

Your path to the future...

your Scheme's your guide



# 2007

**Annual Report**

for the year ended 31 December 2007

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Your Scheme... providing a pathway to your financial future

This 2007 Annual Report is issued by ANZ Staff Superannuation (Australia) Pty Limited ABN 92 006 680 664 AFSL 238268 RSEL L0000543, Trustee of the ANZ Australian Staff Superannuation Scheme ABN 83 810 127 567 RSE R1000863.

In this Annual Report, we refer to the ANZ Australian Staff Superannuation Scheme as either "the Scheme" or "the ANZ Staff Scheme." Any references to ANZ Staff Super are to the administrator of the Scheme, and references to other schemes or schemes in general appear in lower case. The information in this Annual Report is accurate to the best of our knowledge at the date of printing. This Annual Report is not intended, and should not be construed, to constitute financial advice or take the place of a licensed financial adviser briefed on your individual circumstances.

No person should act or not act solely on the information provided. This document doesn't take into account what you currently have or what you want and need for your financial future. It is important for you to consider these matters, read your Product Disclosure Statement and consider consulting a licensed financial adviser before you make decisions in relation to your superannuation.

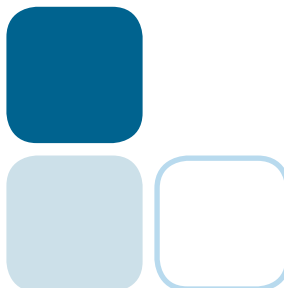
Formal legal documents ultimately govern the operation of the Scheme, including the Scheme's Trust Deed and Rules and relevant legislation. Should there be any discrepancies between the information in this Annual Report and the actual provisions in the Trust Deed and Rules, the Trust Deed and Rules will prevail. You may obtain a copy of the Trust Deed and Rules from ANZ Staff Super (see page 21 for contact details).

Published: March 2008.



# Chairman's message

2007 saw significant focus on superannuation.



The "Better Super" changes introduced on 1 July 2007 offer very important new opportunities for our members to increase their retirement incomes. Tax rules have been simplified by:

- the removal of the tax on super payouts to people aged 60 or more;
- the abolition of Reasonable Benefit Limits; and
- allowing more flexibility around how and when super can be accessed.

These changes provide members with significant incentives to review their financial plans for retirement.

Increased flexibility during the transition from work to retirement will allow people to define retirement in different ways – whether it is launching a new career, continuing work on a part-time basis, going back to school or discovering the world, retirement is now different for everyone.

To allow members to take advantage of this flexibility, the Scheme offers Transition to Retirement Account Based Pensions (TRAPs). TRAPs give members who have reached their preservation age but are still employed, an opportunity to take between 4% and 10% of their superannuation balance each year as a tax effective income stream.

In 2007, investment returns were solid albeit more modest than those of recent years. Aggressive Growth and Balanced Growth – the options used by most members – achieved net investment returns of 7.8% and 7.2% respectively for 2007. Cautious and Cash achieved 5.9% and 5.8% respectively. These returns reflect more testing economic conditions and increased volatility in local and global investment markets which have continued into 2008.

Longer term investment performance is a key factor in helping to build your retirement savings and contributing to your future financial security. Over the three years to 31 December 2007, the net investment returns for Aggressive Growth and Balanced Growth averaged 14.4% and 11.7%. It's important to view the current difficulties in investment markets in the context of longer term performance.

The Trustee pursues a long-term, diversified investment strategy, seeking to balance risk and meet its investment objectives. This long-term strategic approach means that your Scheme is well placed to meet the challenges of the future.

Improvements to your Scheme's options and services continued in 2007:

- Optional binding death benefit nominations were introduced; and
- A BSB system was introduced to improve processing of non-ANZ contributions.

These improvements are part of the ongoing development of the Scheme to help you better manage your super and invest for your retirement. The Trustee will keep on working to deliver a leading superannuation fund for members.

I greatly appreciate your continued support of your Scheme. The Board and management look forward to continuing our partnership with you in 2008 and beyond.

**Russell Rechner**  
Chairman

# Scheme highlights and changes – 2007

## Strong returns...

- Solid returns in 2007 given the volatile investment conditions, particularly late in the year.
- 7.8% and 7.2% for Aggressive Growth and Balanced Growth options respectively - around 75% of members invest in Balanced Growth and around 21% of members invest in Aggressive Growth.

Option	1 year	3 year average	7 year average
Aggressive Growth	7.8%	14.4% p.a.	7.9% p.a.
Balanced Growth	7.2%	11.7% p.a.	8.0% p.a.
Cautious	5.9%	8.2% p.a.	6.7% p.a.
Cash	5.8%	6.2% p.a.	n/a

### Notes:

- An average return for the Cash option over 7 years is not available because this option did not commence until July 2003.
- An average return for the Aggressive Growth option over 3 years is not available for the ABP Section because this option has only been used since November 2006.
- Cash option returns for the full year are not available for the ABP Section as this option has only been used since March 2007.
- Average returns over 7 years do not apply in the ABP Section, which commenced in July 2003.

## ABP and TRAP returns...

Account Based Pension (ABP) and Transition to Retirement Account Based Pension (TRAP) members, whose investment income is exempt from tax, had the following returns:

Option	1 year	3 year average
Aggressive Growth	6.8%	n/a
Balanced Growth	8.1%	13.1% p.a.
Cautious	6.1%	8.8% p.a.
Cash	n/a	n/a

## Membership increasing...

- 410% growth in ABP and TRAP membership.
- 19% growth in RBA membership.
- 12% growth in SCA membership.
- 5% growth in ANZ employee membership.



## Assets increasing...

- Approximately 13% growth in net assets under management in 2007.



## The main events...

### January 2007

- Optional binding death benefit nominations were introduced. These nominations require the Trustee to pay death benefits to nominated beneficiaries subject to certain legislative requirements. Members can now make binding or non-binding nominations.
- The UK authorities accepted the Scheme as a Qualifying Recognised Overseas Pension Scheme (QROPS) for accepting benefit payments from the UK. Its reference number is QROPS 500626.

### March 2007

- The Scheme launched an exciting new look for its communication material with the release of the 2006 Annual Report. The new design concepts have been extended to the regular Super Direction newsletter and updated Product Disclosure Statements.

### June 2007

- Voting for two member-representative Directors closed on 22 June 2007. Tracey Sturgeon was re-elected while Peter Davis was elected to replace Peter O'Reilly who has been appointed as the Scheme's Manager Investments.
- David Ellison resigned as a member-representative Director and was subsequently replaced by Jo McKinstry. See pages 17 and 18 for further details.

### July 2007

- The "Better Super" changes announced as part of the 2006 Federal Budget came into effect from 1 July 2007. These changes affected a range of areas and include:
  - the removal of tax on benefits paid from a taxed super fund to people aged 60 or over – the tax payable on benefits paid to those under age 60 was streamlined;
  - the abolition of Reasonable Benefit Limits (RBLs);

- the introduction of new limits on concessional and non-concessional contributions with excess contributions being subject to penalty tax;
- the removal of the work test for those over age 65 to leave their money in super;
- the simplification of the payment requirements for Account Based Pensions (previously known as allocated pensions); and
- changes to the requirements for providing Tax File Numbers.

These changes give rise to opportunities for members to take advantage of Scheme options such as Transition to Retirement Account Based Pensions and Spouse Contribution Accounts.

### September 2007

- A BSB system was introduced to improve the process of non-ANZ contributions.
- The Trustee terminated GMO Australia as an investment manager for the Australian shares – long/short asset class. Barclays Global Investors was appointed to manage these funds via its Australian equities index fund.

### October/November 2007

- The Trustee reduced the allocation to commodity futures in response to changes in market dynamics and replaced these allocations with infrastructure holdings.
- Morgan Stanley Investment Management and Macquarie Specialised Asset Management were appointed to manage the infrastructure allocations. Consistent with the nature of these investments, these managers will be progressively funded.

### December 2007

- New anti-money laundering and counter terrorism financing legislation extended identification requirements to superannuation for the first time.

# Your Scheme

## Section A

- For full and part-time employees of ANZ and associated companies in Australia.
- Section A offers all the features you would expect of a modern, progressive superannuation scheme.

## Section C

- For full and part-time employees of ANZ and associated companies in Australia who joined prior to 4 July 1997, unless they have elected to transfer to Section A.
- Closed to new entrants.

## Retained Benefit Account (RBA)

- For members of Section A, Section C or the SCA Section who would like to continue their membership with the Scheme when they leave employment with ANZ or are no longer eligible to remain in the SCA Section.
- Eligible to be your chosen fund with your new employer.

## Spouse Contribution Account (SCA) Section

- For eligible spouses of members of the Scheme who are currently or formerly ANZ employees.

## Account Based Pension (ABP) Section (including TRAPs)

The Scheme offers two retirement income options:

- Account Based Pensions for members who have reached their preservation age (currently age 55) and retired from the workforce. Account Based Pensions enable members who have retired to convert their lump sum superannuation benefits into a flexible and tax-effective income stream.
- Transition to Retirement Account Based Pensions (TRAPs), which give members who have reached their preservation age but are still employed an opportunity to take up to 10% of their superannuation each year as a tax-effective income stream as they approach retirement. This gives you flexibility as you move towards retirement to scale back your work hours without necessarily scaling down your income or, in combination with salary sacrifice contributions, to potentially increase your super savings while maintaining your after-tax income.

You can draw an income from a TRAP while continuing to work and contribute to your accumulation account in Section A, Section C, the RBA Section or the SCA Section.

Feature	Section A	Section C	RBA	SCA	ABP	TRAP
Opportunity to make voluntary personal contributions to the account (and receive Government co-contributions, if eligible)	✓	✓	✓	✓	✗ <sup>3</sup>	✗ <sup>3</sup>
Able to accept contributions from other employers	✓	✓	✓	✓	✗ <sup>3</sup>	✗ <sup>3</sup>
Ability to rollover monies from other funds	✓	✓	✓	✓	✓ <sup>4</sup>	✓ <sup>4</sup>
Investment choice – choose one or a combination of the Scheme's investment options: Aggressive Growth, Balanced Growth, Cautious or Cash	✓	✓	✓	✓	✓	✓
No entry, exit, transfer, withdrawal, rollover, investment switching or contribution fees <sup>1</sup>	✓	✓	✓	✓	✓	✓
Account management fee (0.8% p.a. of the amount invested, subject to a maximum of \$500,000 – no fees apply to the account balance in excess of \$500,000)	✗	✗	✓	✓	✓	✓
Death cover	✓	✓	✓ <sup>2</sup>	✗	✗	✓ <sup>5</sup>
Total and Permanent Disablement (TPD) cover	✓	✓	✗	✗	✗	✓ <sup>5</sup>
Salary continuance cover	✓	✓	✗	✗	✗	✓ <sup>5</sup>
Weekly unit pricing	✓	✓	✓	✓	✓	✓
Access to an interactive website housing your personal account information in a secure section	✓	✓	✓	✓	✓ <sup>6</sup>	✓ <sup>6</sup>
A say in the running of the Scheme via Trustee elections	✓	✓	✓	✓	✓	✓
Monthly payments from account	✗	✗	✗	✗	✓	✓
Lump sum withdrawals from account after reaching preservation age	✓	✓	✓	✓	✓ <sup>2</sup>	✗

1. Investment management fees apply, ranging from 0.12% p.a. to 0.72% p.a. of account balance, depending on your investment option. These fees are deducted before unit prices are declared.

2. Conditions apply.

3. Alternative options may be available.

4. On commencement – alternative options may be available.

5. Insurance may be able to continue for members in Section A, Section C, SCA or RBA (if applicable).

6. Scheduled to be available from March 2008.

# Investment markets overview

## Australian shares

The Australian sharemarket continued its run of double-digit returns in 2007. The ASX200 price index closed at 6340, up 11.8%, while the ASX200 accumulation index increased by 16.1% over 2007. The Australian sharemarket continued to outperform international sharemarkets.

The resource section led the market higher as investors continued to embrace the "China growth" theme for much of 2007. Merger and acquisition activity underpinned the market's growth with the mooted merger of BHP (up 61%) and Rio Tinto (up 82%) providing impetus to the market. These two stocks accounted for up to 50% of the index gains over 2007.

## International shares

Returns on global sharemarkets over 2007 reflected market movements and the impact of the appreciating Australian dollar. The MSCI unhedged index ended 2007 down 2.1% while the MSCI \$A hedged index finished up 6.2%.

The flow-on effects from the US sub-prime mortgage issue to the financial sector weighed heavily on global sharemarkets. This issue coupled with concerns about a possible US recession and its global impact had investors looking for safer havens for their funds.

Emerging markets were the stand-out performer returning a gain of 25.1% in 2007.

## Property

After a stellar year in 2006, listed property both locally and globally earned negative returns in 2007. Concerns about a weaker global economy and tightening credit put upward pressure on yields and contributed to higher capitalisation rates and discount rates for valuing underlying properties.

Unlisted property performed well as it is not subject to the reactivity of the listed market.

## Fixed interest

Volatility returned to markets in the lead up to and post the US sub-prime mortgage issue. Increasing volatility has seen bonds return to favour for investors from both a traditional diversification and yield perspective as liquidity evaporated in global markets.

## Alternative assets

Alternative assets provided mixed returns with global tactical asset allocation funds struggling with volatility, particularly across currencies. Commodity futures started 2007 poorly but improved later in the year as investors bid up the price of underlying commodities. Private equity provided solid returns, but tightening credit conditions is expected to detract from performance in the near term.

### Investment Market Developments in Early 2008

After peaking in November 2007, the impact of the US sub-prime mortgage issue led to the commencement of a serious global correction in sharemarkets which weighed heavily on the Australian sharemarket.

The global sell-off in sharemarkets during December 2007 continued in January and February 2008 with markets absorbing the impact of the poor news on the US economy and the flow-on effects from the US sub-prime mortgage issue on company earnings.

For example, the ASX200 price index reduced to 5572 at the end of February 2008, a fall of 12%. This fall needs to be viewed in the context of strong investment performance over the longer term as shown by the five and seven year average returns for the Scheme's investment options on pages 8 and 9.





# Your investment returns

## Unit prices

Your account in the Scheme is recorded as a unit holding in one or more of the Scheme's underlying investment options. There are different types of units depending on the investment option(s) in which your account is invested.

The unit price of a particular investment option is the value of its net assets divided by the number of units on issue. The "value of net assets" is the current market value of assets in an investment option, after deducting current liabilities such as accrued investment tax (where applicable) and investment related expenses.

Unit prices are set weekly or more frequently as determined by the Trustee.

As asset values fluctuate, unit prices will go up and down. Over time, we would expect unit prices to increase because assets gain in value and investment income is reinvested. However, there will be times when the market value of assets declines causing unit prices to go down.

The investment return for each investment option is calculated as the percentage change in unit prices for the year, to provide a measure of investment performance.

Unit prices are available on the Scheme's website – click on 'Unit Prices' or 'Allocated Pension Unit Prices' (as applicable) under the 'Investment Choice' tab.

## Measuring investment performance

With the exception of pensioner beneficiaries, the investment earnings for each member depend on the number, prices and types of investment units held, acquired or relinquished during the year.

The investment return for each investment option is calculated as the percentage change in unit prices for the year to provide a measure of investment performance.

The investment returns for each option are set out on pages 8 and 9, together with details of the investment returns and distribution rates of previous years.

Remember, past investment returns are not necessarily indicative of future performance.

Investment income earned in the Account Based Pension Section is exempt from tax. Therefore, the returns for each investment option will generally be slightly higher for the ABP and TRAP members than for other members of the Scheme. Where applicable, the investment returns and unit price information for the ABP Section and other sections are shown separately.

Your Scheme... keeping you and your family  
on track towards financial security

# Investment options' returns

## Aggressive Growth

Net investment return <i>Sections A, C, RBA &amp; SCA</i>	7.8%
Net investment return <i>ABP Section</i>	6.8%

The domestic sharemarket outperformed international sharemarkets and again achieved double-digit returns with the ASX200 index up 16.2%. The appreciation of the Australian dollar over 2007 adversely impacted on the return on unhedged international shares.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2007	\$1.7009
Price at 31/12/2006	\$1.5778
Unit prices – ABP Section	
Price at 31/12/2007	\$1.0999
Price at 31/12/2006	\$1.0299

\* For the period from inception in November 2006 to December 2006.

### Aggressive Growth option returns

Year ended 31 December <sup>1</sup>	Net return	ABP returns <sup>2</sup>	CPI Increase <sup>3</sup>
2007	7.8%	6.8%	3.0%
2006	15.5%	3.0%*	3.3%
2005	20.3%	n/a	2.8%
2004	18.9%	n/a	2.6%
2003	8.5%	n/a	2.4%
2002	-14.8%	n/a	3.0%
2001	3.3%	n/a	3.1%
5-year average	14.1% p.a.	n/a	2.8% p.a.
7-year average	7.9% p.a.	n/a	2.9% p.a.

## Balanced Growth

Net investment return <i>Sections A, C, RBA &amp; SCA</i>	7.2%
Net investment return <i>ABP Section</i>	8.1%

The Balanced Growth option benefited from the continued strong performance of the Australian sharemarket and direct Australian property holdings. These returns were partially offset by losses on unhedged international shares and listed property trusts.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2007	\$1.7135
Price at 31/12/2006	\$1.5988
Unit prices – ABP Section	
Price at 31/12/2007	\$1.8258
Price at 31/12/2006	\$1.6891

\* For the period from inception in April 2003 to December 2003.

### Balanced Growth option returns

Year ended 31 December <sup>1</sup>	Net return	ABP returns <sup>2</sup>	CPI Increase <sup>3</sup>
2007	7.2%	8.1%	3.0%
2006	13.2%	14.7%	3.3%
2005	14.9%	16.8%	2.8%
2004	14.8%	16.7%	2.6%
2003	7.7%	8.5%*	2.4%
2002	-5.2%	n/a	3.0%
2001	4.9%	n/a	3.1%
5-year average	11.5% p.a.	n/a	2.8% p.a.
7-year average	8.0% p.a.	n/a	2.9% p.a.

## Cautious

Net investment return <i>Sections A, C, RBA &amp; SCA</i>	5.9%
Net investment return <i>ABP Section</i>	6.1%

The Cautious option benefited from its allocation to Australian shares and direct Australian property holdings which performed strongly. Increasing yields on fixed interest holdings also contributed to this return.

### Unit prices – Sections A, C, RBA & SCA

Price at 31/12/2007	\$1.5708
Price at 31/12/2006	\$1.4829

### Unit prices – ABP Section

Price at 31/12/2007	\$1.6226
Price at 31/12/2006	\$1.5290

\* For the period from inception in July 2003 to December 2003.

### Cautious option returns

Year ended 31 December <sup>1</sup>	Net return	ABP returns <sup>2</sup>	CPI Increase <sup>3</sup>
2007	5.9%	6.1%	3.0%
2006	9.0%	9.7%	3.3%
2005	9.7%	10.7%	2.8%
2004	10.9%	12.1%	2.6%
2003	7.8%	5.3%*	2.4%
2002	0.3%	n/a	3.0%
2001	3.6%	n/a	3.1%
5-year average	8.6% p.a.	n/a	2.8% p.a.
7-year average	6.7% p.a.	n/a	2.9% p.a.

## Cash

Net investment return <i>Sections A, C, RBA &amp; SCA</i>	5.8%
Net investment return <i>ABP Section</i>	4.5%**

The Cash option was affected by credit tightening and spread widening in fixed interest markets following the US sub-prime mortgage issue.

### Unit prices – Sections A, C, RBA & SCA

Prices at 31/12/2007	\$1.2944
Prices at 31/12/2006	\$1.2233

### Unit prices – ABP Section\*\*\*

Prices at 31/12/2007**	\$1.0451
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\* For the period from inception in July 2003 to December 2003.

\*\* For the period from inception in March 2007 to December 2007.

\*\*\* No unit price is quoted for the Cash option for the ABP Section at 31 December 2006 because no ABP members were invested in this option at that time.

### Cash option returns

Year ended 31 December <sup>1</sup>	Net return	ABP returns <sup>2</sup>	CPI Increase <sup>3</sup>
2007	5.8%	4.5%**	3.0%
2006	7.1%	n/a	3.3%
2005	5.6%	n/a	2.8%
2004	6.0%	n/a	2.6%
2003	2.1%*	n/a	2.4%

### Notes:

1. The 5-year and 7-year averages are for the periods 1 January 2003 to 31 December 2007 and 1 January 2001 to 31 December 2007 respectively.
2. The Account Based Pension (ABP) Section return is generally higher because tax is not payable on the investment earnings of an account based pension. Returns – where applicable – are shown from 2003, when the section started.
3. The increase in the Consumer Price Index (CPI) is a measure of the growth of inflation.

# Investment objectives and strategies

## Aggressive Growth

### Objectives

The investment objectives of the Aggressive Growth option are to:

- maximise returns over the long term whilst accepting a high degree of performance variability; and
- exceed inflation (CPI increases), on average, by at least 3.5% p.a. over rolling five and seven year periods.

### Returns

This option has more growth assets than the Balanced Growth option and consequently has the potential to yield higher returns than the Balanced Growth option in the long term.

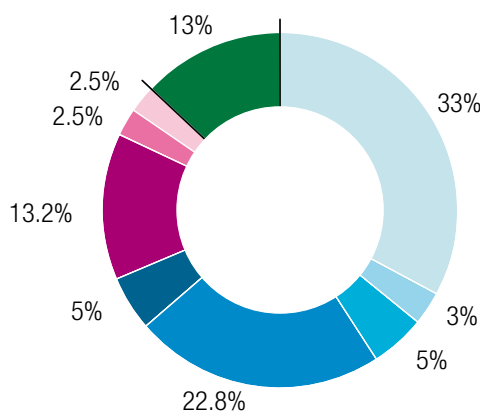
### Risks

The returns of the Aggressive Growth option are likely to be more volatile from year to year than the Balanced Growth option. Therefore if you are considering the Aggressive Growth option, you should be aware of the higher risks involved.

### Asset mix

The majority of assets in the Aggressive Growth option are invested in shares with small allocations to property and alternative investments. There is typically a split of 41% invested in international shares, 41% invested in Australian shares, 13% alternative assets and 5% property.

The pie chart is indicative of the investment mix for this option. Actual percentages may vary from time to time.



\* The Trustee will actively review the structure of the alternative assets and will adjust the structure on a strategic basis. Accordingly from time to time, allocations to alternative assets will not be fully invested and the uninvested allocations will be held in one or more of the non-alternative asset classes.

The investment objective is to exceed inflation (CPI), on average, by at least 3.5% p.a. over the long term.

## Balanced Growth

### Objectives

The investment objectives of the Balanced Growth option are to:

- maximise returns over the long term whilst accepting a moderate degree of performance variability; and
- exceed inflation (CPI increases), on average, by at least 3% p.a. over rolling five and seven year periods.

### Returns

This option has the potential to achieve capital growth over the medium to long term. In the long term, these assets also have the potential to produce greater returns than the Cautious option.

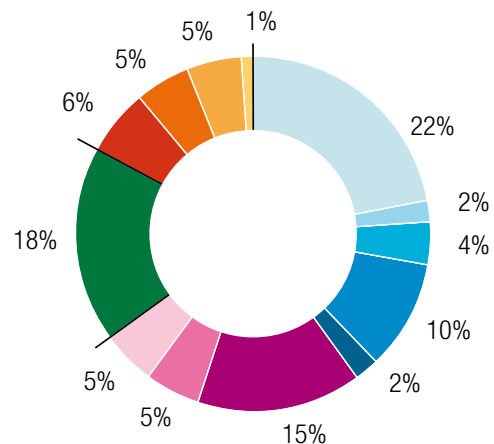
### Risks

The returns of the Balanced Growth option are likely to be more volatile from year to year than the Cautious option. Therefore, if you are considering the Balanced Growth option you should be aware that there will be fluctuations in returns from year to year.

### Asset mix

Typically around 65% of the Balanced Growth option is invested in shares and property and around 18% is invested in alternative assets. The remainder is normally invested in diversified fixed interest securities and cash.

The pie chart is indicative of the investment mix for this option. Actual percentages may vary from time to time.



\* The Trustee will actively review the structure of the alternative assets and will adjust the structure on a strategic basis. Accordingly from time to time, allocations to alternative assets will not be fully invested and the uninvested allocations will be held in one or more of the non-alternative asset classes.

The investment objective is to exceed inflation (CPI), on average, by at least 3% p.a. over the long term.

## Key

### Growth assets

- Australian shares
- Australian shares – small caps
- Australian shares – long/short
- International shares – unhedged
- International shares – emerging markets

- International shares – hedged
- Global private equity
- Global listed property
- Australian unlisted property

### Alternative assets\*

- Alternative assets including:
  - Global tactical asset allocation
  - Commodity futures
  - Global private equity
  - Global infrastructure
  - Structured Beta

### Defensive assets

- Australian fixed interest
- International fixed interest – hedged
- Global inflation linked bonds – hedged
- Cash

## Cautious

### Objectives

The investment objectives of the Cautious option are to:

- a. achieve returns which exceed those available on cash investments over the long term whilst achieving reasonable stability in returns from year to year; and
- b. exceed inflation (CPI increases), on average, by at least 2% p.a. over rolling five and seven year periods.

### Returns

This option should provide lower returns than the Aggressive Growth and Balanced Growth options over the long term, but with reduced volatility of returns from year to year.

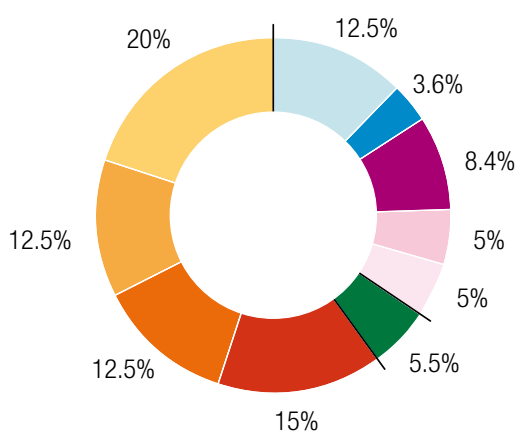
### Risks

The Cautious option is designed to reduce the chance of experiencing a negative return in any one year and to protect the capital value of your investment over a 12-month period.

### Asset mix

Typically around 60% of the Cautious option is invested in diversified fixed interest securities and cash, with the remainder in shares, property and alternative assets.

The pie chart is indicative of the investment mix for this option. Actual percentages may vary from time to time.



\* The Trustee will actively review the structure of the alternative assets and will adjust the structure on a strategic basis. Accordingly from time to time, allocations to alternative assets will not be fully invested and the uninvested allocations will be held in one or more of the non-alternative asset classes.

The investment objective is to exceed inflation (CPI), on average, by at least 2% p.a. over the long term.

## Cash

### Objectives

The investment objectives of the Cash option are to:

- a. achieve money market rates of return; and
- b. maintain capital stability over short time periods.

### Returns

This option is a conservative investment option that only invests in short-term money market securities and fixed interest securities with short durations.

It should provide lower returns than the other options over the long term and would not normally be selected as a long-term investment strategy for superannuation.

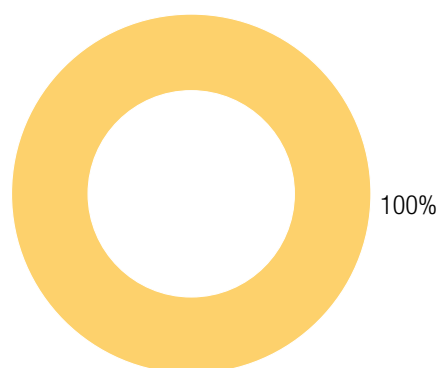
### Risks

The Cash option is designed for investors who seek to reduce market risk in the short term for a specific reason and are prepared to forgo expected capital growth or higher returns.

### Asset mix

All assets in this option are invested in short-term money market securities and fixed interest securities with short durations.

The pie chart is indicative of the investment mix for this option. Actual percentages may vary from time to time.



\* Including short term money market and fixed interest securities.

The investment objective is to achieve money market rates of return.

# Investing the Scheme's assets

## Asset allocation

In 2007, the Scheme's assets were further diversified across asset classes with the introduction of global infrastructure holdings.

Your assets may be structured quite differently from those illustrated, especially if you have chosen the Aggressive Growth, Cautious or Cash options.

Asset allocation		
<b>As at 31 December 2007</b>	<b>\$m</b>	<b>%</b>
Australian shares	582.4	25.3
Australian shares - long/short	104.1	4.5
Australian shares - small caps	61.8	2.7
International shares*	743.9	32.3
Global tactical asset allocation	95.5	4.1
Commodity futures	55.6	2.4
Structured Beta	92.2	4.0
Global infrastructure	11.5	0.5
Australian property	130.8	5.7
International property	61.1	2.7
Australian fixed interest	108.8	4.7
International fixed interest	188.4	8.2
Cash	66.0	2.9
<b>Total</b>	<b>2,302.1</b>	<b>100.0</b>
<b>As at 31 December 2006</b>	<b>\$m</b>	<b>%</b>
Australian shares	555.8	27.1
Australian shares - long/short	85.9	4.2
Australian shares - small caps	48.4	2.4
International shares*	657.0	32.0
Global tactical asset allocation	90.6	4.4
Commodity futures	40.3	2.0
Structured Beta	36.8	1.8
Australian property	104.7	5.1
International property	84.3	4.1
Australian fixed interest	110.0	5.3
International fixed interest	194.9	9.5
Cash	44.8	2.1
<b>Total</b>	<b>2,053.5</b>	<b>100.0</b>

\* Including International Private Equity

## Use of derivatives

The Trustee does not directly invest in any derivatives such as futures and options. Investment managers may use derivatives in managing portfolios for the Trustee and in managing pooled investment vehicles in which the Trustee invests.

Limits on the extent of derivative use are specified in the investment management agreements between the Trustee and the various investment managers.



## Investment managers

The Scheme's assets held by each investment manager as at 31 December 2007 and 2006 are shown in the table below.

Invested assets at the end of 2007 were \$2,302 million compared to \$2,053 million at the end of 2006.

Investment managers		
<b>As at 31 December 2007</b>	<b>\$m</b>	<b>%</b>
AMP Life	121.5	5.3
ANZ (cash deposits)	66.0	2.9
Barclays Global Investors Australia	245.8	10.7
Bridgewater All Weather Fund	92.2	4.0
Industry Funds Management	25.1	1.1
ING Investment Management	0.0	0.0
Kinetic Investment Partners	61.8	2.7
Macquarie Specialised Asset Management*	11.5	0.5
Morgan Stanley	7.1	0.3
Pantheon Ventures	33.4	1.5
Pimco Australia	188.4	8.2
QIC	49.2	2.1
Russell Investment Management	1,331.1	57.8
Tactical Global Management	17.2	0.7
WestLB Mellon	51.8	2.2
<b>Total</b>	<b>2,302.1</b>	<b>100.0</b>
<b>As at 31 December 2006</b>	<b>\$m</b>	<b>%</b>
AMP Life	62.1	3.0
Barclays Global Investors Australia	150.6	7.3
Bridgewater All Weather Fund	36.8	1.8
GMO Australia	44.8	2.2
Industry Funds Management	26.6	1.3
ING Investment Management	66.2	3.2
Kinetic Investment Partners	48.4	2.3
Morgan Stanley	1.7	0.1
Pantheon Ventures	14.3	0.7
Pimco Australia	194.9	9.5
QIC	50.6	2.5
Russell Investment Management	1,297.1	63.2
Tactical Global Management	18.3	0.9
WestAM Asset Management	41.1	2.0
<b>Total</b>	<b>2,053.5</b>	<b>100.0</b>

\* Appointed November 2007

Those investments managed by Russell Investment Management are managed using a multi-manager approach. Under this approach, Russell Investment Management researches, monitors, selects and combines groups of investment managers for each type of asset (eg. Australian shares, international shares, listed property). Funds invested through Russell Investment Management are managed by over 20 investment managers.

## Hedging policy

A portion of the investments in the Aggressive Growth, Balanced Growth and Cautious options are invested in international assets such as shares, fixed interest and property securities. The exposure to currency risk in these options can be managed by hedging, ie. locking in future exchange rates using derivatives.

For international shares, the Trustee's policy is to have a partial currency hedge. This provides some protection against decreases in the value of foreign currencies in which the shares are held, but also allows some of the benefits of increases in these foreign currency values to flow through to investment returns.

For international fixed interest and listed international property securities, the Trustee's policy is to have a full currency hedge so that investment returns relate solely to the performance of this asset class.

The Trustee's hedging policy is reviewed from time to time.

Members will be advised of any future changes.

# Fees and charges

Membership category	Account Management fees <sup>1,2</sup>	Investment management fee <sup>3</sup>				Insured cover for death and disablement <sup>4</sup>	Salary continuance insurance <sup>4</sup>	Government taxes <sup>5</sup>
		Aggressive Growth option	Balanced Growth option	Cautious option	Cash option			
Section A	No fees	0.72% or \$7.20 per \$1,000 invested	0.62% or \$6.20 per \$1,000 invested	0.27% or \$2.70 per \$1,000 invested	0.12% or \$1.20 per \$1,000 invested	Cost varies depending on your age and the level of cover required	Cost varies depending on your age and monthly benefit	The Government's contribution and surcharge taxes <sup>6</sup> are deducted from your account (if applicable) and paid to the Australian Taxation Office (ATO)
Section C	No fees					Cost for death cover varies depending on your age and the level of cover available. No TPD cover available	No cover available	
Retained Benefit Account (RBA)	0.80% p.a. of the amount invested					No cover available	No cover available	
Spouse Contribution Account (SCA)	0.80% p.a. of the amount invested					No cover available	No cover available	
Account Based Pension (ABP)	0.80% p.a. of the amount invested					No cover available	No cover available	
Transition to Retirement Account Based Pension (TRAP)	0.80% p.a. of the amount invested					No cover available	No cover available	

## Notes

- Account management fees are only charged on the first \$500,000 of assets in any account in the RBA, SCA and ABP Sections.
- Calculated on a pro rata basis, deducted weekly by redeeming some of your units.
- The investment management fees shown were applicable for the year ended 31 December 2007.
- Cost of cover is deducted from your account.
- These taxes apply to all superannuation funds.
- Members charged superannuation surcharge tax receive notification from the ATO. Your annual benefit statement will show these deductions, if applicable.



# Financial statements

The following information is taken from the audited accounts for the year ended 31 December 2007. Copies of the full audited accounts and the auditor's report are available to members on request from ANZ Staff Super. See page 21 for the Scheme's contact details.

## Statement of financial position

Statement of financial position at 31 December	2007 \$'000	2006 \$'000
<b>Assets</b>		
Australian shares	748,309	690,173
International shares	998,714	824,627
Property	191,860	188,972
Australian fixed interest	108,853	110,000
International fixed interest	188,396	194,910
Cash / liquidity	65,999	44,768
<b>Total assets</b>	<b>2,302,131</b>	<b>2,053,450</b>
<b>Less liabilities</b>		
Payable	1,086	995
Income tax payable	9,412	3,397
Deferred tax liability	24,117	35,914
<b>Total liabilities</b>	<b>34,615</b>	<b>40,306</b>
<b>Net assets available to pay benefits</b>	<b>2,267,516</b>	<b>2,013,144</b>
<b>Represented by liability for accrued benefits</b>	<b>2,267,516</b>	<b>2,013,144</b>

## Operating statement

Operating statement for the year ended 31 December	2007 \$'000	2006 \$'000
Net assets available to pay benefits at the beginning of the period	2,013,144	1,697,328
<b>Plus</b>		
Net investment revenue	188,169	267,359
Contributions revenue		
> Employer	147,337	126,276
> Members	41,906	18,860
Transfer from other funds	58,998	47,028
Other	85	473
<b>Total revenue</b>	<b>436,495</b>	<b>459,996</b>
<b>Less</b>		
Benefits paid or payable	136,620	92,490
Operating expenses	14,598	15,601
Income tax expense	30,905	36,089
<b>Total benefits, expenses and tax</b>	<b>182,123</b>	<b>144,180</b>
<b>Net assets available to pay benefits at the end of the period</b>	<b>2,267,516</b>	<b>2,013,144</b>

Your Scheme... helping to manage the "bumps in the road" on the way to reaching your goals

## Reserves and accounts

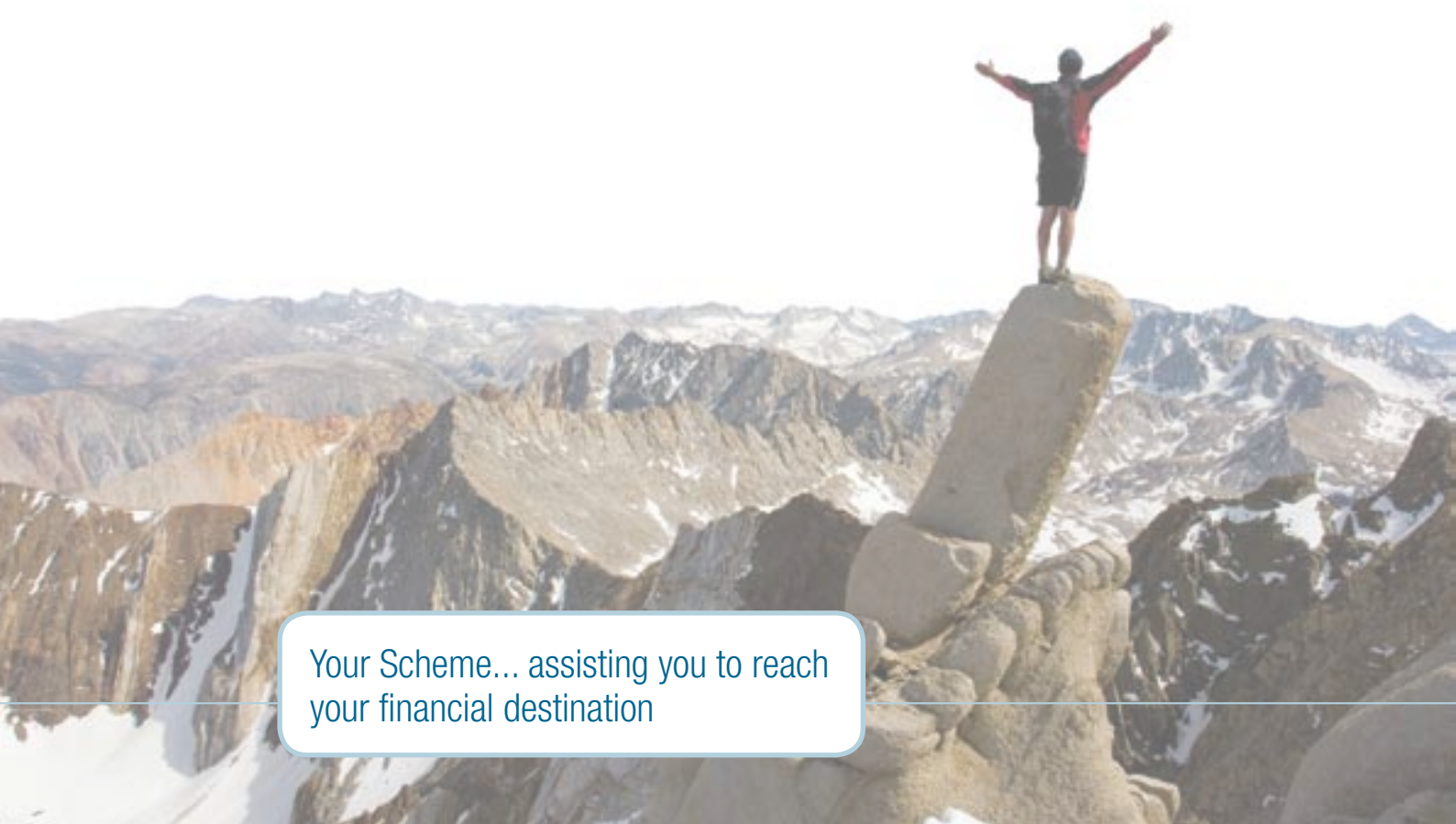
Five types of reserves or accounts are held within the Scheme for efficient financial management. They are:

1. The Scheme Operating Reserve (SOR). This is part of the financial management of the Scheme, and may be used in certain circumstances to address unit pricing issues or claims against the Scheme.
2. The Death and Disablement Reserve (DDR) which operates as a reserve to which premiums for death and Total and Permanent Disablement cover are paid and from which any excess of death and Total and Permanent Disablement benefits over members' account balances is paid.
3. The Employer Funding Reserve (EFR) is also part of the financial management of the Scheme.
4. The Unallocated Transfer Reserve (UTR) relates to monies transferred from other ANZ staff superannuation schemes which were not allocated to transferring members.
5. The Pension Section Account (PSA) relates to assets transferred from the ANZGROUP (Australia) Staff Pension Scheme to finance the benefits paid to pensioner beneficiaries.

Reserve balances at 31 December					
Year	SOR \$m	DDR \$m	EFR \$m	UTR \$m	PSA \$m
2007	13.9	29.6	10.5	0	33.0
2006	13.1	25.6	9.7	0	35.2
2005	12.4	21.1	8.7	0*	35.4
2004	11.4	17.3	7.7	0.5	34.6
2003	10.1	14.7	7.0	0.4	34.7

\* Following the actuarial review in 2005, the balance of the UTR was transferred to the PSA.

These reserves and accounts do not affect the pricing of units or the investment earnings on members' accounts.



Your Scheme... assisting you to reach your financial destination

# Your Trustee

The Trustee for your Scheme is ANZ Staff Superannuation (Australia) Pty Limited, which is responsible for the operation and management of the Scheme.

The Board of the Trustee has eight Directors, four elected by members and four appointed by ANZ.

The Board has an excellent mix of skills and experience to oversee the operations and management of your Scheme and represent member interests.

## Board meeting attendance for 2007

Trustee Director	No. of board meetings*	No. attended**
Russell Rechner	7	7
Tracey Sturgeon	6	7
David Ellison (resigned June 2007)	4	4
Peter Davis (from July 2007)	2	3
Peter O'Reilly (resigned June 2007)	4	4
Jo McKinstry (from July 2007)	2	3
Wayne Stevenson	6	7
Geoffrey King	7	7
Shane Freeman	6	7
Sue Carter	7	7

\* Directors also attend committee meetings as required.

\*\* Where a Director is unable to attend a Board meeting, his or her alternate Director usually attends the meeting.

## New Trustee Directors

In June 2007, an election was held for two member representative Directors.

Tracey Sturgeon was re-elected to the Board and Peter Davis was elected to replace Peter O'Reilly, who had been appointed as the Scheme's Investments Manager. Tracey and Peter were each appointed for a term of four years.

On 30 June 2007, David Ellison resigned as a member representative Director. Jo McKinstry accepted an invitation to fill the vacancy following David's resignation. Jo has been appointed for a term of two years (the remainder of David's term) from 1 July 2007.

On 4 February 2008, Susie Babani, Group General Manager Human Resources, joined the Trustee Board as an ANZ-appointed Director to replace Shane Freeman who has taken up an international assignment with ANZ.

The Trustee thanks Peter O'Reilly, David Ellison and Shane Freeman for their service to the Board as Directors.

All Directors are required to complete and pass examinations on superannuation and retirement incomes to meet the Australian Securities and Investment Commission (ASIC) RG146 training requirements for superannuation under the Corporations Act 2001.

## Corporate governance

The Trustee is committed to maintaining the highest standards of corporate governance practice and ethical conduct in undertaking its responsibilities to manage the Scheme on behalf of its members.

The Trustee utilises the collective skills and experience of its Directors to efficiently and soundly manage and monitor the operations and performance of the Scheme.

The Trustee has a Governance and Audit Committee to assist the Board in identifying and addressing issues to maintain a best practice corporate governance framework for the Scheme and to ensure compliance with the Scheme's Trust Deed and Rules and all relevant legislation.

Key governance issues considered by the Trustee include:

- corporate structures, processes, policies and conduct;
- prudential measures such as security, fraud prevention, insurance and business continuity;
- monitoring of service providers including investment managers;
- risk management;
- legislative and regulatory compliance; and
- communication with members and other stakeholders.

## Group Superannuation's role

ANZ Group Superannuation is responsible for managing the Scheme's relationship with its service providers.

ANZ Group Superannuation also supports the Trustee by overseeing member communication and education, compliance and governance, investment services and statutory requirements.

## Your Trustee at 31 December 2007

<p><b>Russell Rechner</b>  <b>ANZ representative director</b>          Former Director, Major Projects, ANZ Metrobanking</p>				<p><b>Tracey Sturgeon</b>  <b>Member representative director</b>          Credit Executive, Portfolio Assurance</p>
	<p><b>Geoffrey King</b>  <b>Member representative director</b>          Senior Superannuation Account Manager, ING Australia</p>		<p><b>Shane Freeman</b>  <b>ANZ representative director</b>          Group General Manager, People Capital</p>	
<p><b>Jo McKinstry</b>  <b>Member representative director</b>          Head of Operational Risk and Compliance, Consumer Finance</p>			<p><b>Peter Davis</b>  <b>Member representative director</b>          Relationship Manager, Financial Institutions Group</p>	
	<p><b>Wayne Stevenson</b>  <b>ANZ representative director</b>          Chief Financial Officer Office of the Senior Managing Director</p>			<p><b>Sue Carter</b>  <b>ANZ representative director</b>          Consultant – Corporate Governance and Board Effectiveness</p>

### Administration

Certain administration and member services have been outsourced to Russell Employee Benefits. The Trustee also engages professional firms and consultants to provide expert advice.

### Trust Deed Changes

During 2007, the Trust Deed was amended to cater for the impact of the "Better Super" changes described earlier in this report.

### Indemnity insurance

The Trustee has indemnity insurance to cover the Scheme and Directors in case of a loss due to a claim against the Trustee. The insurance is designed to cover a financial loss incurred as a result of an honest mistake that may occur in operating the Scheme.

It does not cover the Directors for fines or penalties that may be imposed by law, or for claims resulting from intentional or reckless neglect or dishonest conduct.

# Other information

## Inquiries

You can call the ANZ Staff Scheme with any inquiry about your account or the Scheme. You can also access your account information via the Scheme's website.

Most member inquiries can be easily answered by ANZ Staff Super service representatives over the phone.

In some cases, you may be asked to put your inquiry in writing and provide contact details for a reply. Inquiries will generally be answered within a few days.

As a Scheme member, you can access:

- Product Disclosure Statements (PDSs);
- the Scheme's Trust Deed and Rules;
- full copies of the Scheme's audited accounts and the auditor's report;
- extracts from the most recent actuary's report;
- copies of annual returns lodged, and compliance notices from APRA and ASIC;
- rules for the appointment and removal of member representative Directors;
- the Privacy Policy Statement;
- the Statement of Investment Objectives and Policy;
- the Risk Management Plan; and
- copies of recent annual reports, newsletters and brochures.

## Complaints

If you have an issue or concern regarding the Scheme, you can outline your concerns in writing to the Trustee and the matter will be investigated in accordance with the Scheme's inquiries and complaints handling procedure.

**ANZ Staff Super  
Locked Bag A5055  
Sydney South NSW 1235**

The Trustee will advise you in writing of its decision.

If your complaint is not resolved to your satisfaction by the Scheme's internal procedures within 90 days, you can contact the Superannuation Complaints Tribunal (SCT) an independent body set up by the Federal Government to resolve certain types of complaints against superannuation fund trustees.

When the SCT accepts a complaint it will try to resolve the matter through inquiry and conciliation.

If this is unsuccessful, the complaint is formally referred to the SCT for a determination that is binding.

You can contact the SCT by phoning 1300 780 808 for the cost of a local call, or email [info@sct.gov.au](mailto:info@sct.gov.au) or by visiting its website at [www.sct.gov.au](http://www.sct.gov.au)



## Leaving the Scheme – Eligible Rollover Fund

When your membership of Section A, Section C or the SCA Section ceases, you will need to decide what to do with your benefit.

If your benefit is less than \$7,500 and you do not provide payment instructions within 30 days, your benefit will automatically be transferred to the Scheme's Eligible Rollover Fund (ERF) as selected by the Trustee.

**AMP Eligible Rollover Fund**  
**Locked Bag 5400**  
**Parramatta NSW 1741**  
**Phone: 1300 653 456**

You will no longer be a member of the Scheme if your benefits are transferred to the ERF. Any insurance cover you may have had with the Scheme will also cease. The ERF does not offer insurance in the event of death or disablement.

You will need to contact the ERF directly to access your benefits. If your benefit is transferred to the ERF, the Scheme will provide it with your current contact details so the ERF can send you its current Product Disclosure Statement (PDS) outlining the operational details of the ERF.

If your benefit is \$7,500 or more it will be transferred to the RBA.

## Service providers

The Trust Deed permits the Trustee to appoint independent specialists to assist with the management and operation of the Scheme.

The Trustee has appointed the following professional firms to provide services to the Scheme:

<b>Member Services</b>	Russell Employee Benefits
<b>Actuary</b>	Russell Employee Benefits
<b>Investment Adviser</b>	Watson Wyatt
<b>Legal Adviser</b>	Freehills
<b>Master Custodian</b>	ANZ Custodian Services
<b>Eligible Rollover Fund</b>	AMP Eligible Rollover Fund



## Contact us...

### ANZ Staff Scheme

Locked Bag A5055  
Sydney South NSW 1235  
or email [anzadmin@russellsuper.com](mailto:anzadmin@russellsuper.com)

### ANZ Staff Super

(to speak with an ANZ Staff Super Service Representative)  
1800 000 086  
or +61 2 9374 3990 from overseas

### Scheme fax

02 9372 6288

### Scheme internet site

[www.anzstaffsuper.com](http://www.anzstaffsuper.com)

### Superannuation Complaints Tribunal

1300 780 808

### Australian Tax Office

Superannuation Help Line 13 10 20

