FINANCIAL REPORT
for the year ended 30 June 2001

QANTAS SUPERANNUATION PLAN

Issued by Qantas Superannuation Limited ACN 003 806 960 as Trustee for
Qantas Superannuation Plan (ABN 412 721 98 829).
Produced by Qantas Superannuation Limited and Towers Perrin.

Qantas Superannuation Plan

Financial Report – 30 June 2001

Contents

Statement of Net Assets
As at 30 June 2001

	Notes	2001 $'000	2000 $'000
Investments	3		
Australian fixed income securities		**337,535**	241,083
Overseas fixed income securities		**144,339**	61,347
Other investments at interest		**302,027**	315,584
Australian equity investments		**1,499,854**	1,841,658
Overseas equity investments		**807,778**	630,639
Real estate properties		**29,815**	32,650
Investment linked insurance policies		**967,948**	840,444
Total Investments		**4,089,296**	3,963,405
Other Assets			
Cash at bank		**4,122**	7,503
Property, plant and equipment	4	**62**	64
Other Receivables and Prepayments		**186**	122
Contributions Receivable		**5,122**	7,433
Total Other Assets		**9,492**	15,122
Total Assets		**4,098,788**	3,978,527
Liabilities			
Provision for tax	5	**21,839**	39,586
Benefits payable	6	**35,380**	23,844
Sundry creditors		**3,534**	4,703
Total Liabilities		**60,753**	68,133
Net Assets available to pay Benefits		**4,038,035**	3,910,394

The above statement of net assets should be read in conjunction with the accompanying notes

Statement of Changes in Net Assets

For the year ended 30 June 2001

	Notes	2001 $'000	2000 $'000
Net assets available to pay benefits at the beginning of the financial year		**3,910,394**	3,455,713
Add:			
Revenue from ordinary entities			
Net investment revenue	7		
Interest		**45,083**	29,502
Dividends and trust distributions		**122,485**	92,248
Other revenue		**39,621**	3,492
Changes in net market value of investments		**20,807**	343,977
Less: Direct investment expense		**(13,215)**	(11,899)
		214,781	457,320
Contribution revenue			
Employer contributions		**112,297**	135,485
Members' contributions		**65,928**	64,974
Transfers from other funds		**15,843**	13,990
		194,068	214,449
Other revenue		**21**	2
Total revenue from ordinary activities		**408,870**	671,771
Less:			
Expenses from ordinary activities			
Actuarial fees		**357**	211
Administration expenses		**2,582**	2,253
Insurance		**139**	150
Superannuation contributions surcharge	11	**6,966**	9,098
		10,044	11,712
Benefits Paid			
Exited Members		**231,805**	168,623
Disabled Members		**1,429**	1,164
		233,234	169,787
Total expenses from ordinary activities		**243,278**	181,499
Total revenue less expenses and benefits paid before income tax		**165,592**	490,272
Income tax expense	5	**37,951**	35,591
Total revenue less expenses and benefits paid after income tax		**127,641**	454,681
Net assets available to pay benefits at the end of the financial year		**4,038,035**	3,910,394

The above statement of changes in net assets should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Statements

30 June 2001

Note 1 Nature of the Fund and Principal Activities

The Qantas Superannuation Plan is a contributory Plan established for the benefit of eligible Australian based employees of Qantas Airways Limited Group under a Trust Deed dated 1 June 1939 as subsequently amended.

The Plan is as a defined benefit Plan in that the benefit payable to the member is determined, at least in part, by reference to a formula based on years of membership and salary levels.

Note 2 Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements, the provisions of the Trust Deed dated 1 June 1939 and amendments thereto and relevant legislative requirements.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

As a result of applying the revised Accounting Standard AAS1 *Statement of Financial Performance,* AAS37 *Financial Report Presentation and Disclosures* and AAS36 *Statement of Financial Position* for the first time, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

(a) Investments

All investments of the Plan are custodially held by Commonwealth Custodial Services Limited. Investments are recorded at net market value at year end which is determined as follows:

(i) Individual Portfolio Investments are valued at net market value at balance date, as advised by the Custodian.

Changes in the net market value of investments are included in the Statement of Changes in Net Assets in the period in which they occur.

(ii) Investment Linked Insurance Policies are valued at the present value of the policy as advised by the insurer.

(iii) Real Estate properties independent valuations are obtained from qualified valuers at no more than three yearly intervals.

(b) Receivables and Revenue Recognition

Investment revenue and contributions are brought to account on an accruals basis. Dividends on quoted shares are deemed to accrue on the date the dividend is declared. Changes in net market value of assets are recognised in the statement of changes in net assets in the periods in which they occur. Transfers from other funds are brought to account when received.

(c) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the profit and loss account is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the net rates which are expected to apply when those timing differences reverse.

The Plan continues to be a regulated fund in accordance with the Superannuation Industry (Supervision) Act 1993 and has applied a tax rate of 15% to the taxable income for the year ended 30 June 2001.

(d) Property, Plant and Equipment

Property, plant and equipment is stated at cost less depreciation which in the opinion of the Trustee represents a reasonable approximation of the net market value of the items.

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

(e) Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment: 3 to 5 years

(f) Sundry Debtors and Creditors

Sundry debtors are recognised at the amounts receivable, which approximate net fair value. Sundry creditors represent liabilities for goods and services provided to the Plan prior to the end of the financial year and which are unpaid. The amounts are unsecured. Sundry debtors and creditors are subject to normal trade credit terms.

(g) Superannuation Contributions Surcharge

The Plan's liability in respect of the superannuation contributions surcharge is recognised based on notional surchargeable contributions calculated by the actuary for that period. Further details are provided in Note 11.

(h) Benefits Payable

Benefits payable include benefits in respect of members who ceased employment with the employer sponsor prior to year end but had not been paid by that date.

(i) Liability for Accrued Benefits

The liability for accrued benefits is not included in the statement of net assets, but the liability at the latest measurement date is reported by way of note. Where accrued benefits are measured during the reporting period, the benefits which have accrued since the latest measurement date are also reported by way of note. The liability for accrued benefits is actuarially measured on at least a triennial basis and represents the value of the Plan's present obligations to pay benefits to its members and other beneficiaries at the date of measurement. The liability is determined as the present value of expected future payments which arise from membership of the Plan up to the date of measurement.

The present value reported in the notes is determined by reference to expected future salary levels and by application of a current, market-determined, risk adjusted discount rate and appropriate actuarial assumptions.

(j) Employee Entitlements

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, annual leave and sick leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(k) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(l) Derivative Financial Instruments

Derivative financial instruments are entered into by the investment manager to manage risk and adjust the Plan's exposure to particular investment classes. All derivative financial instruments are valued at net market value and are included in the relevant asset category.

(m) Goods and Services Tax (GST)

Where applicable GST incurred by the Plan that is not recoverable from the Australian Taxation Office, has been recognised as part of the expense to which it applies. Receivables and payables are stated with any applicable GST included in their carrying amounts.

The amount of any GST recoverable from, or payable to, the Australian Taxation Office is included as an asset or liability in the Statement of Net Assets.

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

Note 3 Investments

At the reporting date all investments are managed on behalf of the Trustee by:

	2001 $'000	2000 $'000
Held in managed investment portfolios		
AMP Asset Management Australia Limited	**124,496**	212,218
Constellation Capital Management Limited	**109,529**	-
Invesco Asset Management Australia Limited	**345,403**	358,350
UBS Asset Management (Australia) Limited	**216,337**	206,098
Private Property Syndicate	**62,540**	59,431
ING Investment Management Limited	**864,829**	808,690
Baring Asset Management Limited	**173,057**	212,831
Norwich Investment Management Limited	**108,328**	128,924
Lazard Asset Management Pacific Co.	**256,825**	315,027
Maple-Brown Abbott Limited	**273,135**	244,166
Citigroup Asset Management Australia Limited	**197,690**	208,790
SeQant Asset Management Pty. Ltd.	**1**	-
BT Tactical Asset Management Pty. Limited	**-**	16,326
CBA Custodian House Account	**14,119**	5,917
ME Portfolio Management Limited	**5,012**	5,011
Harbourvest Partners, LLC	**10,458**	6,298
State Street Global Advisors Australia Limited	**37,919**	19,382
Tactical Global Management Limited	**32,605**	30,191
Merrill Lynch Investment Managers Limited	**289,107**	285,384
	3,121,390	3,123,034
Held in Investment Linked Insurance Policies		
AMP Statutory Fund No 2 Investment Linked Fund	**135,893**	52,501
MLC Limited	**832,013**	787,870
	967,906	840,371
	4,089,296	3,963,405

Note 4 Property, Plant and Equipment

	2001 $'000	2000 $'000
Computer equipment at cost	**177**	181
Deduct: Accumulated depreciation	**(164)**	(157)
	13	24
Motor vehicles at cost	**81**	92
Deduct: Accumulated depreciation	**(32)**	(52)
	49	40
Total written down value of property, plant and equipment	**62**	64

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

Note 5 Income Tax

The Plan has received certification from the Australian Prudential Regulation Authority confirming the Plan's complying status and this has not since been revoked. Income tax is assessable at 15% on net investment earnings, employer contributions and capital gains, with deductions allowable for administration and certain other expenses. A reconciliation of income tax expense with revenues and expenses for the year before income tax is set out below:

	2001 $'000	2000 $'000
Total revenue less expenses before income tax	**165,592**	490,272
Prima facie income tax at 15%	**24,839**	73,541
Tax effect of permanent differences:		
Members contributions	**(12,237)**	(11,782)
Benefits paid	**33,903**	24,197
Gross up of franked dividends and foreign tax credits	**3,199**	2,156
Non-taxable capital gains – indexation and concessional tax rate	**6,445**	(36,769)
Other assessable income	**-**	589
Other non-assessable income	**(15)**	(190)
Non-deductible expenses	**1,045**	1,392
Prima facie income tax adjusted for permanent differences	**57,179**	53,134
Dividend imputation and other credits	**(21,328)**	(17,893)
Under/(over) provision in prior year	**2,100**	350
Income tax expense	**37,951**	35,591

The liability for income tax at 30 June 2001 consists of the following:

Refund Receivable	**(15,994)**	6,381
Deferred	**37,833**	33,205
	21,839	39,586

Note 6 Benefits Payable

Benefits payable represent monies due but unpaid to members who terminated prior to 1 July 2001.

Notes to and Forming Part of the Financial Statements
30 June 2001 (continued)

Note 7 Investment Revenue

	2001	2000
	$'000	$'000
Interest	**45,083**	29,502
Dividends and trust distributions	**122,485**	92,248
Other revenue	**39,621**	3,492
	207,189	125,242
Changes in net market value of investments		
Investments held at year end		
Australian fixed income securities	**(70,400)**	3,231
Overseas fixed income securities	**5,003**	1,049
Other investment at interest and investment linked insurance policies	**38,237**	41,795
Australian equity investments	**137,076**	186,868
Overseas equity investments	**(17,803)**	75,299
Real estate properties	**(2,888)**	1,421
	89,225	309,663
Investments realised during the year		
Australian fixed income securities	**2,155**	(2,354)
Overseas fixed income securities	**(8,381)**	919
Other investments at interest and investment linked insurance policies	**4**	(15,115)
Australian equity investments	**5,643**	16,972
Overseas equity investments	**(67,839)**	33,892
	(68,418)	34,314
Total changes in net market value of investments	**20,807**	343,977
Total investment revenue	**227,996**	469,219

Note 8 Vested Benefits

Vested benefits are benefits which are not conditional upon continued membership of the Plan (or any factor other than resignation from the Plan) and include benefits which members were entitled to receive had they terminated their Plan membership as at the reporting date.

	2001	2000
	$'000	$'000
Vested benefits	**3,516,054**	3,255,831

Note 9 Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

Note 10 Funding Arrangements

The funding policy adopted in respect of the Plan is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in advising the Trustee on employer and member contribution rates, the actuary has considered the long-term trends in such factors as Plan membership, salary growth and average market value of Plan assets.

The rates of employer and employee contributions vary depending on numerous factors and are explained in full in the Plan's Trust Deed and Rules. Employer contributions have been made at the rates recommended by the actuary.

Note 11 Superannuation Contributions Surcharge

The superannuation contributions surcharge is levied on notional surchargeable contributions calculated by the fund's actuary in relation to periods from 21 August 1996 onwards. The Australian Taxation Office (ATO) assesses the amount of the surcharge based upon each member's adjusted taxable income and level of surchargeable contributions and periodically sends grouped assessments to the Plan. The liability to pay the surcharge rests with the holder of the surchargeable contributions at the time the surcharge assessment is received from the ATO.

The surcharge expense included in the statement of changes in net assets comprises:

	2001	2000
	$'000	$'000
Instalments paid for year ended 30 June	**7,134**	9,098
Amounts received from members	**(168)**	-
	6,966	9,098

Any surcharge levied against the Plan is charged to the relevant members' benefits when the assessment is received and agreed. From 1 July 2000, the Plan has accepted payments from members to settle their surcharge liability. The member's benefit is then adjusted for the reduction in their surcharge liability.

It is not possible to estimate the amount of the expense and the liability with sufficient reliability for recognition in the financial statements until an assessment is received from the Australian Taxation Office.

Note 12 Remuneration of Auditors

	2001	2000
	$'000	$'000
Remuneration for audit of the financial report of the fund:		
Auditor of the fund	**66**	60
Remuneration for other services:		
Auditor of the fund	**292**	181
	358	241

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

Note 13 Member Numbers

	2001	2001	2000	2000
Members at 1 July		**28,290**		26,955
Plus members admitted		**3,055**		3,067
Less:				
Resignations	**1,464**		1,227	
Retirements	**230**		175	
Deaths	**15**		28	
Retrenchment	**308**		253	
Ill health	**50**	**(2,067)**	49	(1,732)
Members at 30 June		**29,278**		28,290

The membership is split as follows:

	2001	2000
Division 1	**2,446**	2,589
Division 2	**14,009**	14,645
Division 3	**10,938**	9,072
Division 3a	**1,155**	1,270
Division 4	**154**	170
Division 5	**576**	544
	29,278	28,290

Note 14 Financial Instruments

(a) **Use of Derivatives**

The Plan's investment managers may use derivative financial investments to reduce risks in the share, bond and currency markets and to increase or decrease the Plan's exposure to particular investment classes or markets. Derivative financial instruments are included in the associated asset category in the statement of net assets.

At 30 June, the notional amount and net market value of derivatives held by the Plan, was as follows:

30 June 2001	**Notional Amounts 2001 $'000**	**Net market Values 2001 $'000**
Australian fixed interest futures	**(468)**	**(234,041)**
International fixed interest futures	**(17)**	**82,733**
Australian share price index futures	**739**	**(136,859)**
International share price index future	**3,311**	**332,019**
Australian over the counter options	**27**	**3,816**
	3,592	**47,668**

30 June 2000		
Australian fixed interest futures	219,933	91
International fixed interest futures	18	(332)
Australian share price index futures	(81,200)	(3,912)
Australian exchange traded options	(157,748)	3,515
International share price index future	(2,005)	(315)
	(21,002)	(953)

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

(b) **Currency Risk Exposures**

The Plan's exposure at 30 June to foreign exchange rate movements on its international investments was as follows:

	US Dollars A$'000	Other A$'000	Total A$'000
30 June 2001			
Gross investment amounts denominated in foreign currency	**319,387**	**302,762**	**622,149**
Amount effectively hedged	**(121,852)**	**(19,019)**	**(140,871)**
Net exposure	**197,535**	**283,743**	**481,278**
30 June 2000			
Gross investment amounts denominated in foreign currency	319,450	405,413	724,863
Amount effectively hedged	(91,698)	(66,654)	(158,352)
Net exposure	227,752	338,759	566,511

(c) **Interest Rate Risk Exposures**

The Plan invests in financial assets for the primary purpose of obtaining a return on investments on behalf of its members. The Plan's investments are subject to interest rate risks and the return on the investments will fluctuate in accordance with movements in the market interest rates.

The Plan's exposure to interest rate movements on those investments at 30 June was as follows:

	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
30 June 2001						
Australian fixed income securities	**-**	**2,009**	**111,290**	**124,586**	**(589)**	**237,297**
Overseas fixed income securities	**-**	**3,246**	**6,041**	**27,860**	**97**	**37,243**
Other investments at interest	**176,482**	**88,333**	**1,383**	**6,141**	**8,634**	**280,973**
Australian equity investments	**-**	**-**	**-**	**-**	**1,807,433**	**1,807,433**
Overseas equity investments	**-**	**-**	**-**	**-**	**735,331**	**735,331**
Real estate properties	**-**	**-**	**-**	**-**	**29,667**	**29,667**
Investment linked insurance policies	**-**	**-**	**-**	**-**	**967,901**	**967,901**
Total financial assets	**176,482**	**93,588**	**118,714**	**158,587**	**3,548,474**	**4,095,845***
Weighted average interest rate	**3.18**	**5.01**	**5.73**	**5.19**		

* includes cash at bank

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

		Fixed interest maturing in:				
	Floating Interest Rate $'000	1 year or less $'000	Over 1 to 5 years $'000	Over 5 years $'000	Non-Interest Bearing $'000	Total $'000
30 June 2000						
Australian fixed income securities	-	3,574	99,008	138,501	-	241,083
Overseas fixed income securities	-	221	24,474	36,652	-	61,347
Other investments at interest	218,361	104,726	-	-	-	323,087
Australian equity investments	-	-	-	-	1,841,658	1,841,658
Overseas equity investments	-	-	-	-	630,639	630,639
Real estate properties	-	-	-	-	32,650	32,650
Investment linked insurance policies	-	-	-	-	840,444	840,444
Total financial assets	218,361	108,521	123,482	175,153	3,345,391	3,970,908*
Weighted average interest rate	3.18	5.94	5.87	5.44		

* includes cash at bank

(d) **Credit Risk**

The net market value of financial assets, including derivatives, included in the statement of net assets represent the Plan's exposure to credit risk in relation to those assets.

The Plan does not have any significant exposure to any individual counterparty or industry. Its assets are invested by individual investment managers and in specific investment trusts and investment linked insurance policies as disclosed in note 3.

(e) **Net Fair Values of Financial Assets and Liabilities**

The Plan's financial assets and liabilities, including derivative instruments, are included in the statement of net assets at amounts that approximate net fair value.

Note 15 Reserves

In line with sound fund administrative and financial practice and actuarial advice, reserves are maintained to safeguard the Plan against events such as major catastrophes, abnormal mortality experience and to smooth periodic fluctuations in investment performance.

The excess of the net assets over the amounts of these reserves represent funds held directly to pay benefits.

The following is a summary of the reserves maintained at 30 June:

		2001 $'000	2000 $'000
Investment fluctuation reserve	(i)	**174,408**	244,966
Disability reserves	(ii)	**55,300**	44,788
Foregone benefits reserve	(iii)	**482**	455
		230,190	290,209

(i) The investment fluctuation reserve is held to protect the future earnings of members accounts by smoothing investment performance.

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

(ii) Disability reserves represent reserves to cover disablement and initial incapacity claims in the future and have been determined by the Plan's actuary based on past experience of the Plan and expected future experience. The disability reserves contain the following amounts:

	2001 $'000	2000 $'000
Current permanent incapacities	**15,625**	13,045
Current initial disablement	**10,291**	3,758
New disablements	**7,074**	6,737
Possible future deterioration	**22,310**	21,248
	55,300	44,788

(iii) Benefits foregone by Division 1 members on resignation are credited to the foregone benefits reserve. The balance of the reserve at 30 June is allocated to all members of Division 1 at 30 June. The net balance represents an under distribution, which will be allocated during the year ended 30 June 2002.

	2001 $'000	2000 $'000
Movements		
Investment Fluctuation Reserve		
Balance 1 July 2000	**244,966**	181,855
Transfer from assets of the Plan	**-**	63,111
Investment income allocated to members during the year	**(70,558)**	
Balance 30 June 2001	**174,408**	244,966
Disability Reserves		
Balance 1 July 2000	**44,788**	38,555
Transfer from/(to) assets of the Plan	**11,748**	7,149
Transfer from Forgone Benefits Reserve	**193**	51
Amounts allocated to members during the year	**(1,429)**	(967)
Balance 30 June 2001	**55,300**	44,788
Foregone Benefits Reserve		
Balance 1 July 2000	**454**	455
Transfer from/(to) assets of the Plan	**2,013**	2,303
Transfer to Disability Reserves	**(193)**	(51)
Amounts allocated to members during the year	**(1,792)**	(2,252)
Balance 30 June 2001	**482**	455

Notes to and Forming Part of the Financial Statements
30 June 2001 (continued)

Note 16 Termination of Plan

Article 4 of the Plan's Trust Deed and Rules states:

4.1 The Plan shall be wound up as hereinafter provided upon the happening of any of the following events:

a) if the Trustee shall consider that the Plan is insolvent or if it shall be advised by the Actuary that the Plan is insolvent and it resolves to terminate the Plan; or
b) if the Principal Company decides that it will permanently cease contributing to the Plan; or
c) if an order is made or an effective resolution is passed for the winding up of the Principal Company other than for the purpose of amalgamation or reconstruction.

4.2 In such events the Trustee shall give notice in writing to the Company and the Members that the Plan shall terminate on a specified date, hereinafter called the "Termination Date". As from the Termination Date the following shall apply:

a) no further contributions shall be made by the Company and the Members other than arrears of contributions due up to the Termination Date, and
b) any arrears of contributions shall be paid forthwith.

Note 17 Actuarial Report and Accrued Benefits

The liability for accrued benefits is not included in the Statement of Net Assets, but the liability at the latest measurement date is reported by way of a note. Where accrued benefits are measured during the reporting period, the benefits which have accrued since the latest measurement date are also reported by way of note.

The value of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Plan up to the date of the actuarial review. The value of accrued benefits is calculated by the actuary at least on a triennial basis as part of a comprehensive actuarial review, which was performed for the period ending 30 June 1999. The present value reported has been determined using the assumed future salary levels, future Plan earnings and other relevant actuarial assumptions used in the actuarial review.

	1999 $'000	1996 $'000
Accrued Benefits as at 30 June	3,056,400	2,113,400

Also attached to these financial statements is the report by the Plan's actuary, Mr Mark Thompson BSc FIAA summarising the results of that actuarial review of the Plan.

Note 18 Related Parties

(a) **Employer Company**
Qantas Airways Limited is the employer, and the employer contributions to the Plan are disclosed in the Statement of Changes in Net Assets. Contributions are made in accordance with the Trust Deed, as disclosed in note 10.

Contributions receivable from Qantas Airways Limited as at 30 June 2001 (and received subsequent to that date) amounted to $5.1million (2000: $7.4 million).

Qantas Airways Limited also provides office accommodation, use of office equipment and certain administrative services to the fund. Management fees paid to the employer company for these services and reimbursement of staff salaries of $1,053,055 (2000: $921,146) are included in general administration expenses in the Statement of Changes in Net Assets.

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

(b) **Trustee**

The trustee of the Plan is Qantas Superannuation Limited (ACN: 003 806 960). The names of the persons who were directors of the trustee company at any time during the financial year are:

Employer sponsor representatives:

JP Ducker
MP Boesen
PJ McCumstie (resigned 28 March 2001)
G Elsey
P Gregg
T Kennedy (appointed 28 March 2001)
N Freeman (appointed 19 April 2001 as an alternate to P Gregg)

Member representatives:

WB Brown
PG Cant (resigned 15 August 2000)
RF Herbert
FA Mildon
M Topic
R McDonald (appointed 15 August 2000)

(c) **Remuneration of Directors of the Trustee**

	2001 $'000	2000 $'000
Income paid or payable, or otherwise made available by Qantas Superannuation Plan	**9**	-

The numbers of directors whose total income was within the specified bands are as follows:

$		**$**	**2001**	2000
0	-	1	**11**	10
1	-	9,999	**1**	-
10,000	-	19,999	**-**	-

The membership terms and conditions, contributions and benefit entitlements for the directors of the Trustee who are also members of the Plan are determined in accordance with the Trust Deed on the same basis available to other members of the Plan.

Included in the net assets of the fund is a motor vehicle, which is provided to a director of the trustee company in connection with his role in the management of the fund.

(d) **Trustee Related Transactions**

All the directors of the Trustee Company except JP Ducker are also members of the Plan and made contributions to the Plan on the basis specified in note 10 on an arms length basis.

The aggregate sum contributed during the year by the directors of the Trustee Company as members of the Plan was $180,128 (2000: $164,114).

Notes to and Forming Part of the Financial Statements

30 June 2001 (continued)

Note 19 Controlled Entities

The Plan holds 100% of the units in the AMP Private Capital Unit Trust. The Trustee of the Plan has not consolidated this trust in accordance with AAS 24 as the consolidation of this trust will have no material effect on these financial statements.

Note 20 Events Occurring After Reporting Date

Due to the recent volatility on world financial markets, there has been a significant change in the market value of certain investments held by the Plan at 30 June 2001. The carrying amount of the Plan's investments at 30 June 2001 is set out in note 3. Because investment decisions have been made subsequent to reporting date but before these events transpired, it is not possible to reliably measure the financial effect of these events on the Plan's portfolio valuation at 30 June 2001.

This change in value has not been recognised in the financial statements because the events do not provide additional evidence of, or reveal for the first time, conditions existing at 30 June 2001.

Trustee's Statement
30 June 2001

In the opinion of the trustee:

(a) the financial statements set out on schedules 1 to 3 are drawn up so as to present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the net assets of Qantas Superannuation Plan as at 30 June 2001 and the changes in its net assets for the year then ended;

(b) the financial statements are prepared in accordance with the requirements of the Trust Deed dated 1 June 1939, as amended and the Superannuation Industry (Supervision) Act 1993 and Regulations; and

(c) the fund has complied with the requirements of the Trust Deed dated 1 June 1939, as amended, and with the applicable provisions of the Superannuation Industry (Supervision) Act 1993 and Regulations during the year ended 30 June 2001.

This statement is made in accordance with a resolution of the directors of the trustee company, Qantas Superannuation Limited (ACN 003 806 960).

Director

Director

Sydney, 26 October 2001

Independent Report by Approved Auditor to the Trustee and Members

30 June 2001

(A) Financial Statements

Scope

I have audited the financial statements of Qantas Superannuation Plan for the year ended 30 June 2001 as set out on schedules 1 to 3. The Plan's trustee is responsible for the financial statements. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of the Plan.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements, so as to present a view which is consistent with my understanding of the Plan's net assets and change in net assets.

The financial statements audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements, the net assets of Qantas Superannuation Plan as at 30 June 2001 and the changes in net assets for the year ended 30 June 2001.

(B) Compliance

Scope

I have conducted tests in accordance with Australian Auditing Standards as necessary to provide reasonable assurance whether the trustee of Qantas Superannuation Plan, has in all material respects:

a) complied with the relevant requirements of the following provisions (to the extent applicable) of the Superannuation Industry (Supervision) Act 1993 and Regulations;

   sections 19(2), 19(3), 36, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 111, 112, 113, 117, 118, 121, 122, 124, 125, 152, 153, 154, 163, 169;

   regulations; 2.10(1), 2.13(1), 2.21(3), 2.33(2), 2.43(1), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and

   My procedures with respect to regulation 6.17 included testing whether amounts identified by the trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts.

b) adhered to the Guidelines for preparing risk management statements ("Guidelines") issued by APRA in Circular II.D.7 on Derivatives (to the extent applicable).

for the year ended 30 June 2001.

Independent Report by Approved Auditor to the Trustee and Members

30 June 2001 (continued)

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

My procedures with respect to the Guidelines consisted of confirming whether any Risk Management Statement was to be prepared by the superannuation entity's trustee(s) under the Guidelines contained in the APRA Circular II.D.7 at any time during the year of income. These procedures indicated that only a Part A Risk Management Statement should be prepared by the superannuation entity's trustee. This has been prepared and is broadly consistent with the requirements of the Guidelines.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the Superannuation Industry (Supervision) Act 1993 and Regulations or Guidelines apart from those specified. The superannuation entity's trustee is responsible for complying with the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and appropriately applying the Guidelines.

The opinion on compliance expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the trustee of Qantas Superannuation Plan has complied, in all material respects, with the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and applied the Guidelines specified above for the year ended 30 June 2001.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

VJ Clarke
Partner

Sydney
26 October 2001

Summary of the Most Recent Actuarial Report
30 June 2001

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Towers Perrin

Private and confidential

17 October 2001

Our Ref: 20136/160/PG/qant030 &155/F

The Directors
Qantas Superannuation Limited
Qantas Centre (SYD APC/G)
203 Coward St
MASCOT NSW 2020

Dear Directors,

FINANCIAL CONDITION OF THE QANTAS SUPERANNUATION PLAN

SUMMARY OF ACTUARIAL REPORT

The most recent actuarial investigation of the Qantas Superannuation Plan (the Plan) was conducted as at 1 July 1999 by Mr Kenneth Norman Lockery, Fellow of the Institute of Actuaries of Australia. The results of that investigation were presented in his report dated 17 February 2000. This section of this letter presents a summary of that report.

Membership

At 1 July 1999 there were 26,955 members of the Plan with salaries totalling $1,247.9 million. This compares with 28,358 members as at 1 July 1996 (the previous investigation date).

Assets

The net market value of assets at 30 June 1999 was $3,455,713,000.

For the purpose of the actuarial investigation, the value of the liabilities was compared to the actuarial value of assets which was taken to be $3,273,858,000.

This figure was arrived at by deducting the Investment Fluctuation Reserve of $181,855,000 from the net market value of assets.

Plan Experience

The main features of the Plan's experience over the three years to 30 June 1999 were:

- There was one major amendment to the Plan's design, namely the introduction of Division 5.

- The net investment return of the actuarial value of assets averaged 13.4% per annum. This was higher than the long-term rate of investment return of 7.0% per annum assumed in the 1996 investigation. However, salary increases averaged around 6.5% per annum which were also slightly higher than the rate of 6.3% assumed in the 1996 investigation (4.0% inflationary increases plus a promotional scale). Taken together, the excess of investment returns over salary increases achieved by the Plan was approximately 6.9% per annum compared to the previous assumption of 0.7% per annum. This had a substantial beneficial effect on the financial position of the Plan.

- The rate of staff turnover was higher than expected which also had a positive effect on the financial position of the Plan.

- The Company contributions paid over the period of the investigation were $38.6 million less than the long-term rates previously determined. This was in line with the contribution recommendation from the 1996 valuation report. However, as expected, that reduction in Company contributions reduced the level of surplus remaining in the Plan.

Overall, the total effect of the Plan's experience during the period of the investigation was to significantly increase the actuarial surplus (measured on a consistent basis of actuarial value of assets less present value of accrued benefit liabilities).

Funding Method and Assumptions

ACTUARIAL FUNDING METHOD

The PUC funding method adopted for the 1996 actuarial investigation of the Plan was again used for the 1999 investigation.

The PUC funding method is an accrued benefit funding method. Under this method, the surplus or deficit in the Plan is equal to the difference between assets on hand and the present value of future liabilities for benefits already accrued up to the date of the valuation. The recommended annual contribution rates are then made up of:

- the cost of benefits for the year of service immediately following the valuation date (the Normal Cost); and

- a variation to these rates over a defined period. The level and term of this variation are set to reduce the surplus or deficit in regard to accrued benefits.

ACTUARIAL ASSUMPTIONS

The key economic assumptions used by Mr Lockery for this actuarial investigation were a long-term net investment earnings rate of 7.0% per annum and a long-term inflationary salary increase rate of 4.0% per annum. (These are the same assumptions as were made for the previous investigation.) The important assumption of the "gap" between the assumed investment earnings rate and the assumed inflationary salary increase rate was retained at 3.0% per annum.

The other assumptions required for the valuation (including demographic assumptions and the assumptions regarding promotional salary increases, expenses and the like) were reviewed in the light of the Plan's recent experience. However, the assumptions used in the previous investigation were retained.

Valuation Results

The actuarial investigation of the Plan at 1 July 1999 revealed total liabilities of $3,083.7 million. Mr Lockery concluded that the Plan was in a satisfactory financial position with a surplus of assets (at actuarial value) over the value of accrued benefits of $190.2 million.

At 30 June 1999 the market value of assets was 119.8% of vested benefits, indicating that the Plan was in a satisfactory financial position at that date based on current benefit liabilities.

At the same date, the actuarial value of assets represented 106.2% of the accrued benefit liabilities, indicating that the medium to long term funding of the Plan was also progressing satisfactorily.

Recommendations

I have recommended that Company contributions to the Plan to provide for defined benefits be equal to the Normal Costs determined on a category by category basis, set out below, but reduced by an amount totalling $210 million over the four-year period from 1 July 1999 to 30 June 2003.

The contribution rates recommended for each category were:

Group	Contribution Rate (% of salary)
Division 2 Category A	9.7%
Division 2 Category B	10.6%
Division 2 Category C	13.5%
Division 3	10.9%
Division 4	19.5%
Division 5	1.3%

In addition to these contributions Mr Lockery recommended that the Company contribute such additional amounts as specifically required by the trust deed and rules or as agreed with individual members.

Finally, Mr Lockery recommended that the next full actuarial investigation be made on or before 1 July 2002 and that the funding level of the Plan be reviewed annually.

Other Matters

The Plan self insures the majority of its risks in regard to benefits in excess of the actuarial reserve payable on death or disability. More specifically, a catastrophe insurance contract is maintained to limit the overall exposure to severely adverse experience, with the Plan self insuring the deductible of $5 million and all disability income risks. As stated in the actuarial valuation report, the self insured risks are quite acceptable for a Plan of the size of the Qantas Plan, while the catastrophe insurance provides very cost-effective protection against severely adverse experience.

No allowance was made in the actuarial valuation for the introduction of the Superannuation Surcharge with effect from 20 August 1996. It was assumed that any surcharge assessed against the Plan (together with interest up to the date of the benefit payment) will be debited to the relevant members' benefits.

ACTUARIAL STATEMENT FOR AAS25 PURPOSES

This section of this letter has been prepared for the purposes of AAS25 at the request of the Trustee of the Qantas Superannuation Plan.

Accrued and Vested Benefits

AAS25 requires the disclosure of Accrued and Vested Benefits at the reporting date. The table below shows the amounts determined for the purposes of AAS25, together with the market value of assets (these amounts were calculated by Mr Lockery as part of the actuarial valuation as at 30 June 1999):

Reporting Date	Accrued Benefits $ million	Vested Benefits $million	Assets at Market Value $ million
1 July 1999	3,056.4	2,884.2	3,455.7
1 July 1996	2,113.4	1,986.0	2,318.7

"Accrued Benefits" have been determined as the present value of expected future benefit payments which arise from membership of the Plan up to the reporting date. Present values have been calculated using the same assumptions as for the actuarial valuations of the Plan, except that at 1 July 1999 the long term rate of general inflationary salary increases assumed for the actuarial valuation was 4.0% per annum while the "Accrued Benefits" for AAS25 purposes have been determined assuming a salary increase rate of 3.5% per annum.

"Vested Benefits" are benefits which the Plan would be required to pay if all members were to voluntarily leave employment on the reporting date.

The Accrued Benefits were calculated in a manner consistent with Guidance Note 454 issued by the Institute of Actuaries of Australia.

CURRENT FINANCIAL POSITION

This section of this letter comments on developments since the last actuarial investigation and on the current financial position of the Plan.

In the period since the actuarial investigation as at 1 July 1999, the Superannuation Guarantee minimum contribution rate increased to 8% of salary from 1 July 2000. Also, a new accumulation benefit category of membership, Division 7, was created in the Plan from 1 July 2001. However these changes do not have a significant effect on the financial position of the Plan.

The financial experience over the two years to 30 June 2001 has been satisfactory and at 30 June 2001 (based on the draft accounting information currently available) the Market Value of Assets exceed the Vested Benefits by 15%.

The Plan's investment returns for the period post 1 July 2001 have been impacted by the volatility and uncertainty in world markets following events on 11 September 2001 in the US. Actual investment returns for the Plan for the period 1 July 2001 through 24 September 2001 were –9.0%, although they have improved since then. At 30 June 2001, the Plan, held a margin in excess of 9% of assets at market value over the value of members' vested benefits. Accordingly, notwithstanding market losses through to 24 September 2001, the Plan's financial condition remains satisfactory.

I am not aware of any changes in the circumstances of the Plan since 1 July 1999 that would have had a substantial adverse effect on the financial position of the Plan. Accordingly, I expect that the Plan continues to be in a satisfactory financial position.

Yours faithfully,

Mark Thompson
Fellow of the Institute of Actuaries of Australia