ANZ Australian Staff Superannuation Scheme

Grow your future

2012 Annual Report

YEAR ENDED 31 DECEMBER 2012

Contents

This 2012 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.

Published: May 2013

Chairman's message

It is my pleasure to introduce this Annual Report for the ANZ Australian Staff Superannuation Scheme. I am especially delighted to highlight your Scheme's solid investment returns for the year ended 31 December 2012.

Investment performance

The Scheme's investment returns for 2012 were pleasing. Our Balanced Growth investment option delivered a annual return of 12.1% for Section A, C, Retained Benefit Account (RBA) and Spouse Contribution Account (SCA) members and 13.8% for ABP Section members. Our Aggressive Growth option achieved an annual return of 12.4% for Section A, C, RBA and SCA members and 13.8% for ABP Section members.

The Scheme's Trustee and management continue to closely monitor investment performance and exposure to asset sectors. The Trustee has made a number of refinements to asset sector allocations seeking the best return for an appropriate level of risk for members. You can read more about the Scheme's returns for 2012 on page 5, and see the asset allocation details on page 14 or the full list of investment managers on page 16.

The Scheme's performance over the three year period, relative to peers, continued to be favourable with most investment options being above average. The Trustee remains focused on the Scheme's long term investment strategy and committed to providing you with value for money superannuation.

Scheme initiatives

Following a review in late 2012, the Trustee approved reducing the account management fees for the RBA, SCA and ABP Sections of the Scheme. With these fee reductions, you will have more money in your account working towards your retirement. From 26 November 2012:

RBA and SCA Sections	Account management fees reduced from 0.70% p.a. to 0.50% p.a. of the amount invested in the relevant section
ABP Section	Account management fees reduced from 0.50% p.a. to 0.30% p.a. of the amount invested in this section.

The account management fee is still only charged on the first $500,000 in your account in each section. No account management fees apply for current employees' accounts in Sections A and C.

Stronger Super reforms

The Federal Government's Stronger Super reforms are scheduled to be implemented over 2013. This package of reforms is intended to strengthen the superannuation system and includes the introduction of MySuper, a superannuation product for members who have not made a Choice of Fund election, and increased prudential and disclosure requirements. The Trustee is working to have the Scheme's MySuper option available from the start of 2014.

Other superannuation changes

While the Trustee is working on implementing the Scheme's MySuper option, there are other upcoming changes which will affect your super. These changes include:

- From 1 July 2013, your Superannuation Guarantee (SG) contribution will increase from 9% to 9.25% of ordinary time earnings. This is the first of a series of incremental annual increases which will take the rate up to 12% from 1 July 2019.
- From 1 July 2013, SG contributions will also be payable for members who are over 70 years of age.

These changes are intended to increase the amount of income people have in retirement.

In early April 2013, the Federal Government also announced a series of proposed reforms aimed at improving the fairness, sustainability and efficiency of the superannuation system. The reforms include:

- A cap on tax-free pension earnings of $100,000;
- A $35,000 concessional contributions limit for people aged 60 and over from 1 July 2013 (or 1 July 2014 for those aged 50 to 59), replacing the standard contributions cap of $25,000;
- Individuals will be able to withdraw from their superannuation fund any excess concessional contributions made from 1 July 2013. The withdrawn excess contributions will be taxed at the individual's marginal tax rate (plus an interest charge) when they are refunded;
- An extension to the deeming rules for account based pensions;
- The account balance threshold above which inactive accounts must be transferred to the Tax Office will be increased from $2,000 to $2,500; and
- The establishment of a Council of Superannuation Custodians.

These proposed reforms are yet to be legislated and may change.

Grow your future

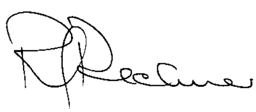
After 12 years as Chairman of the ANZ Australian Staff Superannuation Scheme, I have decided to retire. As I prepare for my own retirement, I can't help but reflect on how important it is to take the time to consider your financial future and how best to manage your super.

The *Model My Super* tool available on the Scheme website is an invaluable online tool for those approaching retirement, as well as for those for whom retirement seems like a lifetime away. With Model My Super, you can model how different choices could impact your estimated retirement income, such as delaying your retirement, making additional contributions to your super and taking career breaks.

To make the most of your super and help grow your future, I encourage you to visit the Scheme's website **www.anzstaffsuper.com**. On the website, you will find a range of helpful education materials, calculators and planning tools as well as information about your account balance and investment options in the Scheme. There is also helpful information about your pension options with the Scheme. By tailoring your contribution, investment and insurance choices and using the products and services available from the Scheme, you give your retirement savings the best opportunity to meet your needs when you stop working.

I have thoroughly enjoyed my role as Chairman of the Scheme and can assure you that I leave this position safe in the knowledge that the Trustee Board will continue to manage the Scheme in the best interests of its members. The Directors and management are focussed on providing value for money superannuation and pension products for all our members.

I take this opportunity to thank the Trustee Board, management and members for a very enjoyable tenure as Chairman and I look forward to hearing about the continuing success of our Scheme.



Russell Rechner
Chairman

Message from the Trustee

On behalf of the Trustee, management and our members, we would like to take this opportunity to thank Russell for his excellent job as the Scheme's Chairman. We wish him every happiness in his retirement.

Following Russell's retirement, the Trustee Board has elected Gary Newman as its new Chairman. We wish Gary every success as he takes over this important role for the Scheme.

Scheme snapshot for 2012

Returns

Investment returns for the Scheme's options were strong for 2012. Returns across all investment options were positive. The higher returns in 2012 reflects stronger performance by growth assets (such as equities) and Aggressive and Balanced Growth achieved higher returns because of their greater weighting to growth assets.

Option	1 year	QCP	3 year	QCP	5 year	QCP
Aggressive Growth	12.4%	4th	3.2% p.a.	3rd	-1.8% p.a.	3rd
Balanced Growth	12.1%	2nd	6.2% p.a.	1st	1.2% p.a.	2nd
Cautious	8.1%	3rd	6.7% p.a.	1st	4.0% p.a.	1st
Cash	3.5%	2nd	4.2% p.a.	2nd	4.5% 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	13.8%	3.4% p.a.	-2.2% p.a.
Balanced Growth	13.8%	7.0% p.a.	1.3% p.a.
Cautious	9.7%	7.8% p.a.	4.7% p.a.
Cash	4.2%	4.7% p.a.	4.9% p.a.

Membership at the end of 2012

Employee members

2012 = 20,450 2011 = 22,666

RBA members

2012 = 11,316 2011 = 9,813

SCA members

2012 = 266 2011 = 285

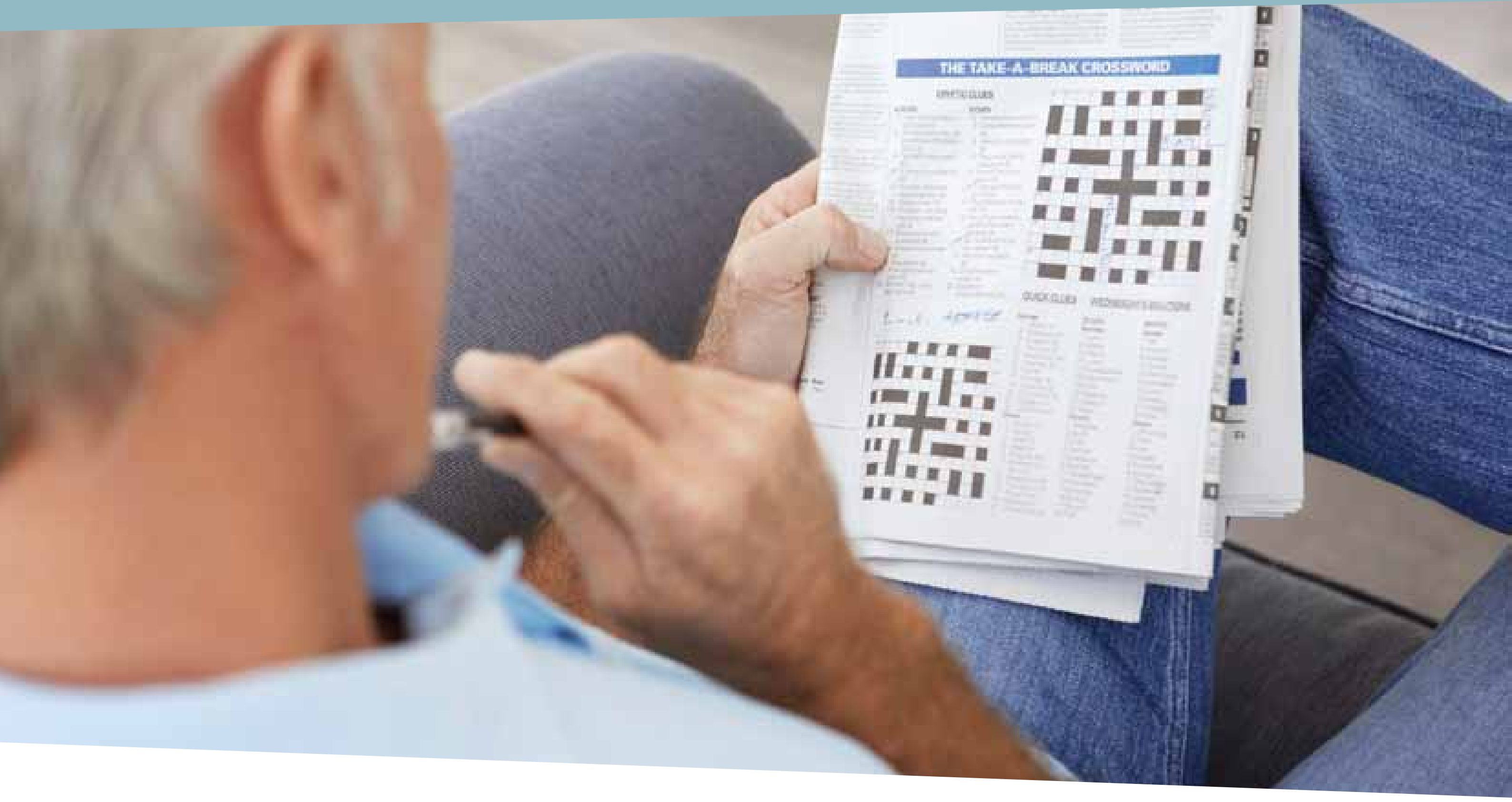
ABP (including TRAP) members

2012 = 347 2011 = 297

Pensioners

2012 = 190 2011 = 188

- 15% growth in RBA membership
- 17% growth in ABP membership



Investment markets overview

2012 in review

Local and global equity markets provided double digit returns as investors returned to these markets over the course of 2012. This was against the backdrop of a range of unsettling events.

Globally, interest rates remained low and the Reserve Bank of Australia also lowered official rates over the course of 2012. Fixed interest markets continued their solid performance of previous years.

The Australian Dollar remained strong against most currencies.

2012 economic events

Australia

Over 2012, changing views about the outlook for China led to concerns over the future of the mining investment boom and prompted volatility in commodity prices. It now looks like the peak in the mining investment pipeline will be lower and earlier than originally expected. Some projects have been delayed or cancelled due to higher costs and lower commodity prices making them marginal in terms of profitability.

Growth in Australia's Gross Domestic Product (GDP) was on or around trend for 2012. This growth was driven by mining investment, but this is now slowing. As a result, the Reserve Bank of Australia eased monetary policy over 2012 by a total of 125 basis points, reducing the official cash rate to 3.00%.

These interest rate cuts failed to make inroads on the strength of the Australian dollar, which averaged US$1.035 over 2012. Strong demand remains for Australian government bonds given its AAA credit rating and the higher yield on offer compared to other developed bond markets.

United States of America

The US economy was mixed over 2012. Initially there were high expectations for GDP growth of close to 4%. Expectations moderated over the course of 2012 and growth of around 2% was recorded. Around mid-year, signs that the housing market was recovering gained pace with momentum continuing through the end of 2012.

The Federal Reserve announced in September an extremely aggressive form of Quantitative Easing (QE) to improve employment and help reflate asset prices. This new round of QE, often referred to as open-ended QE, is not limited by time or money, but only by economic outcomes. This extra tailwind places the US in a better position for 2013 depending on the impact of the resolution of the 'fiscal cliff' and debit ceiling.

Slower growth in China

Growth in China slowed more than expected in 2012, driven mainly by lower global growth and the impact of its political leadership transition. Weaker exports to Europe, slower global growth, the hangover from policy tightening in mid-2011, and a policy vacuum arising from its once in ten year political leadership change can be attributed to the slowdown.

There are now signs of stabilisation coming through with the new leaders taking over in March 2013 set to keep China on an even course.

Greece

Greece received more than its fair share of headlines across 2012. Early in 2012 discussion began on a second bailout for Greece, including private sector involvement in a haircut on Greek government debt. This deal was finalised in March with over 95% participation. Due to economic deterioration and a lack of implementation of agreed budget measures, Greece failed to meet targets for this program. This led to considerable market volatility.

Compounding this uncertainty were government elections. The first in May failed to achieve a result, but the second election in June finally brought a government that was willing to adhere to programs and was committed to staying in the EU. However, given an unsustainable outlook for Greek government debt, a third package was announced in November that delays the primary budget surplus target of 4.5% of GDP from 2014 to 2016.

Europe

Europe remained in the headlines in 2012, although there has been significant policy development and budget measures introduced to help progress the situation. There have been enhancements to the tools to help indebted nations and there is movement towards a joint banking supervision framework. The potential for a bad 'tail risk' event has diminished, although the economy continues to worsen.

Consolidation in 2013

Looking at 2013, equity markets continued to rally initially, but have stalled recently as concerns about global growth have been revived. The solutions to the problems in the global economy are starting to be implemented, but further political decisiveness will be needed to continue to build investment market confidence. This will be the story for 2013.

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.

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 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 8 to 11, 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 **12.4%**
Sections A, C, RBA & SCA

Net investment return **13.8%**
ABP Section

The Aggressive Growth option has a heavy weighting to growth assets (such as shares and property) which led to it achieving a strong investment return for 2012. Whilst the global share markets had a volatile year, they generally ended 2012 positively. Closer to home the Australian dollar remained strong throughout 2012. Overall Aggressive Growth achieved its first double digit return for a calendar year since 2009.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2012	$1.5512
Price at 31/12/2011	$1.3803
Unit prices – ABP Section	
Price at 31/12/2012	$0.9838
Price at 31/12/2011	$0.8646

Aggressive Growth option returns

Year ended 31 December[1]	Net return	ABP returns[2]	CPI increase[3]
2012	12.4%	13.8%	2.2%
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%
5-year average	–1.8% p.a.	–2.2% p.a.	2.8% p.a.
7-year average	1.8% p.a.	n/a	2.9% p.a.
10-year average	5.8% p.a.	n/a	2.8% p.a.

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

Investment returns

Balanced Growth

Net investment return **12.1%%**
Sections A, C, RBA & SCA

Net investment return **13.8%**
ABP Section

The asset mix for the Balanced Growth option includes allocations to both defensive assets (such as fixed interest securities) and growth assets (such as shares and property). Overall, the Balanced Growth option achieved a strong investment return for 2012. With a lower allocation to growth assets, its investment return was lower than the Aggressive Growth option.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2012	$1.8141
Price at 31/12/2011	$1.6179
Unit prices – ABP Section	
Price at 31/12/2012	$1.9428
Price at 31/12/2011	$1.7071

Balanced Growth option returns

Year ended 31 December[1]	Net return	ABP returns[2]	CPI increase[3]
2012	12.1%	13.8%	2.2%
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%
5-year average	1.2% p.a.	1.3% p.a.	2.8% p.a.
7-year average	3.6% p.a.	4.0% p.a.	2.9% p.a.
10-year average	6.2% p.a.	n/a	2.8% p.a.

Cautious

Net investment return **8.1%**
Sections A, C, RBA & SCA

Net investment return **9.7%**
ABP Section

Returns for the Cautious option continued to be positive albeit lower than the Aggressive and Balanced Growth options. This reflects 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 and Balanced Growth options.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2012	$1.9115
Price at 31/12/2011	$1.7681
Unit prices – ABP Section	
Price at 31/12/2012	$2.0405
Price at 31/12/2011	$1.8610

Cautious option returns

Year ended 31 December[1]	Net return	ABP returns[2]	CPI increase[3]
2012	8.1%	9.7%	2.2%
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%
5-year average	4.0% p.a.	4.7% p.a.	2.8% p.a.
7-year average	5.0% p.a.	5.6% p.a.	2.9% p.a.
10-year average	6.3% p.a.	n/a	2.8% p.a.

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

Investment returns

Cash

Net investment return **3.5%**
Sections A, C, RBA & SCA

Net investment return **4.2%**
ABP Section

The Cash option achieved a positive return for 2012, which reflects the interest rates available on short term cash holdings in 2012.

Unit prices – Sections A, C, RBA & SCA	
Price at 31/12/2012	$1.6134
Price at 31/12/2011	$1.5584
Unit prices – ABP Section	
Price at 31/12/2012	$1.3271
Price at 31/12/2011	$1.2739

Cash option returns

Year ended 31 December[1]	Net return	ABP returns[2]	CPI increase[3]
2012	3.5%	4.2%	2.2%
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	4.5% p.a.	4.9% p.a.	2.8% p.a.
7-year average	5.1% p.a.	n/a	2.9% p.a.

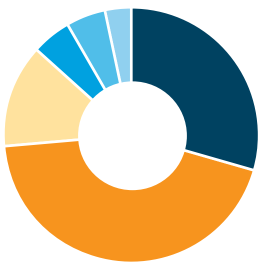
* For the period from inception in March 2007 to December 2007.
\# Since inception in July 2003.

Notes
1. The 5-year and 7-year averages are for the periods 1 January 2008 to 31 December 2012 and 1 January 2006 to 31 December 2012 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



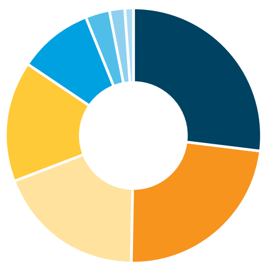
Growth assets
- 29.5% Australian equities - large caps
- 44.2% International equities
- 5% Property
- 5% Emerging market equities
- 3.3% Australian equities - small caps

Alternative assets*
- 13% Alternative assets
  - Diversity
  - 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
- 19.1% Australian equities - large caps
- 28.6% International equities
- 10% Property
- 3.2% Emerging market equities
- 2.1% Australian equities - small caps

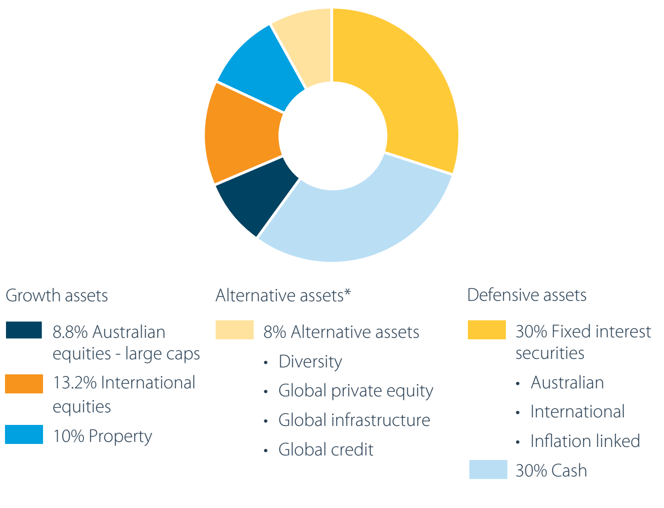
Alternative assets*
- 20% Alternative assets
  - Diversity
  - Global private equity
  - Global infrastructure
  - Global credit

Defensive assets
- 16% Fixed interest securities
  - Australian
  - International
  - Inflation linked
- 1% 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.



* 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.

* 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.

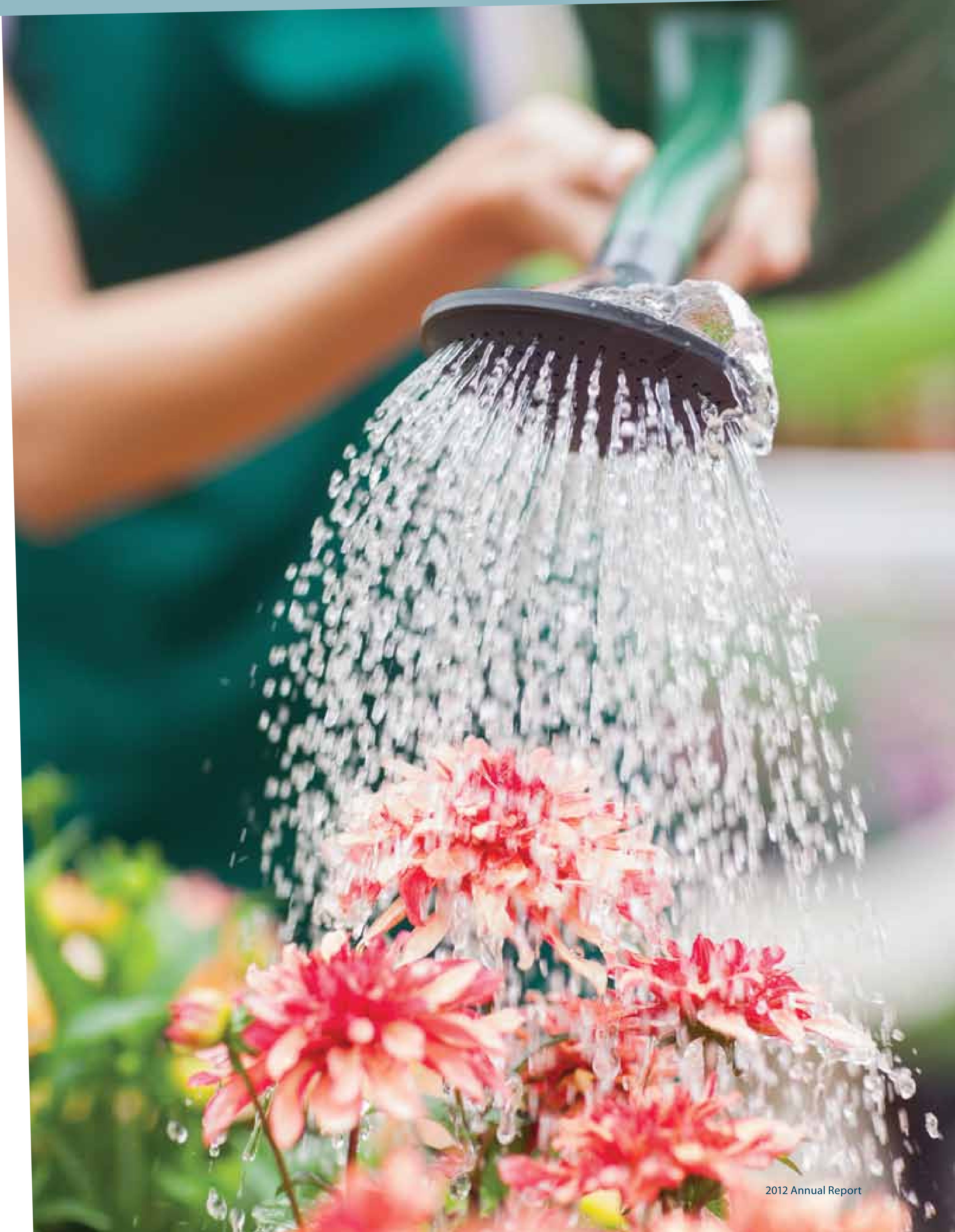
	As at 31 December 2012		As at 31 December 2011	
	$m	%	$m	%
Australian shares	619.8	22.2	548.9	22.4%
Australian shares – small caps	74.8	2.7	74.4	3.0%
International shares*	832.9	30.4	731.8	30.0%
Diversity	186.1	6.7	155.7	6.3%
Global infrastructure	117.5	4.2	93.5	3.8%
Australian property	119.9	4.3	112.4	4.6%
International property	70.4	2.5	54.2	2.2%
Australian fixed interest	156.8	5.6	143.5	5.9%
International fixed interest	188.3	6.8	194.0	7.9%
Global credit	73.8	2.7	51.8	2.1%
Cash	330.4	11.9	291.6	11.8%
Total	**2,770.9**	**100.0%**	**2,451.8**	**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 2012 and 2011 are shown in the table below.

Invested assets at the end of 2012 were $2,771 million compared to $2,452 million at the end of 2011.

	As at 31 December 2012		As at 31 December 2011	
	$m	%	$m	%
Australian Shares				
Macquarie Investment Management Ltd – core manager	462.0	16.6	405.2	16.5%
Kinetic Investment Partners – satellite manager	74.8	2.7	74.4	3.0%
Allan Gray (Australia) – satellite manager	90.7	3.3	76.2	3.1%
Independent Asset Management – satellite manager	67.1	2.4	67.5	2.8%
International Shares				
Blackrock Investment Management – core manager	538.6	19.5	458.3	18.7%
Investor – Core manager	70.1	2.5	59.6	2.4%
Realindex Investments – satellite manager				
Altrinsic Global Advisors – satellite manager	62.9	2.3	56.9	2.3%
Trilogy Global Advisors – satellite manager	67.9	2.4	58.6	2.4%
Australian Direct Property				
AMP Capital Investors	119.9	4.4	112.4	4.6%
Global Listed Property				
Resolution Capital	70.4	2.5	54.2	2.2%
Australian Fixed Income				
Blackrock Investment Management	112.9	4.1	102.3	4.2%
Queensland Investment Corporation	43.9	1.6	41.2	1.7%
International Fixed Income				
Pimco Australia	188.3	6.8	194.0	7.9%
Diversity				
Schroders Investment Management	86.4	3.1		
Bridgewater All Weather Fund (Australia)	99.7	3.6	155.7	6.4%
Private Equity				
Industry Funds Management	10.8	0.4	14.0	0.6%
Morgan Stanley	37.7	1.4	37.4	1.5%
Pantheon Ventures Limited	45.2	1.6	47.0	1.9%

	As at 31 December 2012		As at 31 December 2011	
	$m	%	$m	%
Global Infrastructure				
EQT infrastructure Ltd.	11.4	0.4	8.1	0.3%
Morgan Stanley	18.4	0.7	18.8	0.8%
Macquarie Specialised Asset Management	28.8	1.0	29.1	1.2%
Palisade	58.9	2.1	37.5	1.5%
Global Credit				
Colonial First State	42.2	1.5	51.8	2.1%
Westbourne	31.5	1.2		
Cash				
ANZ (cash deposits)	330.4	11.9	291.6	11.9%
Total	**2,770.9**	**100%**	**2,451.8**	**100%**

Investment manager changes

During 2012, Schroders Investment Management was appointed as an investment manager as an actively managed multi-asset sector fund. Schroders invests primarily in liquid assets and has a highly dynamic asset allocation across a range of asset classes. It will form part of the Scheme's diversity holdings.

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 (0.5% 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)	✗	✗	✔	✔	✗	✗
Account management fee (0.3% 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	✔	✔	✔	✔	✔	✔
Mobile website – providing you with access on the go	✔	✔	✔	✔	✔	✔
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. For 2012, investment management fees ranged from 0.06% p.a. to 0.44% 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></th><th></th><th colspan="4">Investment management fee[3]</th><th></th><th></th><th></th></tr>
<tr><th>Membership category</th><th>Account management fees[1,2]</th><th>Aggressive Growth option</th><th>Balanced Growth option</th><th>Cautious option</th><th>Cash option</th><th>Insured cover for death and disablement[4]</th><th>Salary continuance insurance[4]</th><th>Government taxes[5]</th></tr>
<tr><td>Section A</td><td>No fees</td><td rowspan="6">0.41% or $4.10 per $1,000 invested</td><td rowspan="6">0.44% or $4.40 per $1,000 Invested</td><td rowspan="6">0.25% or $2.50 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 the level of cover</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>0.50% 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>0.50% p.a. of first $500,000 invested, nil thereafter</td></tr>
<tr><td>Account Based Pension (ABP)</td><td>0.30% 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>0.30% 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. These fees were reduced to those shown above on 26 November 2012.
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 2012. 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 2011 and 2012. Copies of the full audited accounts and the auditor's report are available to members on request from ANZ Staff Super. See page 29 for the Scheme's contact details.

Statement of financial position

Statement of financial position at 31 December	2012 $000	2011 $000
Assets		
Unlisted unit trusts	2,302,984	2,018,363
Listed Australian equities	141,876	141,845
Forward foreign exchange	871	5,083
Financial assets held for trading	35	–
Cash and cash equivalents	330,486	286,542
Receivables	11,380	10,151
Deferred tax asset	12,352	31,720
Total assets	2,799,984	2,493,704
Less liabilities		
Payables	1,168	1,191
Forward foreign exchange	5,203	–
Income tax payable	9,226	8,930
Total liabilities	15,597	10,121
Net assets available to pay benefits	**2,784,387**	**2,483,583**
Represented by liability for accrued benefits	**2,784,387**	**2,483,583**

Operating statement

Operating statement for the year ended 31 December	2012 $000	2011 $000
Net assets available to pay benefits at beginning of the period	2,483,583	2,393,463
Plus		
Net investment revenue	326,617	(5,935)
Contributions revenue		
Employer	211,575	216,706
Members	15,735	13,187
Transfer from other funds	33,704	41,352
Other	2,446	2,015
Total revenue	**590,077**	**267,325**
Less		
Benefits paid or payable	217,450	139,064
Operating expenses	13,225	15,022
Income tax expense	58,598	23,119
Total benefits, expenses and tax	**289,273**	**177,205**
Net assets available to pay benefits at end of the period	**2,784,387**	**2,483,583**

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
2012	14.6	37.9	15.4	0	17.9
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

* 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 2012

ANZ representative directors:

Gary Newman
Non-Executive Director

Susie Babani
Group Managing Director, Human Resources

Michael Liarakos
Group General Manager, Global Internal Audit

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, Optimisation and Customer Experience

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

Board meeting attendance for 2012

Trustee Director	Possible number of Board meetings*	Number of Board meetings attended**
Susie Babani	7	5
Sue Carter	7	6
Peter Davis	7	7
Geoffrey King	7	7
Jo McKinstray	7	7
Russell Rechner	7	7
Wayne Stevenson	5	5
Tracey Sturgeon	7	6
Michael Liarakos	2	2

* 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.

Trustee Director Changes

In September 2012, Michael Liarakos, Group General Manager Internal Audit, replaced Wayne Stevenson as an ANZ appointed Director on the Trustee Board.

The Trustee thanks Wayne Stevenson for his valuable contribution and service to the Board.

Trustee election

In 2013, an election will be held for two member representative directors. Members will be invited to nominate for these important positions and members are encouraged to vote when the election material is issued.

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.

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	Lander 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 884 114

Australian Tax Office

Superannuation Help Line 13 10 20

Issued by ANZ Staff Superannuation (Australia) Pty Limited ABN 92 006 680 664 AFSL 238268 as Trustee for the ANZ Australian Staff Superannuation Scheme ABN 83 810 127 567

www.anzstaffsuper.com