and complaints

If you have an enquiry, please contact HOST-PLUS on **1300 363 895** for the cost of a local call. We'll do everything in our power to deal with your query promptly and courteously. If you are not happy with how your query was handled then we want to know. Please call us or write to:

**HOST-PLUS
Complaints Officer
Locked Bag 999
Carlton South VIC 3053**

Centre on **1300 363 895**. Once you have registered and received your PIN you may also confirm transactions by accessing our web site – www.hostplus.com.au – or by telephone using our automated PhoneAccess system.

Eligible Rollover Fund (ERF)

Information about HOST-PLUS' nominated ERF is contained in your Annual Benefit Statement. Please also note that in circumstances where your account is transferred to an ERF your HOST-PLUS membership ceases.

Derivatives

The Fund permits the use of derivative instruments to manage risk, and enhance returns. Derivatives will only be utilised where that use is consistent with the investment strategy adopted for that portion of the Fund managed by the relevant manager, and for the entire Fund. In addition, that such use is consistent with the investment powers of the Fund and it is consistent with the strategy as agreed between the Fund and the respective investment managers.

Interest on Accounts

Please note that the Trustee is entitled to retain any interest earned on any monies paid to the Fund that are later required to be returned, e.g. refunds due to overpayments or those payments made in error to the Trustee.

HOST-PLUS service providers

We contract the following industry professionals to assist with various aspects of the Fund:

Administrator	Superpartners Pty Ltd
Investment Adviser	JANA Investment Advisers
Insurer	AXA Australia
Auditor	PriceWaterhouse Coopers
Legal Advisers	Deacons Gadens

The HOST-PLUS Trustee aims to resolve all complaints within 90 days of receipt. However, if you are not satisfied either with the way HOST-PLUS handles your complaint or with its resolution, you may contact the Superannuation Complaints Tribunal. The Tribunal is an independent body set up by the Commonwealth Government to assist in resolving certain types of complaints. You can contact the Tribunal by phoning **13 14 34** for the cost of a local call.

Consolidate and save

Are you paying too much?

If you're like many of our members, you may have money invested in two, three or even more super funds from different positions you have held. If so, do you know what those other super funds are charging you?

You can see from the table below how simple HOST-PLUS' fee structure is. And remember that HOST-PLUS does not pay commissions or fees to sales people or dividends to shareholders. After taxes and investment charges are deducted from investment returns, all profits are returned to members.

How much could you save?

Suppose you have just one other super account as well as your HOST-PLUS account. In this other account you have \$12,000 invested and you pay \$150 a year in management fees and \$50 per year in administration fees. If you rolled over that \$12,000 into your HOST-PLUS account you could be more than \$10,000 better off over 25 years*.

It's important to remember that you're not just saving on fees – HOST-PLUS also has an outstanding record of delivering above industry average returns to members. For more information on investment returns refer to page 6.

It's particularly important during this period of leaner world-wide investment returns, to make sure you're making the most of your super fund dollars. HOST-PLUS has always represented great value – but during the current investment climate the expression 'a dollar saved is a dollar earned' has never been more true.

It's free*

It's free to roll existing super accounts into HOST-PLUS. We do not charge entry fees.

To roll your money into HOST-PLUS, simply fill in the rollover form at right. If you would like additional forms, you can photocopy this form or call **1300 363 895** to request as many copies as you need.

***Please note:** before you cancel existing arrangements with another fund, you should check to see if there are any exit fees and whether the cancellation will affect any related insurance cover.

#Assumptions: Savings are expressed in 2002 dollars at a real rate of 5%p.a. Savings are based on a one-off rollover of \$12,000 (with no exit penalties) and an annual fee saving of \$200 compounded annually.

Investment management expenses (as at 30 June 2002)

Please note: investment management expenses are deducted from investment returns before interest is credited to members' accounts. These fees are not deducted from members' accounts.

Shares Plus	0.42%
Balanced	0.36%
Capital Stable	0.28%
Super Select	
International shares	0.61%
Australian shares	0.22%
Property	0.59%
Fixed interest	0.27%
Cash	0.16%

Low fees

HOST-PLUS has one of the lowest fee structures of all super funds in Australia. Fees are straightforward and fair. Unlike many other funds there are no complex percentage based fees and charges.

Entry and exit fees

HOST-PLUS has no entry or exit fees.

\$0.00

Administration fees

Administration fees are kept as low as possible.

\$1.00 per week

Voluntary contribution charges

These are additional voluntary contributions that members may choose to make:

- by payroll deduction.
- direct to HOST-PLUS by cheque or direct debit.

\$0.00

Deductions for insurance

Employer sponsored members automatically receive one unit of Death and Total and Permanent Disability (TPD) Insurance for \$1 per week*. Members may also apply for Salary Continuance Cover and/or additional TPD Insurance.

*Personal Super Plan members do not automatically receive insurance, but can apply.

\$1.00 per week (per unit)

NB: All employer contributions are subject to the 15% Federal Government contributions tax. The superannuation surcharge (up to 15%) also applies to high income earners. Your annual statement will show all tax (including superannuation surcharge) deducted from your HOST-PLUS account.

Member's authorisation to rollover superannuation to HOST-PLUS

This form must be completed in full. Please use BLOCK letters. Post your completed rollover form to: **HOST-PLUS, Locked Bag 999, Carlton South VIC 3053.** Cheques to be made payable to HOST-PLUS.

HOST-PLUS

Your Fund Membership Number SPIN CODE: HOS0100AU

Given Name(s) Family Name

Your Address

State Postcode

Date of Birth

Day / Month / Year

Old Fund Details

Name of Old Fund Your Old Fund Membership Number

Address of Old Fund

State Postcode

Phone Number of Old Fund (if known) The approximate value of my benefit with this Old Fund

\$

Declaration

I authorise the rollover of my benefits from my old fund to HOST-PLUS. I hereby declare that, to the best of my knowledge, the information I have provided above is true and correct in every particular, and that I understand the information given on this form.

In giving this authorisation to rollover my benefits, I understand that:

- The trustee of my previous fund is discharged from any further liability in respect of any amount once benefits have been rolled over and a final statement has been issued by the old fund,

- Both superannuation funds are regulated funds under Commonwealth Government legislation,
- In certain cases my new fund may be required under law to deduct tax from the untaxed portion, if any, of the Eligible Termination Payment (ETP),

- Rollovers between funds are done on at least a quarterly basis provided there is no further waiting period set down by the old fund, and
- Subject to legislative restrictions, I am aware of and approve the deduction of transfer fees (if any) from the benefits rolled over, and am aware that any insurance benefits under my old fund may be cancelled.

Signature of member

Date

Day / Month / Year

The information requested on this form is required on order for us to carry out your instructions to rollover your superannuation to us. We will provide this information to our Administrator and to your old fund. If you do not provide us with this information we may not be able to effect your rollover instructions. Your personal information will not be used or disclosed for any other purpose without your consent, except where required by law. You are able to gain access to this information. For more information please refer to page 11.