



INVESTMENT UPDATE FOR JUNE 2005 QUARTER

**Credited
Interest Rate
14.5% for year***

* Growth Option

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QANTAS
SUPERANNUATION PLAN

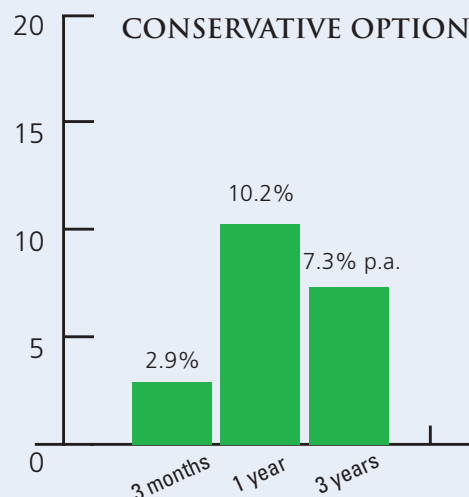
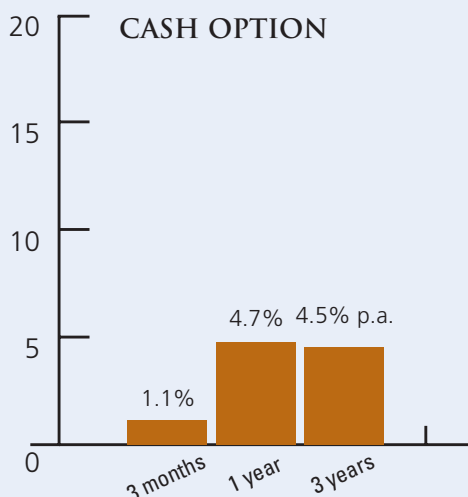
INVESTMENT UPDATE



INVESTMENT UPDATE

FOR THE 3 MONTHS TO 30 JUNE 2005

INVESTMENT OPTIONS' PERFORMANCE (NET OF TAX)



Note: The investment performance shown in the above graphs includes the actual returns since Investment Choice was introduced from 1 April 2005. Prior to that, the returns are simulation only, based on index returns for the assets contained in each investment option. **Investment returns can go up or down. Past performance and simulations of this type may not be a reliable indicator of future performance.**

CREDITED INTEREST RATES

Prior to 1 April

Consistent with the past crediting policy, the Trustee declared Credited Interest Rates (CIRs) equal to the net return for the Plan. Because Member Investment Choice (MIC) was introduced part way through the year, CIRs were declared quarterly rather than annually.

For the three quarters to 31 March 2005 the quarterly net investment returns and CIRs were:

Quarter	Net return	Credited Interest Rate
1 Jul 04 – 30 Sep 04	2.4%	2.5%*
1 Oct 04 – 31 Dec 04	5.8%	5.8%
1 Jan 05 – 31 Mar 05	2.0%	2.0%

* For the first quarter, the CIR was 0.1% higher than the actual return due to the small investment fluctuation reserve that existed as at 1 July 2004.

From 1 April

MIC was introduced on 1 April 2005.

From that date, the rate credited to member accounts depended upon the investment option chosen by members. The CIRs for each investment option for the quarter (and a simulated history) are shown in the graphs at the top of the page.

For accounts invested in the Growth Option (which also applied for members not eligible for MIC) the CIR was 3.51% for the quarter, consistent with the return for all assets of the plan. Over the full 12 months, the CIR was equivalent to 14.5% p.a. for these accounts.

These CIRs do not apply to Division 9 members. CIRs for Division 9 members are contained on the website.

MARKET UPDATE

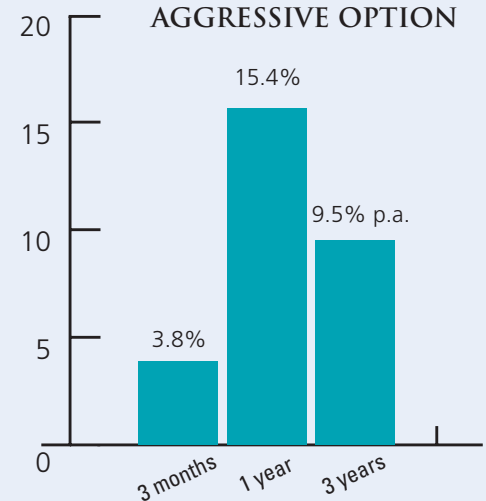
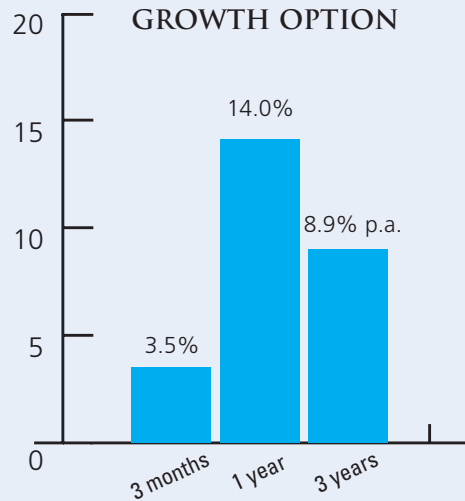
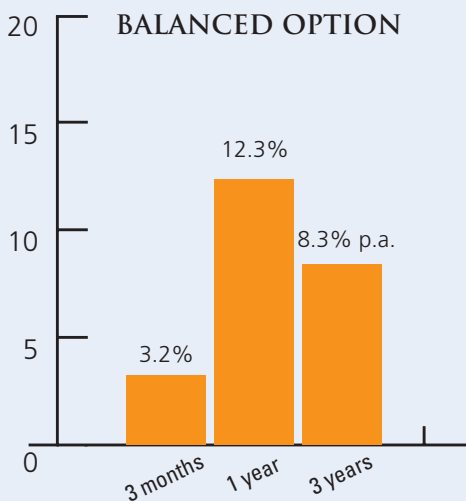
Recent performance by the Plan's asset sectors were as follows:

Asset Class	Quarter	Year	3 Years (p.a.)
Australian Equities	▲ 4.5%	28.3%	15.7%
International Shares	▲ 3.6%	4.9%	0.5%
Direct Property	▲ 4.3%	12.6%	10.3%
Listed Property	▲ 5.3%	18.0%	15.6%
Private Capital	▲ 7.7%	17.1%	14.5%
Hedge Funds	▼ 0.6%	6.5%	n/a
Emerging Markets and High Yield Debt	▲ 6.1%	n/a	n/a
Australian Fixed Interest	▲ 3.1%	7.6%	6.9%
Australian Indexed Bonds	▲ 2.2%	10.0%	7.2%
International Fixed Interest	▲ 4.1%	13.1%	9.7%
Cash	- 1.2%	5.0%	4.7%

Investment returns for the Plan were very favourable for the 12 months to 30 June 2005 across nearly all asset classes as shown in the prior table.

IMPORTANT NOTE

The items in this newsletter have been provided for information only. Any decisions you may make on any of these matters should have regard for your personal circumstances and tax position, and we would strongly recommend you seek financial planning advice to assist you making decisions about your options in the Plan.



In aggregate, the investment performance of the entire Plan was:

- 3.5% after tax for the quarter to 30 June 2005; and
- 14.4% after tax for the full financial year.

The strongest contributors to this annual performance were Australian Equities (28.3%), Listed Property (18.0%) and Private Capital (17.1%).

INTRODUCING SPOUSE ACCOUNTS

Members of the Plan, other than Division 8 and Division 9 members, can now open accounts for their eligible spouses.

For some members, making spouse contributions may have tax benefits. In particular, tax offsets may be available for member contributions of up to \$3,000 p.a. to a Spouse Account (subject to certain levels of taxable income by their spouse). **Before you make any spouse contributions we would recommend you seek financial planning advice to take account of your personal circumstances and assist with your decision.**

A new Division - Division 11 - has been established for Spouse Accounts, and a copy of the Product Disclosure Statement (and application forms) are now available on the Plan's website.

LOWER ADMINISTRATION FEES IN DIVISION 8 & DIVISION 9

Divisions 8 and 9 were established to allow employees ceasing employment to leave their superannuation monies in the Plan. Division 8 provides benefits after retirement primarily as a lump sum, while Division 9 provides allocated pensions.

The Trustee recently reviewed the administration fees charged to members of Division 8 and Division 9 and has decided to reduce the fees applying to these Divisions.

From 1 July 2005 the new administration fees will be as follows:

Account Balances	Administration Fees (% assets)
First \$250,000	1.00
Plus Next \$250,000	0.50
Plus Next \$250,000	0.25
Plus Balance over \$750,000	0.15

FEDERAL ANNOUNCEMENTS

In addition to the announcements about changes to personal income tax cuts in the last budget, the Government announced the abolition of the Superannuation Surcharge from 1 July 2005.

The Surcharge has been widely criticised since its introduction in 1996, and its removal will act to simplify the tax structure on superannuation benefits considerably.

For members of the Plan, this change will not result in the removal of existing Surcharge Accounts. However once all surcharge assessments for the years to 30 June 2005 have been processed, there should be no further surcharge amounts charged to these accounts.

The removal of the surcharge may also increase the tax effectiveness of salary sacrifice contributions made after 1 July 2005 for some members.

ACCESSING UNRESTRICTED NON-PRESERVED AMOUNTS

Some members who rolled monies into the Plan from other funds may have Unrestricted Non-Preserved amounts (UNP amounts). These are amounts that, prior to rollover, could have been taken as cash and were not subject to preservation – that is, access was “unrestricted” and they were “non-preserved”.

A recent change to the Trust Deed means that UNP amounts remain unrestricted and non-preserved in the Qantas Superannuation Plan. Before this change, any UNP amounts rolled into the Plan could not be accessed by members until they ceased employment or if some other eligibility requirement was met.

Now, if you have rolled monies into the Plan from other arrangements and you have UNP amounts, then these may be taken as a benefit from the Plan at any time.

TRUSTEE DIRECTOR CHANGES

Since the last newsletter, the following changes to the Trustee Board have occurred.

- Ms Patricia Cross has resigned,
- Ms Anne Ward replaced Ms Patricia Cross as chairman,
- Mr Steven Fouracre replaced Ms Cross as an employer appointed Director, and
- Mr Colin Storrie has resigned (a replacement is yet to be made by the Company).

The Trustee would like to thank all departing Directors for their strong contribution to the Plan. In addition, elections for two member-elected Directors positions are being undertaken. These are:

- Group B – Flight Attendant
- Group D – LAME, TWU, Airline officers Award (level 1 – 4) and Nurses.

Information on the results of this election will be provided in the next quarterly newsletter.

PORTABILITY CHANGES

Changes to superannuation legislation in June mean that all members may now request to have some or all of their accumulation balances transferred to another superannuation arrangement.

Under this legislation you may either:

- Make a full transfer, and all your accumulation balances will be transferred; or
- Make a partial transfer, in which case you must leave at least \$5,000 in these accounts.

Note that if you have a surcharge account balance or a family law account balance then these amounts may not be transferred. For example, if you have \$50,000 in your accumulation accounts plus a surcharge account of \$5,000 (debit) then you may only transfer \$45,000.

There are other rules relating to transfers under Portability:

- 1 You may only make a portability transfer once 12 months have passed since your last portability transfer;
- 2 You may not transfer your defined benefits;
- 3 You cannot change the preservation status of your accounts (this means that you cannot access the amounts as cash any earlier than had you left them in the Plan); and
- 4 You may elect what portion of undeducted member contributions you wish to have transferred.



UPDATE

QANTAS SUPERANNUATION PLAN

Other Benefits

Any amounts transferred under Portability will be deducted from your accounts.

In some cases, other benefits will also been reduced by the amounts transferred. For example, any members who transferred between Divisions and have dollar death benefit guarantees, the guarantees have been reduced by the amounts transferred.

Immediately after transfer, where benefits have been adjusted, the reduced benefit plus the amount transferred is no less than the benefit which applied prior

to transfer. Details of these benefit changes are contained in detail on the Portability Transfer forms (for your current Division) which are contained on the Plan's website.

Accounts which may be transferred under Portability.

Because the benefits are different in each Division, the following table lists the accumulation accounts that may be transferred under portability.

Division 1	Division 2 *	Division 3	Division 3A	Division 4	Division 5	Division 6	Division 7	Division 10	Division 12
Voluntary Contribution	Rollover	Rollover	Rollover	Voluntary Contribution	Rollover	Rollover	Rollover	Rollover	Rollover
Salary Sacrifice	Member Extra	Member Extra	Member Voluntary	Member	Member	Member	Member Voluntary	Member	Voluntary Contribution
Productivity	Salary Sacrifice	Salary Sacrifice	Productivity	Productivity	Salary Sacrifice	Salary Sacrifice	Salary Sacrifice	Salary Sacrifice	Salary Sacrifice
	Member	Transfer			Company	Transfer	Company	Company	Transfer
	Productivity								
	Transfer								
	Company								

* Special Note for Division 2 Members.

Under Portability:

- For members of Division 2 who have benefit guarantees from prior membership of the Australian Airlines Ground Staff Plan or the Australia Airlines Flight Attendants Superannuation Plan, the Member Account, Company Account, Productivity Account and Transfer Accounts may not be transferred under Portability.
- Only the vested part of the Division 2 Company Account is available to be transferred. If part of your Division 2 Company Account is transferred, then the amounts transferred are accumulated with interest and deducted from your benefit at the time you leave the Plan.

More information?

More information is available from the Plan's website www.qantassuper.com.au or by phoning Qantas Super on 1300 654 384.

TRUSTEE LICENCED FROM 5 JULY 2005

Finally, from 5 July 2005 the Trustee of the Plan has become licenced under the Financial Services Reform Act to provide general product advice to members of the Plan, and will therefore continue to provide information to Plan members through publications such as this newsletter and via the website. The Trustee is not, however, licenced to provide financial planning support or personal advice on investments such as superannuation to Plan members.



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