ANZ Australian Staff Superannuation Scheme

Picture your future

2011 Annual Report

YEAR ENDED 31 DECEMBER 2011

Contents

This 2011 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 33 for contact details).

Published: June 2012

Chairman's message

It is my privilege to introduce this Annual Report for the ANZ Australian Staff Superannuation Scheme.

Market performance

The year to 31 December 2011 was characterised by ongoing market volatility. Concerns were levelled mainly at the Eurozone and the USA, focusing on government debt (particularly the ongoing crisis in Europe) and budget deficits.

The media bombards us with stock market tales of woe. It is important to remember that superannuation is a long term investment – the average member will need to be 'in the market' for another 20 to 25 years before drawing on their retirement nest egg. And we should not lose sight of the fact that once in retirement, our investments can continue to grow through sound investment practices. Despite several stock market falls over the last 20 years, on the whole, superannuation in Australia has returned results in line with objectives over the long term.

The Scheme's performance relative to peers has for most member investment choices been above average and at times been in the first quartile of all funds measured.

The Scheme's Trustee and management team continue to closely monitor investment performance and exposure to key asset sectors, and will carry on seeking the best return for an appropriate level of risk for members. You can read more about the Scheme's returns for 2011 on page 10, or see the full list of investment managers on page 20.

Stronger Super

You may have heard the term 'Stronger Super'. This is a series of Government initiatives intended to strengthen the Australian retirement system, with the aim of ultimately improving the adequacy of retirement savings for Australians.

A significant initiative forming part of Stronger Super is 'MySuper', a low cost and simpler super product. It is designed to replace the current default investment option that a fund is required to offer their members with one that meets the majority of members' needs, but tailored to the stages of their working life. Should the required legislation be passed, 'MySuper' will take effect from mid to late 2013. The ANZ Australian Staff Superannuation Scheme is planning to have a MySuper arrangement in place by that date.

The Federal Government has also passed legislation which will see the Superannuation Guarantee contribution rate increased from 9% to 12% over seven years, starting from 1 July 2013. Since the Superannuation Guarantee was introduced in 1992, superannuation has continued to evolve in Australia.

Putting "YOU" in the picture

To make the most of your super and to help create the future you want, I encourage you to visit the Scheme website **www.anzstaffsuper.com**. There you will find a range of helpful education materials and all the information you need about your account balance and investment options in the Scheme. By tailoring your choices and accessing the services available, you give your retirement savings the best opportunity to meet your needs once you stop working.

In 2011, we introduced our new online tool, *Model My Super*, which allows you to model your estimated income in retirement.

Did you know that the average Australian single person will need an income of $40,407 p.a. in retirement for a comfortable lifestyle, and that a couple will need more than $55,249 p.a.?*

* Based on the ASFA Retirement Standard for the December 2011 quarter.

'Comfortable' isn't rich by any standards, but it does mean being able to eat out, enjoy your chosen leisure activities, upgrade your car, take an overseas holiday and repair or upgrade appliances as required.

With *Model My Super* you can see how the different choices you make now and over your working life could influence your estimated income in retirement, such as:

- Delaying your retirement
- Making different investment choices
- Making additional contributions to your super
- A partner's income and their super
- Career breaks for you or your partner
- Any non-super investments you have.

You can even 'stress test' your retirement plans by applying a share market volatility model to help you better understand the impact of investment market fluctuations. If you haven't already had a look at *Model My Super*, I do suggest that you go to the website.

All you need to do is log into the secure section of the website using your member number and PIN, then click on the *Model My Super* icon on the right-hand side of the 'Your super amount' page. You can pre-populate *Model My Super* with your own details, tailoring it instantly to your current situation.

If you'd like someone to walk you through *Model My Super,* contact ANZ Staff Super on **1800 000 086**.

Together with the Trustee and Scheme management, I look forward to continuing our partnership with you along the path to your future.

Russell Rechner
Chairman

Scheme snapshot for 2011

Returns

Investment returns for the Scheme's options were mixed for 2011. Returns for the Aggressive Growth and Balanced Growth options were negative, reflecting their exposure to growth assets (such as equities) which performed poorly over 2011. On the other hand, the Cautious and Cash options achieved positive returns, reflecting their higher exposure to defensive assets (such as fixed interest and cash).

Option	1 year	QCP	3 year	QCP	5 year	QCP
Aggressive Growth	–6.3%	3rd	7.4% p.a.	1st	–2.6% p.a.	3rd
Balanced Growth	–0.5%	2nd	9.2% p.a.	1st	0.2% p.a.	2nd
Cautious	4.5%	1st	9.2% p.a.	1st	3.6% p.a.	1st
Cash	4.4%	2nd	4.1% p.a.	2nd	5.0% p.a.	1st

QCP: Quartile Comparative Performance as measured by Rainmaker Information Services

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	5 year
Aggressive Growth	–7.4%	6.1% p.a.	–3.4% p.a.
Balanced Growth	–0.7%	8.5% p.a.	0.2% p.a.
Cautious	4.8%	9.2% p.a.	4.0% p.a.
Cash	5.1%	4.5% p.a.	n/a

Note:
An average return for the Cash option over 5 years is not available for the ABP Section because this option commenced in March 2007.

Membership at the end of 2011

Employee members

2011 = 22,666 2010 = 23,016

RBA members

2011 = 9,813 2010 = 9,180

SCA members

2011 = 285 2010 = 288

ABP (including TRAP) members

2011 = 297 2010 = 252

Pensioners

2011 = 188 2010 = 203

- 7% growth in RBA membership
- 18% growth in ABP membership

Investment markets overview

2011 in review

Investment markets proved to be volatile in 2011.

The first quarter of 2011 saw global growth gather momentum and remain resilient in the face of the impact of major political and natural disaster 'shocks' (such as the overthrow of governments in the Middle East, earthquakes and floods).

Consistent with the moderation of global growth due to oil price rises and heightened inflation fears, global share markets fell over May and June.

The third quarter of 2011 brought extreme and unusual volatility in global share markets fuelled mainly by sovereign debt issues in the Eurozone; in particular, by heightened fears of a default by Greece as it continued to miss fiscal milestones established as part of earlier bail-out agreements.

More broadly, European policymakers struggled to agree on both an appropriate response and a credible plan to contain other contagion threats to global financial markets. By the end of the third quarter, consensus estimates for 2011 global growth had fallen, along with forecasts for 2012.

The roller coaster ride for investors continued over the last three months of 2011, with global share markets reacting positively to news of a possible breakthrough in the Eurozone debt crisis in October and rebounding strongly. Global share markets then fell in November as uncertainty re-emerged.

Global share markets ended the year flat, with investors remaining cautious as it became apparent that the much anticipated European Summit would provide no clear resolution of Europe's debt problems, which had plagued global financial markets for most of 2011.

The outlook for 2012

Despite the latest round of downward revisions to economic growth forecasts, early 2012 provided grounds for cautious optimism compared with a very difficult 2011. Markets reflected this optimism in the first three months and achieved strong positive returns However, the situation in Europe remains delicate with growth sentiment tempered by risks of a deeper recession and countries leaving the European currency union. Volatility returned to global investment markets following the political instability in Greece arising from its elections. In the US, the recent upturn appears better grounded but longer-term prospects for reducing sovereign debt remain problematic. Meanwhile China's economic fundamentals continue to impress with economic growth strong and inflation under control. Australia's economic growth has slowed modestly and the Reserve Bank has acted to cut interest rates.

Volatility has returned to the market in the second quarter which has impacted returns.

Your investment returns

Your account in the Scheme is invested in one (or more) of the four investment options available. These options are invested in both local and international investment markets in growth or defensive assets, or a mixture of both.

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 in certain circumstances 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 under the Investments menu – click on Unit Prices and select the "Super members" option if you are a Section A, C, RBA or SCA member or "Pension members" option if you are an ABP or TRAP holder.

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 10 to 14, together with details of the investment returns 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, returns for each investment option will generally be higher for ABP and TRAP members than for other members of the Scheme, though this is not always the case. Where applicable, the investment returns and unit price information for the ABP Section and other sections are shown separately.

Investment returns

Aggressive Growth

Net investment return **–6.3%**
Sections A, C, RBA & SCA

Net investment return **–7.4%**
ABP Section

The Aggressive Growth option has a heavy weighting to growth assets (such as shares and property) which lead to a negative investment return for 2011. The poor performance of global share markets was further impacted by the strength of the Australian dollar. When the value of the Australian dollar rises relative to other currencies, international shares become worth less in Australian dollars. For international shares, the Aggressive Growth option hedges 30% of this risk which provides limited protection against the strengthening Australian dollar.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2011	$1.3803
Price at 31/12/2010	$1.4723
Unit prices – ABP Section	
Price at 31/12/2011	$0.8646
Price at 31/12/2010	$0.9332

Aggressive Growth option returns

Year ended 31 December[1]	Net return	ABP returns[2]	CPI increase[3]
2011	–6.3%	–7.4%	3.1%
2010	4.4%	4.7%	2.7%
2009	26.6%	23.0%	2.1%
2008	–34.5%	–34.2%	3.7%
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%
5-year average	–2.6% p.a.	–3.4% p.a.	2.9% p.a.
7-year average	2.8% p.a.	n/a	2.9% p.a.
10-year average	2.9% p.a.	n/a	2.9% p.a.

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

Investment returns

Balanced Growth

Net investment return **–0.5%**
Sections A, C, RBA & SCA

Net investment return **–0.7%**
ABP Section

The asset mix for the Balanced Growth option includes an allocation in both defensive assets (such as fixed interest securities) and growth assets (such as shares and property). Overall, the Balanced Growth option achieved a marginal negative investment return over 2011. With a lower allocation to growth assets and a hedging ratio of 50%, it achieved a higher investment return than the Aggressive Growth option.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2011	$1.6179
Price at 31/12/2010	$1.6263
Unit prices – ABP Section	
Price at 31/12/2011	$1.7071
Price at 31/12/2010	$1.7196

Balanced Growth option returns

Year ended 31 December[1]	Net return	ABP returns[2]	CPI increase[3]
2011	–0.5%	–0.7%	3.1%
2010	7.3%	8.4%	2.7%
2009	22.0%	18.7%	2.1%
2008	–27.5%	–26.8%	3.7%
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%
5-year average	0.2% p.a	0.2% p.a.	2.9% p.a.
7-year average	4.0% p.a	4.4% p.a.	2.9% p.a.
10-year average	4.4% p.a.	n/a	2.9% p.a.

Cautious

Net investment return **4.5%**
Sections A, C, RBA & SCA

Net investment return **4.8%**
ABP Section

Returns for the Cautious option continued to be positive, reflecting its heavier weighting to defensive assets (such as fixed interest securities) and lower weighting to growth assets (such as shares and property) compared with the Aggressive Growth and Balanced Growth options. The return for the Cautious option also benefited from having a hedging ratio of 70% which provided more protection against the rising Australian dollar.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2011	$1.7681
Price at 31/12/2010	$1.6927
Unit prices – ABP Section	
Price at 31/12/2011	$1.8610
Price at 31/12/2010	$1.7765

Cautious option returns

Year ended 31 December[1]	Net return	ABP returns[2]	CPI increase[3]
2011	4.5%	4.8%	3.1%
2010	7.6%	9.0%	2.7%
2009	16.0%	14.1%	2.1%
2008	–13.6%	–11.9%	3.7%
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%
5-year average	3.6% p.a.	4.0% p.a.	2.9% p.a.
7-year average	5.2% p.a.	5.7% p.a.	2.9% p.a.
10-year average	5.5% p.a.	n/a	2.9% p.a.

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

Investment returns

Cash

Net investment return **4.4%**
Sections A, C, RBA & SCA

Net investment return **5.1%**
ABP Section

The Cash option achieved a positive return for 2011, reflecting the interest rates available on short term cash holdings. The Reserve Bank of Australia reduced official interest rates in late 2011 and the returns available on term deposits reflected these changes.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2011	$1.5584
Price at 31/12/2010	$1.4928
Unit prices – ABP Section	
Price at 31/12/2011	$1.2739
Price at 31/12/2010	$1.2118

Cash option returns

Year ended 31 December[1]	Net return	ABP returns[2]	CPI increase[3]
2011	4.4%	5.1%	3.1%
2010	4.5%	4.7%	2.7%
2009	3.4%	3.5%	2.1%
2008	6.7%	7.0%	3.7%
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%
5-year average	5.0% p.a.	n/a	2.9% p.a.
7-year average	5.4% p.a.	n/a	2.9 % p.a.

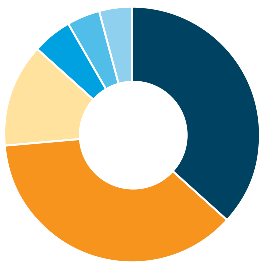
* For the period from inception in March 2007 to December 2007.
# Since inception in July 2003.

Notes
1. The 5-year and 7-year averages are for the periods 1 January 2007 to 31 December 2011 and 1 January 2005 to 31 December 2011 respectively.
2. The Account Based Pension (ABP) Section returns are generally higher because tax is not payable on the investment earnings of an account based pension.
3. The increase in the Consumer Price Index (CPI) is a measure of inflation.

Investment objectives and strategies

	Aggressive Growth	Balanced Growth
Objectives	The investment objectives of the Aggressive Growth option are to: a: maximise returns over the long term whilst accepting a high degree of performance variability; and b: exceed inflation (CPI increases), on average, by at least 3.5% p.a. over rolling five and seven year periods.	The investment objectives of the Balanced Growth option are to: a. maximise returns over the long term whilst accepting a moderate degree of performance variability; and b. exceed inflation (CPI increases), on average, by at least 3% 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.	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 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.	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	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.	Typically around 63% of the Balanced Growth option is invested in shares and property and around 20% 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.

Aggressive Growth



Growth assets

- 36.9% Australian equities – large caps
- 36.9% International equities
- 5% Property
- 4.1% Emerging market equities
- 4.1% Australian equities – small caps

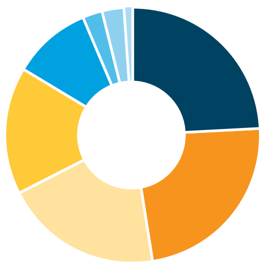
Alternative assets*

- 13% Alternative assets
  - Structured Beta
  - Global private equity
  - Global infrastructure
  - Global credit

* 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



Growth assets

- 24.3% Australian equities – large caps
- 23.4% International equities
- 10% Property
- 2.6% Emerging market equities
- 2.7% Australian equities – small caps

Alternative assets*

- 20% Alternative assets
  - Structured Beta
  - Global private equity
  - Global infrastructure
  - Global credit

Defensive assets

- 16% Fixed interest securities
  - Australian
  - International
  - Inflation linked
- 1.0% Cash

* 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.

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

Growth assets
- 11.2% Australian equities – large caps
- 10.8% International equities
- 10% Property

Alternative assets*
- 8% Alternative assets
  - Structured Beta
  - Global private equity
  - Global infrastructure
  - Global credit

Defensive assets
- 40% Fixed interest securities
  - Australian
  - International
  - Inflation linked
- 20% Cash

* 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.

Defensive assets
- 100% Cash*

* 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

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

	As at 31 December 2011		As at 31 December 2010	
	$m	%	$m	%
Australian shares	548.9	22.4%	611.0	25.5%
Australian shares – small caps	74.4	3.0%	92.1	3.9%
International shares*	731.8	30.0%	706.1	29.5%
Structured Beta	155.7	6.3%	126.4	5.3%
Global infrastructure	93.5	3.8%	51.3	2.1%
Australian property	112.4	4.6%	162.8	6.8%
International property	54.2	2.2%	57.3	2.4%
Australian fixed interest	143.5	5.9%	112.3	4.7%
International fixed interest	194.0	7.9%	195.3	8.2%
Global credit	51.8	2.1%	50.3	2.1%
Cash	291.6	11.8%	227.9	9.5%
Total	**2,451.8**	**100.0%**	**2,392.9**	**100.0%**

* Including International Private Equity

Use of derivatives

The Trustee does not directly invest in any derivatives (such as futures and options) other than the foreign exchange contracts used for hedging.

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 2011 and 2010 are shown in the table below.

Invested assets at the end of 2011 were $2,452 million compared to $2,393 million at the end of 2010.

	As at 31 December 2011		As at 31 December 2010	
	$m	%	$m	%
Australian Shares				
Macquarie Investment Management Ltd – core manager	405.2	16.5%	455.2	19.0%
Kinetic Investment Partners – satellite manager	74.4	3.0%	92.1	3.9%
Orbis Investment Management (Australia) (subsequently renamed Allan Gray Australia) – satellite manager	76.2	3.1%	86.3	3.6%
Independent Asset Management – satellite manager	67.5	2.8%	69.5	2.9%
International Shares				
Blackrock Investment Management (formerly Barclays Global Investors) – core manager	458.3	18.7%	426.4	17.8%
Russell Investment Management Limited – satellite manager	59.6	2.4%	71.3	3.0%
Altrinsic Global Advisors – satellite manager	56.9	2.3%	60.6	2.5%
Trilogy Global Advisors – satellite manager	58.6	2.4%	60.9	2.6%
Australian Direct Property				
AMP Capital Investors	112.4	4.6%	162.8	6.8%
Global Listed Property				
Russell Investment Management Limited	54.2	2.2%	57.3	2.4%
Australian Fixed Income				
Blackrock Investment Management	102.3	4.2%	112.3	4.7%
Queensland Investment Corporation	41.2	1.7%	–	–
International Fixed Income				
Pimco Australia	194.0	7.9%	195.3	8.2%
Structured Beta				
Bell Asset Management Limited	155.7	6.4%	126.4	5.3%
Private Equity				
Industry Funds Management	14.0	0.6%	16.8	0.7%
Morgan Stanley	37.4	1.5%	24.7	1.0%
Pantheon Ventures Limited	47.0	1.9%	45.5	1.9%

	As at 31 December 2011		As at 31 December 2010	
	$m	%	$m	%
Global Infrastructure				
EQT	8.1	0.3%	2.8	0.1%
Morgan Stanley	18.8	0.8%	20.0	0.8%
Macquarie Specialised Asset Management	29.1	1.2%	26.8	1.1%
Palisade	37.5	1.5%	1.7	0.1%
Global Credit				
Colonial First State	51.8	2.1%	50.3	2.1%
Cash				
ANZ (cash deposits)	291.6	11.9%	227.9	9.5%
Total	**2,451.8**	**100%**	**2,392.9**	**100%**

Investment manager changes

During 2011, the following investment managers were appointed:

- Queensland Investment Corporation (QIC) as a specialist Australian fixed interest manager; and
- Westbourne an infrastructure debt manager. Consistent with the nature of infrastructure investments, Westbourne is being funded progressively. The initial funding of this investment was made in early 2012.

Hedging policy

A portion of the investments in the Aggressive Growth, Balanced Growth and Cautious options is 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, i.e. 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.

Your Scheme

The range of features and benefits offered by the hundreds of super funds in Australia differ widely. If you're thinking of changing funds, you should consider all of the features and benefits on offer in light of your own personal circumstances and investment needs.

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) Section	• 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 so you can continue to have contributions paid to your account.
Spouse Contribution Account (SCA) Section	• For eligible spouses of members of the Scheme who are currently or were formerly ANZ employees. • Eligible to be your chosen fund with your employer so you can have contributions paid to your account.
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)	✔	✔	✔	✔	✗[3]	✗[3]
Able to accept contributions from other employers	✔	✔	✔	✔	✗[3]	✗[3]
Ability to rollover money from other funds	✔	✔	✔	✔	✔[4]	✔[4]
Investment choice – choose one or any 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	✔	✔	✔	✔	✔	✔
Investment management fees	✔[1]	✔[1]	✔[1]	✔[1]	✔[1]	✔[1]
Account management fee (0.7% 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)	✗	✗	✔	✔	✗	✗
Account management fee (0.5% 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)	✗	✗	✗	✗	✔	✔
Option to make a binding or non-binding nomination of beneficiaries	✔	✔	✔	✔	✔	✔
Death cover	✔	✔	✔[2]	✔[2]	✗	✔[5]
Total and Permanent Disablement (TPD) cover	✔	✔	✗	✗	✗	✔[5]
Voluntary salary continuance cover	✔	✔	✗	✗	✗	✔[5]
Weekly unit pricing	✔	✔	✔	✔	✔	✔
Access to an interactive website housing your account information in a secure section and tools such as *Model My Super*	✔	✔	✔	✔	✔	✔
A say in the running of the Scheme via Trustee elections	✔	✔	✔	✔	✔	✔
Regular payments from account	n/a	n/a	n/a	n/a	✔	✔
Choice of monthly, quarterly, half yearly or annual payments for your pension payments	n/a	n/a	n/a	n/a	✔	✔
Lump sum withdrawals from your account after reaching preservation age	✔	✔	✔	✔	✔[2]	✗
Option to have your pension transferred to your spouse as a reversionary pension in the event of your death	n/a	n/a	n/a	n/a	✔	✔
Ability to have fee for Scheme-related financial advice from accredited ANZ financial advisers deducted from Scheme account	✔	✔	✔	✔	✔	✔

1. Investment management fees range from 0.06% p.a. to 0.60% p.a. of your account balance, depending on your investment option. These fees are deducted before unit prices are declared.
2. Conditions apply. Contact the Scheme for details.
3. Alternative options may be available. Contact the Scheme for details.
4. On commencement of pension only – alternative options may be available. Contact the Scheme for details.
5. Insurance may be able to continue in Section A, Section C, SCA or RBA (if applicable). Contact the Scheme for details.

Fees and charges

<table>
<tr><th rowspan="2">Membership category</th><th rowspan="2">Account management fees[1,2]</th><th colspan="4">Investment management fee[3]</th><th rowspan="2">Insured cover for death and disablement[4]</th><th rowspan="2">Salary continuance insurance[4]</th><th rowspan="2">Government taxes[5]</th></tr>
<tr><th>Aggressive Growth option</th><th>Balanced Growth option</th><th>Cautious option</th><th>Cash option</th></tr>
<tr><td>Section A</td><td>No fees</td><td rowspan="6">0.60 % or $6.00 per $1,000 invested</td><td rowspan="6">0.55% or $5.50 per $1,000 invested</td><td rowspan="6">0.31% or $3.10 per $1,000 invested</td><td rowspan="6">0.06% or $0.60 per $1,000 invested</td><td rowspan="2">Cost varies depending on your age and the level of cover</td><td rowspan="2">Cost varies depending on your age and monthly benefit</td><td rowspan="6">The Government's contribution and super surcharge taxes[6] are deducted from your account (if applicable) and paid to the Australian Taxation Office (ATO)</td></tr>
<tr><td>Section C</td><td>No fees</td></tr>
<tr><td>Retained Benefit Account (RBA)</td><td>0.70% p.a. of first $500,000 invested, nil thereafter</td><td rowspan="2">Cost for death cover varies depending on your age and the level of cover

No TPD cover available</td><td rowspan="2">No cover available</td></tr>
<tr><td>Spouse Contribution Account (SCA)</td><td>0.70% p.a. of first $500,000 invested, nil thereafter</td></tr>
<tr><td>Account Based Pension (ABP)</td><td>0.50% p.a. of first $500,000 invested, nil thereafter</td><td rowspan="2">No cover available</td><td rowspan="2">No cover available</td></tr>
<tr><td>Transition to Retirement Account Based Pension (TRAP)</td><td>0.50% p.a. of first $500,000 invested, nil thereafter</td></tr>
</table>

Notes

1. Account management fees are only charged on the first $500,000 of assets in any account in the RBA, SCA and ABP Sections.
2. Calculated on a pro rata basis, deducted weekly by redeeming some of your units.
3. The investment management fees shown were applicable for the year ended 31 December 2011. These fees vary from year to year and may include performance management fees.
4. Cost of cover is deducted from your account.
5. These taxes apply to all superannuation funds.
6. Members charged excess contributions tax and/or 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 years ended 31 December 2010 and 2011. Copies of the full audited accounts and the auditor's report are available to members on request from ANZ Staff Super. See page 33 for the Scheme's contact details.

Statement of financial position

Statement of financial position at 31 December	2011 $000	2010 $000
Assets		
Unlisted unit trusts	2,018,363	2,003,528
Listed Australian equities	141,845	161,537
Forward foreign exchange	5,083	10,091
Cash and cash equivalents	286,542	217,777
Receivables	10,151	7,868
Deferred tax asset	31,720	14,124
Total assets	2,493,704	2,414,925
Less liabilities		
Payables	1,191	3,289
Income tax payable	8,930	18,173
Total liabilities	10,121	21,462
Net assets available to pay benefits	**2,483,583**	**2,393,463**
Represented by liability for accrued benefits	**2,483,583**	**2,393,463**

Operating statement

Operating statement for the year ended 31 December	2011 $000	2010 $000
Net assets available to pay benefits at beginning of the period	2,393,463	2,160,569
Plus		
Net investment revenue	(5,935)	166,247
Contributions revenue		
Employer	216,706	196,814
Members	13,187	12,080
Transfer from other funds	41,352	38,963
Other	2,015	2,179
Total revenue	**267,325**	**416,283**
Less		
Benefits paid or payable	139,064	125,463
Operating expenses	15,022	11,995
Income tax expense	23,119	45,931
Total benefits, expenses and tax	**177,205**	**183,389**
Net assets available to pay benefits at end of the period	**2,483,583**	**2,393,463**

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 excesses of Death and Total and Permanent Disablement benefits over members' account balances are 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. There is currently no money in the UTR.
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
2011	12.7	34.3	12.2	0	15.1
2010	13.0	32.7	10.9	0	17.8
2009	12.2	27.9	9.4	0	20.0
2008	10.0	24.6	7.5	0	20.7
2007	13.9	29.6	10.5	0	33.0

* 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 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.

Your Trustee Directors at 31 December 2011

ANZ representative directors:

Russell Rechner
Former Director,
Major Projects,
ANZ Metrobanking

Susie Babani
Group Managing Director,
Human Resources

Wayne Stevenson
Group General Manager,
Group Strategy

Sue Carter
Consultant – Corporate
Governance and Board
Effectiveness

Member representative directors:

Tracey Sturgeon
Director, Lending Services

Geoffrey King
Former Senior
Superannuation
Relationship Manager,
OnePath Australia

Jo McKinstray
Senior Manager,
Assurance

Peter Davis
Head of Public Sector,
Financial Institutions
and Public Sector

Board meeting attendance for 2011

Trustee Director	Possible number of Board meetings*	Number of Board meetings attended**
Susie Babani	7	3
Sue Carter	7	7
Peter Davis	7	7
Geoffrey King	7	4
Jo McKinstray	7	7
Russell Rechner	7	6
Wayne Stevenson	7	7
Tracey Sturgeon	7	6

* 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.

Re-election of two Member Representative Directors

During 2011, an election was held for two Member Representative Directors for the Trustee Board. Tracey Sturgeon and Peter Davis were re-elected to the Board. Tracey Sturgeon is Director, Lending Services with ANZ and Peter Davis is Head of Public Sector, Financial Institutions and Public Sector. They will each serve a four-year term as Member Representative Directors.

We thank all the candidates who nominated for the election and all the members who voted. The next election for Member Representative Directors for the Trustee Board will be held in 2013.

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 uses 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.

Administration

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

Trust Deed Changes

There were two changes to the Trust Deed during 2011:

- A reversionary pension option was introduced in the ABP Section. This option allows account based pensioners (including TRAP holders) to elect to have their pension transferred to their spouse in the event of the pensioner's death; and
- The insurance arrangements for employees on unpaid leave (such as leave without pay, parental leave, career breaks or a combination thereof) were clarified.

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 ANZ Staff Super with any inquiry about your account or the Scheme on **1800 000 086**. You can also access your account information via the Scheme's website at **www.anzstaffsuper.com**.

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
GPO Box 4303
Melbourne VIC 3001

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 884 114** for the cost of a local call, or email info@sct.gov.au or by visiting its website at **www.sct.gov.au**.

The Scheme's 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) 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 outlining the operational details of the ERF.

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

The Scheme's 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:

Member Services	Mercer Australia
Actuary	Russell Employee Benefits
Investment Adviser	Towers Watson
Legal Adviser	Landers and Rogers
Master Custodian/Financial Accountant	JP Morgan
Eligible Rollover Fund	AMP Eligible Rollover Fund
Auditor	KPMG

Contact details

Write to

ANZ Staff Super
GPO Box 4303
Melbourne VIC 3001
Or email anzstaffsuper@superfacts.com

Phone

1800 000 086
or +61 3 8687 1829 from overseas

Fax

03 9245 5827

Website

www.anzstaffsuper.com

Superannuation Complaints Tribunal

1300 780 808

Australian Tax Office

Superannuation Help Line 13 10 20