

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

2016 ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2016

STABILITY
AND STRENGTH



CONTENTS

2016 year in review	1
Chairman's message	2
Investment update	3
Investment returns	4
Investment options	5
Investment management	9
Fees	11
Financial information	12
Governance	14
Other information	16

This 2016 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 "ANZ Staff Super". Any references to other schemes or schemes in general appear in lower case. We also refer to Section A as the Employee Section, Section C as Employee Section C, the Retained Benefit Account (RBA) Section as the Personal Section, the Spouse Contribution Account (SCA) Section as Partner Section and Account Based Pension (ABP) Section as the Retirement Section as these names better describe the sections and are more easily understood. The information in this Annual Report is accurate to the best of our knowledge at the date of publication.

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 the back page for contact details) or by visiting www.anzstaffsuper.com.

Published: June 2017

2016 YEAR IN REVIEW

\$4.2B
in Scheme assets as at
31 December 2016



Employee Sections rated lowest admin and investment management fees in Australia by research company Chant West

#1

#1

Employee Section members pay the lowest Death & TPD insurance premiums of any super fund in Australia by research company Chant West



More than 31,000 members

44%

56%



21,735

calls to ANZ Staff Super

93%
of member queries resolved first time

41%
of members have left ANZ, but remain in ANZ Staff Super

21%
increase in number of account based pensions

We continued to deliver consistent 5-year average investment returns

- BALANCED GROWTH FOR SUPER MEMBERS
- BALANCED GROWTH FOR ACCOUNT BASED PENSION MEMBERS

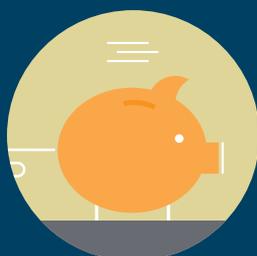
9.9% p.a.

11.0% p.a.



\$345.6M

investment revenue



\$51.4M

rolled in from other funds

Scheme assets (\$B)



CHAIRMAN'S MESSAGE



Welcome to the 2016 ANZ Staff Super Annual Report

While 2016 was a year to remember in terms of volatility in investment markets and politics, ANZ Staff Super continued to be a model of stability. We achieved solid returns, reached milestones in terms of scale and received recognition for the value we offer you, our members.

NAVIGATING A TOUGHER INVESTMENT ENVIRONMENT

Global investment markets took the realities of Brexit and the US election result in their stride, but a cautious investment environment is likely to mean subdued returns for a few years yet. Despite the challenges, ANZ Staff Super continues to achieve solid investment returns with the main investment option – Balanced Growth – achieving a net investment return for 2016 of 9.3% for the Employee, Personal and Partner Sections and 10.3% for the Retirement Section.

We regularly review our investment strategy and investment arrangements to ensure they remain appropriate. Following the refinements made to the investment options' objectives in late 2015 to ensure they continue to suit the investment conditions we are likely to experience going forward, we updated the strategic asset allocations and some of the investment management arrangements in 2016. We are investing more in diversity portfolios (where investment managers seek to add value through strategies that differ from investing traditional assets such as equities and bonds) and Australian fixed interest securities. To do this, we are reducing our equity and international fixed income holdings. We are making these changes to mitigate the investment risks associated with a low interest rate environment and seek to improve returns over the long term on a cost-effective basis taking into account risk levels. More detail is on page 9.

Super can be complex and ANZ Staff Super works hard to seek to help its members navigate the changing regulatory environment. In late 2016 the Federal Government's package of superannuation reforms was passed by Parliament. These reforms mostly come into effect on 1 July 2017. Key changes include:

- reducing the annual concessional (pre-tax) contributions cap to \$25,000;
- a \$1.6 million cap on the amount that can be transferred to a tax-free retirement account such as an account-based pension in our Retirement Section;
- lowering the annual non-concessional (post-tax) contributions cap from \$180,000 to \$100,000; and
- applying 15% tax on the investment earnings of transition to retirement pensions.

More detail about all of the changes in the package is available in our April 2017 Super Directions newsletter.

THESE CHANGES COULD HAVE SIGNIFICANT RAMIFICATIONS ON YOUR RETIREMENT SAVING, TRANSITION TO RETIREMENT OR RETIREMENT INCOME STRATEGY. IF YOU NEED ADVICE ABOUT HOW THESE CHANGES MAY IMPACT YOU AND YOUR OPTIONS IN ANZ STAFF SUPER, CALL A FINANCIAL ADVISER ON 1800 000 086.

RECOGNITION OF THE VALUE WE OFFER MEMBERS

ANZ Staff Super is one of Australia's largest corporate funds, with over \$4 billion in funds under management. One benefit of this scale means that we can offer you with real value by keeping fees and costs low while providing high quality products and services for members.

In 2016 ANZ Staff Super's Employee Sections were rated #1 for low fees again by research company Chant West. This makes us *the* lowest cost fund in Australia for employee members. Spouse, Personal and Retirement Section members also continue to have very competitive fees compared to those of other super funds.

ANZ Staff Super was also rated #1 for low death and Total and Permanent Disablement insurance premiums for our Employee Section. Chant West's Insurance Premium Survey in October 2016 showed that members of our Employee Section pay the lowest death and Total and Permanent Disablement insurance premiums of any super fund in Australia. Low fees and insurance premiums leave more money in your account to earn investment returns and achieve better retirement savings for your future.

OUR ONGOING COMMITMENT TO YOU

ANZ Staff Super is designed for current and former ANZ employees and their partners. The Trustee and management are committed to keeping fees low and delivering value for you. That means seeking consistently strong investment returns within appropriate risk levels, providing quality services and flexible insurance options, plus pension products for when you're ready, or almost ready, for retirement.

Gary Newman
Chairman

INVESTMENT UPDATE

2016 WAS AN UNUSUAL AND CHALLENGING YEAR

The health of China's economy and its share market stability were significant concerns at the beginning of 2016, though these concerns dissipated as the year progressed.

Britain's surprising decision to exit the European Union in June and Donald Trump's success in the US presidential election in November caused considerable turbulence in financial markets. Global share markets appear to have taken those events in their stride, retracing lost ground. However, global bond yields have risen in anticipation of significant budget stimulus under a Trump presidency and the US Federal Reserve raising interest rates.

A YEAR OF MIXED RETURNS ON GLOBAL SHARE MARKETS

Share market returns varied widely this year. Share markets in Germany and France were up 6.9% and 4.9%. Italy's share market fell 10.2%, while the Nikkei 225 Index in Japan rose just 0.4%. China's share market fell 12.3% in 2016, despite recovering from heavy losses early in the year. By contrast, growth in the US economy helped push the US share market up 9.5%. Australia's share market outdid most global peers delivering a strong return of 11.8% for 2016.

With interest rates at low levels and negative yields on offer from many government bonds, investments providing income security and comparatively attractive distribution yields did well for much of the year.

A SLIGHTLY STRONGER AUSTRALIAN DOLLAR IMPACTED GLOBAL SHARE RETURNS

Overall, the performance of the Australian dollar (AUD) against the world's major currencies was mixed. 2016 began poorly, with the AUD down to around 68.6 US cents. Our dollar then rose over the rest of the year, partly due to the price recovery of iron ore, our major export commodity.

CENTRAL BANK POLICIES REMAINED A KEY INFLUENCE ON MARKETS

At a time of minimal earnings growth for companies, widespread monetary stimulus helped support share markets again in 2016. The US began to raise interest rates late in 2015. During 2016, monetary authorities elsewhere around the world continued to take measures designed to help stimulate economic growth and ward off concerns about deflation. World bond yields fell to some of the lowest levels ever during the year. Some government bonds even offered negative yields – a highly unusual situation.

IN AUSTRALIA, THE RESERVE BANK OF AUSTRALIA REDUCED THE CASH RATE BY 0.25% IN BOTH MAY AND AUGUST, SENDING THE RATE TO A HISTORIC LOW OF 1.50%.

DESPITE A MORE POSITIVE END TO 2016, INVESTORS SHOULD HAVE MODEST RETURN EXPECTATIONS FOR 2017 AND BEYOND

Overall, 2016 ended better for the global economy than it began. In January, China's economic slowdown looked worse than the market had expected and the outlook for global growth was more uncertain. Adding to market concerns were weakness in commodity markets, especially oil, where prices fell to levels not seen for over a decade, and the risk of deflation in Japan and Europe.

In Australia, our economy has performed well, despite the substantial contraction in mining-related spending. In the first half of the year, the economy expanded at an annualised rate of 3.2%. However, our economy recorded a rare contraction in the September quarter, with real gross domestic product falling 0.5%, bringing Australia's annual economic growth rate back to 1.8%.

The outlook for the global economy remains uncertain. There are still numerous risks and uncertainties, which justify a cautious investment stance and means investors should have modest return expectations. Public and private debt levels remain high and investment by companies is lower than it could be. Ultra-low interest rates and monetary stimulus have distorted the prices of many assets, the effectiveness of monetary policy seems to be reaching its limits and policy makers have limited firepower to respond to another crisis. Possible electoral success by populist parties in Europe could unsettle the eurozone and the practical implications of a Trump presidency aren't clear.

INVESTMENT RETURNS

INVESTMENT PERFORMANCE FOR SUPER MEMBERS

ANZ Staff Super performed credibly in 2016 with positive returns across all investment options for Employee, Partner and Spouse Section members.

Option	1 yr	QCP	3 yr (p.a.)	QCP	5 yr (p.a.)	QCP
Aggressive Growth	9.3%	1st	8.1%	1st	11.8%	2nd
Balanced Growth	7.9%	2nd	7.1%	3rd	9.9%	4th
Cautious	5.2%	2nd	5.2%	2nd	6.3%	2nd
Cash	2.1%	1st	2.2%	2nd	2.6%	2nd

QCP: Quartile Comparative Performance as measured by Rainmaker Information Services

INVESTMENT PERFORMANCE FOR RETIREMENT SECTION MEMBERS

Members with Account Based Pensions and Transition to Retirement Pensions, whose investment income is exempt from tax, had the following returns:

Option	1 yr	3 yr (p.a.)	5 yr (p.a.)
Aggressive Growth	10.3%	8.8%	12.9%
Balanced Growth	8.7%	7.7%	11.0%
Cautious	5.8%	5.9%	7.2%
Cash	2.5%	2.5%	3.0%

UNIT PRICES

Your account is recorded as a unit holding in one or more of the 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. 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 by logging into your account at www.anzstaffsuper.com.

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 5 to 8, together with details of the investment returns of previous years. Remember, past investment returns are not necessarily indicative of future performance.

Until 30 June 2017 all investment income earned in the Retirement Section is exempt from tax. Therefore, returns for each investment option will generally be higher for Retirement Section members than for other members, though this is not always the case. Where applicable, the investment returns and unit price information for the Retirement Section and other sections are shown separately. From 1 July 2017, investment income earned on Transition to Retirement Pensions will no longer be exempt from tax.

**ANZ STAFF SUPER'S INVESTMENT
OPTIONS PERFORMED CONSISTENTLY IN
2016 AND OVER THE LAST FIVE YEARS.**

INVESTMENT OPTIONS

AGGRESSIVE 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 3.0% p.a. over rolling ten year periods.

SUITABILITY

Members who are seeking to maximise investment returns over the long term while accepting a high degree of performance variability.

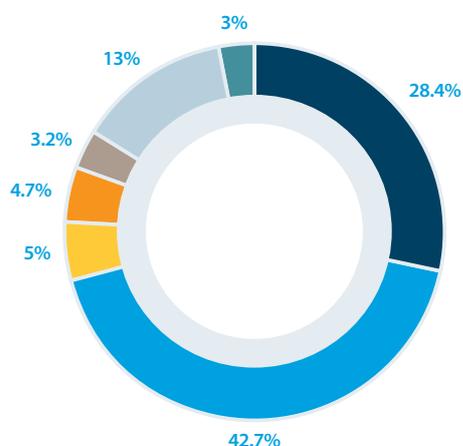
RISKS

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

ASSET MIX

The majority of assets in the Aggressive Growth option are invested in shares with small allocations to property and alternative investments.

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



Growth Assets

- Australian equities (large caps)
- International equities
- Property
- Emerging market equities
- Australian equities (small caps)

Alternative Assets*

- Alternative Assets
 - Diversity
 - Global private equity
 - Global Infrastructure
 - Global credit

Defensive Assets

- 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.

RETURNS

Year ended 31 December	Net return	Retirement Section net return ¹	CPI increase ²
2016	9.3%	10.3%	1.5%
2015	5.0%	5.4%	1.7%
2014	10.0%	10.7%	1.7%
2013	23.4%	25.4%	2.7%
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%

Notes

1. The Retirement Section returns are generally higher because tax is not payable on the investment earnings of an account based pension.
2. The increase in the Consumer Price Index (CPI) is a measure of inflation.

BALANCED GROWTH

OBJECTIVES

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 2.5% p.a. over rolling ten year periods.

SUITABILITY

Members who are seeking to maximise investment returns over the long term while accepting a moderate degree of performance variability.

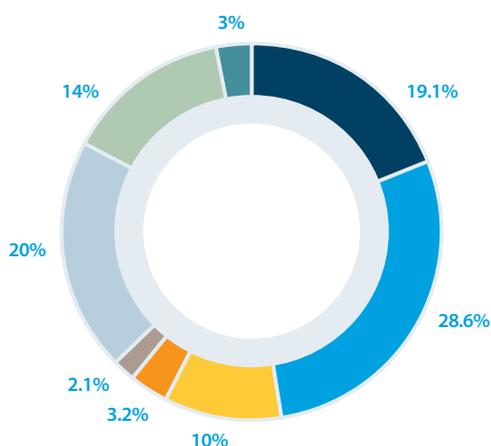
RISKS

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

ASSET MIX

Typically around 60% 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 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.



Growth Assets

- Australian equities (large caps)
- International equities
- Property
- Emerging market equities
- Australian equities (small caps)

Alternative Assets*

- Alternative Assets
 - Diversity
 - Global private equity
 - Global Infrastructure
 - Global credit

Defensive Assets

- Fixed Interest securities
 - Australian
 - International
 - Inflation linked
- 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.

RETURNS

Year ended 31 December	Net return	Retirement Section net return ¹	CPI increase ²
2016	7.9%	8.7%	1.5%
2015	4.2%	4.5%	1.7%
2014	9.2%	10.0%	1.7%
2013	16.5%	18.3%	2.7%
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%

Notes

1. The Retirement Section returns are generally higher because tax is not payable on the investment earnings of an account based pension.
2. The increase in the Consumer Price Index (CPI) is a measure of inflation.

CAUTIOUS

OBJECTIVES

The investment objectives of the Cautious option are to:

- a. achieve returns which exceed those available on cash investments over the long term whilst achieving reasonable stability in returns from year to year; and
- b. exceed inflation (CPI increases), on average, by at least 1.5% p.a. over rolling ten year periods.

SUITABILITY

Members who are seeking to achieve returns which exceed those available on cash investments over the long term whilst achieving reasonable stability in returns from year to year.

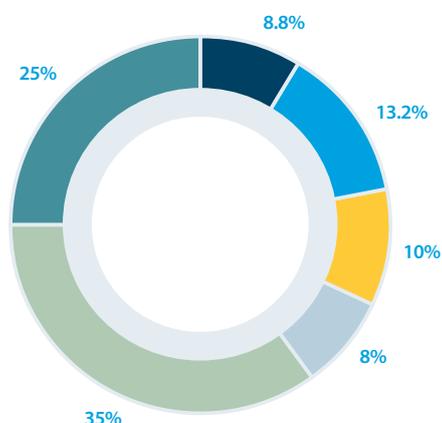
RISKS

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

ASSET MIX

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

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



Growth Assets

- Australian equities (large caps)
- International equities
- Property

Alternative Assets*

- Alternative Assets
 - Diversity
 - Global private equity
 - Global Infrastructure
 - Global credit

Defensive Assets

- Fixed Interest securities
 - Australian
 - International
 - Inflation linked
- 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.

RETURNS

Year ended 31 December	Net return	Retirement Section net return ¹	CPI increase ²
2016	5.2%	5.8%	1.5%
2015	3.4%	3.7%	1.7%
2014	7.2%	8.1%	1.7%
2013	7.6%	8.7%	2.7%
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%

Notes

1. The Retirement Section returns are generally higher because tax is not payable on the investment earnings of an account based pension.
2. The increase in the Consumer Price Index (CPI) is a measure of inflation.

CASH

OBJECTIVES

The investment objective of the Cash option is to equal or exceed the RBA cash rate over rolling 1-year periods.

SUITABILITY

Members who are seeking to maintain capital stability over short time periods.

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

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

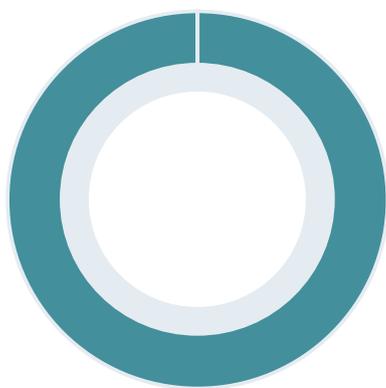
RISKS

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

ASSET MIX

All assets in this option are invested in ANZ cash-related products.

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



Defensive Assets

- Cash

RETURNS

Year ended 31 December	Net return	Retirement Section net return ¹	CPI increase ²
2016	2.1%	2.5%	1.5%
2015	2.0%	2.3%	1.7%
2014	2.4%	2.8%	1.7%
2013	2.8%	3.3%	2.7%
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%

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

Notes

1. The Retirement Section returns are generally higher because tax is not payable on the investment earnings of an account based pension.
2. The increase in the Consumer Price Index (CPI) is a measure of inflation.

INVESTMENT MANAGEMENT

ANZ Staff Super's assets held by each investment manager as at 31 December 2016 are shown in the table below. Invested assets at the end of 2016 were \$4,186 million.

	As at 31 December 2016	
	\$m	%
Australian Shares		
Macquarie Investment Management – core manager	642.9	15.4
Kinetic Investment Partners – satellite manager	86.5	2.1
Allan Gray (Australia) – satellite manager	111.4	2.7
Hyperion Asset Management – satellite manager	87.7	2.1
International Shares		
BlackRock Investment Management	984.5	23.5
Realindex Investments	121.4	2.9
Vanguard Investments Australia	300.6	7.2
Australian Direct Property		
AMP Capital Investors	175.6	4.2
Barwon Investment Partners	0.4	0.0
Global Listed Real Estate		
Resolution Capital	100.1	2.4
Vanguard International Property	90.8	2.2
Australian Fixed Income		
BlackRock Investment Management	196.1	4.7
Queensland Investment Corporation	123.8	3.0
International Fixed Income		
Schroder Investment Management	166.3	4.0
Diversity		
Bridgewater All Weather Fund (Australia)	127.7	3.1
Schroders Investment Management Australia	138.1	3.3
Private Equity		
Industry Funds Management	4.0	0.1
Global Infrastructure		
Maple Brown	59.1	1.4
Morgan Stanley	14.5	0.3
Macquarie Specialised Asset Management	43.2	1.0
EQT Infrastructure	2.7	0.1
Palisade Diversified Infrastructure	85.2	2.0
Global Credit		
Colonial First State	54.6	1.3
Westbourne Capital	39.8	1.0
Cash		
ANZ (cash deposits)	429.4	10.3
Total	4,186.4	100%

The percentage figures don't add to 100% due to rounding.

INVESTMENT MANAGER CHANGES

In 2016 Vanguard Investments replaced Altrinsic Global Advisors and Trilogy Global Advisors in international equities. Barwon Investment Partners was appointed to manage Australian direct property.

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.

The Trustee has adopted a hedging range for each investment option to allow flexibility to respond to changes in the Australian dollar's value from time to time. The hedging levels for the Scheme's investment options are:

Investment option	Hedging ratio	Range
Aggressive Growth	30% hedged to A\$	0% – 50%
Balanced Growth	40% hedged to A\$	25% – 75%
Cautious	50% hedged to A\$	50% – 100%

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.

USE OF DERIVATIVES

The Trustee does not directly invest in any derivatives (such as futures and options) other than 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.

FEES

Having very competitive fees is just one of the member benefits that set ANZ Staff Super apart from the rest. 2016 saw our Employee Sections again recognised for having the lowest administration and investment management fees by research company Chant West.

ANZ Staff Super's Personal, Partner and Retirement Section options also remain very competitive compared to those of other super funds due to our strong focus on value for members.

Membership section	Account management fees for 2016 ^{1,2}	Investment management fee ³			
		Aggressive Growth option	Balanced Growth option	Cautious option	Cash option
Employee Section	0.10% p.a. of first \$500,000 invested, nil thereafter				
Employee Section C	0.10% ⁴ p.a. of first \$500,000 invested, nil thereafter				
Personal Section	0.20% p.a. of first \$500,000 invested, nil thereafter	0.33% or \$3.30 per \$1,000 invested	0.41% or \$4.10 per \$1,000 Invested	0.26% or \$2.60 per \$1,000 Invested	0.01% or \$0.10 per \$1,000 invested
Partner Section	0.20% p.a. of first \$500,000 invested, nil thereafter				
Retirement Section – Retirement income	0.15% p.a. of first \$500,000 invested, nil thereafter				
Retirement Section – Transition to retirement	0.15% p.a. of first \$500,000 invested, nil thereafter				

Other fees and costs (such as insurance premiums) may apply. For details, refer to the Product Disclosure Statements for your section available from www.anzstaffsuper.com or by calling ANZ Staff Super on **1800 000 086**.

Notes

- Account management fees are only charged on the first \$500,000 of assets in any account in Employee Sections, Personal, Partner and Retirement Sections (with Retirement Income). For 2016, there was a fee rebate of 0.05% p.a. of the first \$500,000 invested. The fees quoted allow for this rebate. The fee rebate is reviewed annually and also applies for 2017.
- Calculated on a pro rata basis, deducted weekly by redeeming some of your units.
- The investment management fees shown were applicable for 2016 and applied for the investment options across all membership sections listed above. These fees vary from year to year and may include performance management fees. The fees for 2016 include one-off costs arising from the sale of the private equity portfolio.
- Account management fees are not payable by Employee Section C members who are classified as Choice members for legislative purposes.

FINANCIAL INFORMATION

The following information is taken from the audited accounts for the years ended 31 December 2016 and 2015. Copies of the full audited accounts and the auditor's report are available to members on request from ANZ Staff Super. See the back page for contact details.

STATEMENT OF FINANCIAL POSITION

Statement of financial position at 31 December	2016 \$000	2015 \$000
Assets		
Unlisted unit trusts	3,674,625	3,417,434
Listed Australian equities	90,713	83,465
Forward foreign exchange	-	4,974
Cash and cash equivalents	429,381	360,553
Receivables	39,227	12,388
Prepayments	53	130
Deferred tax asset	216	240
Total assets	4,234,215	3,879,184
Less liabilities		
Payables	2,194	1,932
Forward foreign exchange	11,610	323
Income tax payable	8,475	18,710
Deferred tax liability	58,169	51,260
Total liabilities	80,448	72,225
Net assets available to pay benefits	4,153,767	3,806,959

OPERATING STATEMENT

Operating statement for the year ended 31 December	2016 \$000	2015 \$000
Net assets available to pay benefits at beginning of the year	3,806,959	3,573,775
Plus		
Investment revenue	345,560	192,362
Contributions revenue		
Employer	224,742	223,969
Members	30,024	28,941
Transfer from other funds	51,425	65,922
Insurance proceeds	5,292	1,819
Total revenue	657,043	513,013
Less		
Benefits paid or payable	233,205	216,670
Group life insurance premiums	12,415	9,868
Investment and other expenses	19,238	15,689
Income tax expense	45,377	37,602
Total benefits, expenses and tax	310,235	279,829
Net assets available to pay benefits at end of the year	4,153,767	3,806,959

RESERVES AND ACCOUNTS

Five types of reserves or accounts are held within ANZ Staff Super 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 operational risk events or claims against the Scheme arising from operational risk events. Under APRA Prudential Standard SPS114 Operational Risk Financial Requirement, the Trustee is required to hold adequate financial resources to address losses arising from operational risks. These financial resources are held in the Scheme Operating Reserve and exceed the level required by the prudential standard.
2. The Death and Disablement Reserve (DDR) operates as a reserve to manage the cashflows relating to the death and Total and Permanent Disablement cover provided through the Scheme.
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. As at 31 December 2016, there were 136 lifetime pensioners in the Scheme.

Reserve and account balances at 31 December

Year	SOR \$m	DDR \$m	EFR \$m	PSA \$m
2016	22.1	49.3	18.0	19.2
2015	20.5	49.8	17.7	20.4
2014	19.7	54.3	18.0	22.2
2013	18.0	44.9	18.2	21.8
2012	14.6	37.9	15.4	17.9

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

GOVERNANCE

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

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 ANZ Staff Super and represent member interests.

YOUR TRUSTEE DIRECTORS AT 31 DECEMBER 2016

ANZ REPRESENTATIVE DIRECTORS:



Gary Newman
Non-Executive Director



Anthea Kane
Chief Financial Officer, TSO



Sue Carter
Non-Executive Director



Kylie Rixon
Chief Risk Officer,
ANZ Wealth

MEMBER REPRESENTATIVE DIRECTORS:



Robert Sparrow
Head of Business Solutions



Geoffrey King
Non-Executive Director



Jo McKinstry
Customer Advocate



Adam Vise
Non-Executive Director

Changes in 2016

On 11 April 2016, Peter Davis accepted an invitation to replace Tracey Sturgeon who resigned as a member-representative Director effective 6 April 2016.

On 24 November Robert Sparrow replaced Peter Davis who resigned as a member-representative Director effective 11 November 2016.

The Trustee and management thank Tracey and Peter for their valuable contribution and service to the Board over many years.

Board meeting attendance for 2016

Trustee Director	Possible number of Board meetings*	Number of Board meetings attended**
Sue Carter	7	7
Peter Davis	4	4
Anthea Kane	7	7
Geoffrey King	7	6
Jo McKinstry	7	7
Gary Newman	7	7
Kylie Rixon	7	7
Robert Sparrow	1	1
Tracey Sturgeon	2	2
Adam Vise	7	7

* Directors also attend committee meetings as required.

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

CORPORATE GOVERNANCE

The Trustee is committed to maintaining the highest standards of corporate governance practice and ethical conduct in undertaking its responsibilities to manage ANZ Staff Super 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, all relevant legislation and prudential standards.

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 the administrator and 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 ANZ Staff Super's relationship with its service providers.

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

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

ENQUIRIES

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

Most member enquiries can be easily answered by ANZ Staff Super service representatives over the phone. In some cases, you may be asked to put your enquiry in writing and provide contact details for a reply. Enquiries will generally be answered within a few days.

Our website includes a range of articles and educational material, including product dashboards, certain details about the Trustee and documents relating to the Scheme. For the product dashboards, go to www.anzstaffsuper.com, and select 'Documents' and for the Trustee details and Scheme documents go to www.anzstaffsuper.com and select 'Trustee Information'.

FINANCIAL PLANNING ADVICE

The Trustee has entered into an agreement with ANZ under which ANZ's financial advisers have been engaged to provide Scheme members with general or limited personal financial advice about options available within the Scheme over the phone for no extra charge. These financial planning services are provided by ANZ's financial advisers under AFSL 234527. Any advice provided by ANZ's financial advisers is not provided or endorsed by the Trustee. If you'd like to talk to a financial adviser, call us on **1800 000 086**.

If you require more complex personal advice, you'll be given the option of receiving comprehensive personal advice from an ANZ financial adviser and ANZ will charge you a fee for this advice which you may be able to have debited from your account in the Scheme. The Trustee's arrangement with ANZ Financial Planning gives eligible members the option to have fees for Scheme-related superannuation advice debited from their account in the Scheme. For more information about this facility, refer to the Financial Planning fact sheet available at www.anzstaffsuper.com.

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 our 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 our internal procedures within 90 days, you can contact the Superannuation Complaints Tribunal (SCT).

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.

**ACCESS YOUR ACCOUNT INFORMATION
AT WWW.ANZSTAFFSUPER.COM**

ELIGIBLE ROLLOVER FUND

If you are a Retained Benefit Account member with a benefit 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 and any insurance cover you may have had through the Scheme will also cease. The ERF does not offer insurance in the event of death or disablement.

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.

CONTACT DETAILS



Write to
ANZ Staff Super
GPO Box 4303
Melbourne VIC 3001



Phone
1800 000 086
or +61 3 8687 1829 from overseas



Fax
03 9245 5827

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 it:

Member Services	Mercer Outsourcing (Australia)
Actuary	Willis Towers Watson
Investment Adviser	Willis Towers Watson
Insurer	OnePath Life Limited
Legal Adviser	Lander and Rogers
Master Custodian	JP Morgan
Eligible Rollover Fund	AMP Eligible Rollover Fund
Auditor	KPMG
Accounting	Sharyn Long Chartered Accountants



Email
anzstaffsuper@superfacts.com



Website
www.anzstaffsuper.com

Superannuation Complaints Tribunal
1300 884 114

Australian Tax Office
Superannuation Help Line 13 10 20

