

Qantas Superannuation Plan  
**Annual Report**  
2011-2012

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## On the cover



Short haul Customer Service Manager and Qantas Super member Natalie Larsen, her husband Karl (also a short haul CSM) and their family. Turn to page 21 to read about Natalie's lifestyle goals and her plans for retirement.

Qantas Super Annual Report 2011-2012  
Issued by Qantas Superannuation Limited (ABN 47 003 806 960, AFSL 288330, RSE L0002257)  
as Trustee for the Qantas Superannuation Plan (ABN 41 272 198 829)

## About us

Qantas Super is one of Australia's largest corporate superannuation funds and has been looking after Qantas Group employees and their retirement savings since 1939.

It is run entirely for the benefit of eligible members who are current and former employees of the Qantas Group.

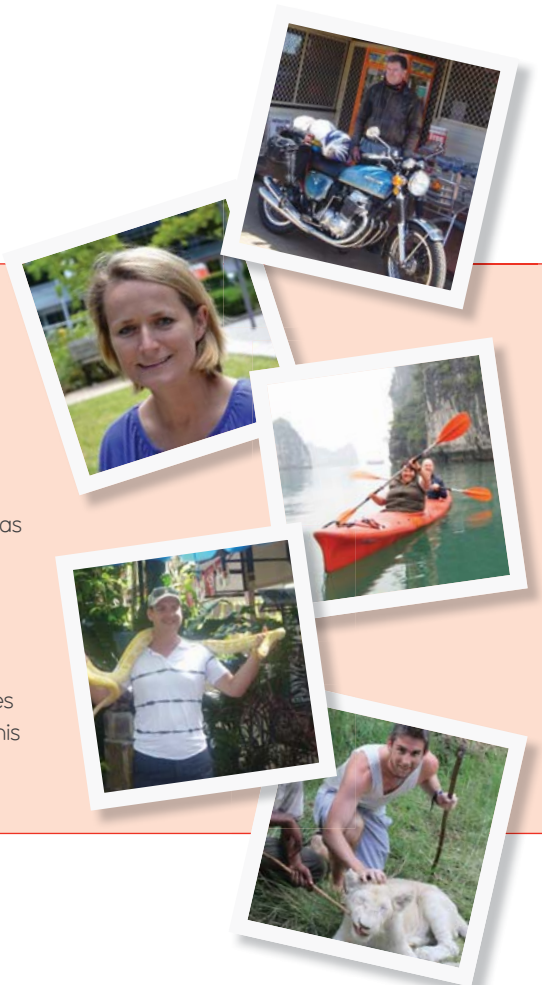
Qantas Superannuation Limited (QSL or the Trustee) is the Trustee for the Qantas Superannuation Plan.

There are 10 Directors – five elected by members, and five appointed by Qantas Airways Limited.

### Bringing your super home

In this year's Annual Report we're sharing the super stories of some of your colleagues and fellow Qantas Super members.

We thank Natalie (cover), Tanja, Kevin, Cathy, Scott and Alex for generously sharing their time and stories with us, and being part of this Annual Report.



## From the Chair

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Anne Ward  
Chair,  
Qantas Super

The past 12 months have seen us continue to navigate volatile global investment markets, develop our service to you, and – at the same time – prepare for a series of major regulatory changes to the superannuation industry.

As you'll read, the bumpiness of the investment markets has impacted investors worldwide, and although we're not immune, we have put in place a substantial range of measures to address these challenges.

### So what have we done?

#### We put in place our three-year business strategy

Our 2013–2016 business strategy sets out our direction for the next three years.

#### We welcomed a new leader for the Qantas Super team

At the beginning of 2012, we welcomed our new CEO, Jane Perry. Jane has worked in a wide range of senior roles in financial services, with organisations such as J.P. Morgan and AXA. She has a strong track record and is well positioned to take us forward as we navigate a challenging period in the evolution of superannuation.

#### We navigated the investment markets

Australian and global equity markets declined around 12% over the first three months of the 2011–2012 financial year. This set the scene for a year in which we saw many return seeking assets, including equities, decline in value, albeit recovering somewhat after the lows of July through September 2011.

For the year ending 30 June 2012, we saw returns for Cash at 4.12% and 4.06% for Conservative Options. The Balanced Option provided a return of 1.87% and the Growth Option 0.34%.

The greater the allocation of return seeking assets within the option, the lower the overall return. The Aggressive Option was the only investment option to provide an overall negative return for the financial year of -2.25%.

## What are we doing for the future?

There are three key challenges facing Australian super funds in the next 12 to 18 months – and we are no exception. That being said, we are implementing robust strategies to tackle each challenge. While these challenges exist for all super funds, we are in a good position to meet these challenges, and take advantage of any opportunities for your benefit.

### Challenge 1: The markets are likely to continue to be volatile

#### What we are doing

We are ensuring that each investment option is appropriately diversified by asset class, investment manager and geography. We are investing in predominantly high quality, relatively liquid assets.

We stress-test each investment option to make sure the investment mix can tolerate various economic and financial scenarios.

We invest in a way that maximises long-term risk-adjusted returns.

We have reduced our exposure to listed equities.

We have increased investment in alternatives such as global return seeking credit and Australian infrastructure (e.g. the Tasmanian Gas Pipeline and the Port of Portland).

We have confirmed our commitment to a fully outsourced investment model using high quality partners. Internally, we manage the strategic direction of the Plan's investments.

### Challenge 2: The superannuation sector is undergoing profound and wide-reaching change

#### What we are doing

We have developed our approach to the Stronger Super changes with two objectives:

1. to ensure we fully comply with the regulatory changes, and
2. to make sure we take advantage of these changes to bring you a better, stronger super fund.

We continue to deepen our relationships with the regulatory authority APRA and with our sponsor, Qantas.

### Challenge 3: There is work to be done (across all super funds) to rebuild confidence in superannuation

#### What we are doing

We are working on providing a wider suite of product benefits such as term deposits.

We are improving the way we work with you, for example, offering BPAY payment options for contributions.

We are improving our member education services.

## We brought you new products and services

Our services continued to evolve, including:

- A new series of Product Disclosure Statements. These were named as a finalist in the Association of Superannuation Funds of Australia (ASFA) Communication Awards for 2012;
- An enhancement to our Division 8 Retained Benefits, providing free insurance cover for a period of 90 days for members when they leave employment with the Qantas Group and transfer to Division 8;
- A new process to better manage complaints, reducing our response time to a maximum of 45 days.

We also introduced a series of other products and services, including additional voluntary insurance, BPAY, binding death nominations and early release of super. You can read more about these improvements on page 18.

We have also been working behind the scenes to be more efficient in the way we do other things as well. These are changes you wouldn't necessarily see, but which will improve the quality of service we deliver to you.

## We developed our member promise

Everything we do is for you, and about you. To ensure we keep this top of mind, this year we introduced our Member Service Promise.

You might ask, why is this statement important to me? What difference could these words make?

The reason is simple: this promise articulates our relationship with you. It drives everything we strive to achieve every time we interact with you – from the ways we provide you with information, to how quickly and accurately we respond to your claims, questions and concerns.

The promise is also an acknowledgement of your feedback and comments that have been gathered both anecdotally and via surveys throughout the year.

Thank you for your support as we continue to work towards achieving the best possible results for your future.



### Our Member Service Promise:

"We provide you with the right information, make it easy to understand, take ownership of your enquiry, and focus on a timely resolution of your needs so you can be confident that your super is safe and well managed. We are committed to providing you with the services that you value."

## From the CEO

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**Jane Perry**  
Chief Executive Officer,  
Qantas Super

In my role as the CEO, I am profoundly conscious of the responsibility the Qantas Super team and I have to each and every one of you as members of the Plan, and I am pleased to be leading a strong team of specialists who are working for your future.

For many of us, superannuation will be one of the biggest investments we make.

As a member of Qantas Super, I am also aware of the responsibility I have to myself and my family to ensure that my superannuation is the best it can be.

Like many of you, I am at the point in my working life where the thought of my superannuation benefits – accumulated over years of working in various organisations – sits more firmly in my mind than it did 30 or so years ago. Over this period, I've experienced the fluctuation of the markets; the peaks and troughs as the investment markets moved through various cycles.

I've also become more conscious of the role of insurance. Insurance is there to protect and support you and your family in the worst of all circumstances – if you are no longer able to support them financially – whether it's because of death or you suffer a significant illness or accident. This is really when you need it most. None of us expects the worst to happen to us, but we do need to plan for it, and so I am pleased about the insurance products we can provide to you.

In this year's Annual Report, you'll read about the improvements we have made to the products and services we bring you, and you'll learn more about how we are preparing for the next few years.

You'll also read about how some of your fellow Qantas Super members relate to their super. And while they all have different experiences that drive their decisions about their super, the themes are the same – protecting their family and comfort in retirement.

**I trust you will enjoy reading this year's Annual Report.**

*Jane Perry*

# Your Board of Directors

## Company-appointed Directors



### Anne Ward, Chair

**Chair of Remuneration Committee;  
Member of Investment Committee and  
Stronger Super Implementation Committee**

Anne joined the Qantas Super Board in 2004, and was appointed Chair the following year.

She is a professional company director with extensive experience in the financial services sector, spanning banking, insurance, wealth management, superannuation and investments. Anne is currently the Chair of the Centre for Investor Education, a Director of the Foundation for Imaging Research, and a Governor of the Howard Florey Neuroscience Institutes. In late 2012, she was appointed a Non-Executive Director and Chair of Colonial First State Investments Limited and Avanteos Investments Limited (effective 1 January 2013).

Prior to becoming a professional director, Anne was a commercial lawyer for 28 years and was General Counsel for Australia at National Australia Bank. She holds a Bachelor of Laws and a Bachelor of Arts from the University of Melbourne. Anne is admitted as a barrister and solicitor in the Supreme Court of Victoria, and is a Fellow of the Australian Institute of Company Directors.



### General Peter Cosgrove

**Chair of Member Services Committee**

Peter was appointed to the Qantas Airways Board and the Qantas Super Board in 2005.

Peter is a Director of the Australian Rugby Union and Cardno Limited. He is Chairman of the South Australian Defence Industry Advisory Board and Chancellor of the Australian Catholic University.

He is also Trustee of the Prince's Charities in Australia.

Peter served in the Australian Army from 1965 and was the Chief of the Australian Defence Force from July 2002 until his retirement in July 2005.

He was Australian of the Year in 2001.



## Jon Scriven

### **Member of Stronger Super Implementation Committee, Remuneration Committee and Member Services Committee**

Jon joined Qantas in April 2009 as the Group Executive People and was appointed to the Qantas Super Board later that year.

He is responsible for all aspects of Human Resources across the Qantas Group which includes the Qantas and Jetstar brands.

Jon's focus is on building employee engagement, enhancing customer service and developing strong leadership capability. From April 2011, Jon's responsibilities were extended to include oversight of the Office of the CEO comprising Safety, Security, Environment, Risk, Internal Audit and Company Secretary.

Prior to joining Qantas Jon held the role of the Group HR Director at Coca Cola Amatil. Jon was also Partner at Andersen helping to establish their Human Capital Practice, and held various roles in Westpac and PriceWaterhouse. Jon is a Chartered Accountant who studied mathematics at Cambridge University.



## Nicole Grantham

### **Chair of Audit & Risk Committee**

Nicole was appointed to the Qantas Super Board in 2010.

Nicole is the Head of Group Audit and Risk for the Qantas Group, and is responsible for the design and implementation of the risk management framework and providing assurance to the Board Audit Committee on the management of risk.

Prior to this, Nicole held a number of roles in Qantas Group Finance, with a particular focus on financial governance and controls.

Before joining Qantas in 1993, Nicole was an external auditor with the NSW Auditor-General's Office.



## Russell Macfarlane

### **Member of Investment Committee and Audit & Risk Committee**

Russell joined the Qantas Super Board in 2012. He joined Qantas as Manager Financial Control & Governance in 2009.

Russell is presently the Head of Group Reporting and Financial Control and is responsible for ensuring the Group meets all its external financial reporting obligations, including the Annual Report, Interim Report and Sustainability Reporting. He is also responsible for developing, reviewing and implementing the Group's Finance policies, evaluating all future financial reporting developments, and acts as the senior accounting technical advisor to the Group.

Prior to joining Qantas, Russell worked in senior finance roles in Aviva plc in London and in the PricewaterhouseCoopers audit practice.

Russell is a member of the Institute of Chartered Accountants of Australia.

## Member-elected Directors



**Mark Thorpe**

**Group A**

**Chair of Stronger Super Implementation Committee; and Member of Investment Committee**

Mark was elected to the Board in 2008. He is a First Officer on the Boeing 747 and has been a pilot with Qantas since 1999.

Prior to becoming a pilot, Mark was an Actuary and worked with Towers Perrin as a superannuation consultant. He has over 15 years' experience in various roles in the superannuation industry.

Mark holds a Bachelor of Economics, is a Fellow of the Institute of Actuaries of Australia and is a graduate of the Australian Institute of Company Directors.



**Craig Pagden**

**Group B**

**Member of Audit & Risk Committee and Member Services Committee**

Craig was elected to the Qantas Super Board in 2008. He has been a long haul flight attendant with Qantas Airways for more than 23 years.

Prior to joining the airline, Craig was a detective sergeant with the Australian Federal Police where he specialised in the areas of narcotics, organised crime and major fraud.

Craig is a graduate of the Australian Institute of Company Directors. He holds a Diploma of Financial Services (Financial Planning), Advanced Diploma of Risk Management and a Diploma of Business Management.



**John Sipek**

**Group C**

**Member of Audit & Risk Committee and Member Services Committee**

John was elected to the Board in 2004. He has been an Aircraft Maintenance Engineer in Heavy Maintenance Melbourne since 1995. John is a senior union delegate with the Aircraft Workers' Union and a Justice of the Peace for Victoria.

In 2010–2011 John was the Mayor of Moonee Valley City Council and is a former Victorian Multicultural Commissioner. Currently he is the Chairman of the Australian National Packaging Covenant, a Director on two other boards, and is a long-time member of the Australian Institute of Company Directors.

John holds an Advanced Diploma of Business Management, and is studying for his Masters of Business Administration.



**Kash Gillies**

**Group D**

**Chair of the Investment Committee and Member of Member Services Committee**

Kash was elected to the Qantas Super Board in 2002. He is a Senior LAME at Sydney Terminal and a B737 series PCT instructor. He is licensed in the Mechanical category on B737 and B767 (GE and RR) series aircraft.

Kash has been a member of the Investment Committee since October 2003. He maintains his lifelong passion for investing and capital markets by regularly attending seminars and educational forums.

Kash holds a Bachelor of Business (Accounting Major) from Charles Sturt University.



**Greg Manning**

**Group E**

**Member of the Investment Committee, Audit & Risk Committee and Remuneration Committee**

Greg was elected to the Qantas Super Board in 2010. He has more than 20 years' experience in accounting and treasury-related roles, and is currently Deputy Group Treasurer of Qantas Airways.

Greg's financing experience includes structured asset finance, US bond issuance, syndicated bank markets, export credit agency financing and secured commercial debt.

Prior to joining Qantas, Greg worked at Goodman Fielder, UBS Australia and Westpac.

Greg is a CPA and a Certified Finance and Treasury Professional.

## Trustee Committees

The Trustee has established a number of standing committees to assist in managing its functions and responsibilities. Ad hoc committees are also established by the Board to oversee specific matters.

COMMITTEE	TRUSTEE DIRECTOR REPRESENTATION	MEETINGS 2011-2012
Audit & Risk Committee	Nicole Grantham (Chair)	6
	Russell Macfarlane	
	Greg Manning	
	Craig Pagden	
	John Sipek	
Claims Committee	Delegated to Executive Office and chaired by the Chief Executive Officer	14
	Jane Perry (Chair) (appointed February 2012)	
	David Adams (resigned June 2012)	
	Dimity MacDonald (appointed October 2012)	
	Marilyn Loyer	
Investment Committee	Steven Fouracre (Chair) (resigned March 2012)	6
	Kash Gillies (Chair) (appointed as Chair May 2012)	
	Russell Macfarlane	
	Greg Manning	
	Jane Perry	
	Mark Thorpe	
	Anne Ward	
Member Services Committee	Peter Cosgrove (Chair)	5
	Kash Gillies	
	Craig Pagden	
	Jon Scriven	
	John Sipek	
Remuneration Committee	Anne Ward (Chair)	1
	Jon Scriven	
	Greg Manning	
Stronger Super Implementation Committee	Mark Thorpe (Chair)	1
	Paul Jenkins (Qantas HR executive)	
	Jane Perry	
	Jon Scriven	
	Anne Ward	

## Trustee Director attendance

	BOARD	AUDIT & RISK	INVESTMENT	MEMBER SERVICES	REMUNERATION	STRONGER SUPER <sup>7</sup> IMPLEMENTATION
<b>Number of meetings held</b>	<b>8</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>1</b>
Peter Cosgrove	8			5		
Steven Fouracre <sup>1</sup>	4	3	3			
Kash Gillies <sup>2</sup>	7		6	5		
Nicole Grantham	8	6				
Russell Macfarlane <sup>3</sup>	1					
Greg Manning <sup>4</sup>	8	6	1		1	
Craig Pagden <sup>5</sup>	8			5		
Jon Scriven	6			4	1	1
John Sipek <sup>6</sup>	8	4				
Mark Thorpe	8		6			1
Anne Ward	8		6		1	1

### NOTES:

1. Steven Fouracre resigned on 21 March 2012.
2. Kash Gillies was appointed Chairman of the Investment Committee on 2 May 2012.
3. Russell Macfarlane was appointed to the Board, the Investment Committee and the Audit & Risk Committee on 7 June 2012.
4. Greg Manning was appointed to the Investment Committee on 20 April 2012.
5. Craig Pagden was appointed to the Audit & Risk Committee on 20 April 2012.
6. John Sipek was appointed to the Member Services Committee on 20 April 2012.
7. The Stronger Super Implementation Committee was established on 2 May 2012. Mark Thorpe (Chair), Jon Scriven and Anne Ward were appointed to the committee on that day.

# Your Senior Executive Team and specialists

## Senior Executive Team



### Jane Perry, Chief Executive Officer

As the CEO, Jane is responsible for the overall management of the Plan. Jane has more than 20 years of business management experience in leadership positions across various industries.

Prior to joining Qantas Super, Jane held senior roles with J.P. Morgan and AXA, and has also held board positions with National Mutual Superannuation Pty Ltd, National Mutual Staff Superannuation Plan and J.P. Morgan Nominees Australia Limited.

Jane is a member of The Salvation Army Advisory Board, and the Australian Brandenburg Orchestra Board. She was inducted into the YWCA's global Academy of Women Leaders in New York in 2010 for her work on promoting diversity in the workplace.

Jane is a member of the Qantas Super Investment Committee and Stronger Super Implementation Committee.

Jane holds Bachelor of Arts and Bachelor of Science degrees, as well as a Diploma of Education.



### Andrew Spence, Chief Investment Officer

Andrew has responsibility for investment governance and objectives, investment strategy, portfolio construction, investment manager selection, investment risk and liquidity management, and investment operations.

Andrew has 27 years' experience in professional money management with leadership roles in investment management and investment consulting.

Prior to joining Qantas Super, Andrew worked at Towers Watson and Credit Suisse Asset Management.

Andrew is a member of The University of Sydney Investment and Commercialisation Committee.

Andrew holds a Bachelor of Science (Honours) in Accounting and Finance.



### Dimity MacDonald, Head of Member Services

In her role, Dimity is responsible for all aspects of the member experience.

Dimity has more than 20 years' experience in communications, marketing and change management, and has held senior roles across superannuation, insurance and banking.

She also spent two years as Qantas Cabin Services Communications Manager where she drove the development of the cabin crew intranet, and oversaw a communications program for the introduction of Neil Perry menus to international First and Business Class.

Dimity was appointed to the role at Qantas Super in September 2012.

Dimity holds an Honours degree in English Literature.



### Hugh Loughrey, Head of Legal, Risk & Compliance

Hugh is responsible for the provision of legal, risk management and compliance services to Qantas Super.

Hugh has over 20 years' wealth management experience in Australia and overseas in a range of senior legal and risk management roles.

Prior to moving to Qantas Super, Hugh was Chief Legal Counsel at BT Financial Group, where he managed a variety of legal, risk and compliance teams during more than 10 years with that business.

Hugh is admitted to practice law in New South Wales, England and Wales, and Ireland. He is currently a member of the New South Wales Law Society Corporate Lawyers Committee.

Hugh holds a Bachelor of Civil Law.



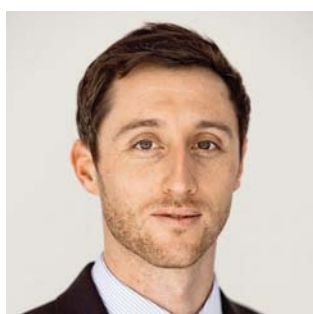
### Peter Savage, Head of Operations

Peter is responsible for all operational aspects of the Plan including Member and Investment Operations. This involves managing the Superannuation and Investment Operations teams.

Peter has more than 13 years' experience in financial services, and has previously worked at J.P. Morgan, Chase Manhattan Bank and Mercantile Mutual in a range of roles.

He holds a Bachelor of Business degree and is completing a Masters of Business Administration.

## Specialists



### Chris Grogan, Manager Investments

Chris joined Qantas Super in July 2012 and is a senior investment professional with more than 10 years' experience.

He has primary research management responsibility for global equities and fixed interest. Prior to joining Qantas Super, Chris was Acting General Manager, Investments at WorkCover NSW.

He holds a Bachelor of Commerce degree, a post graduate diploma in Applied Finance and Investment and is a Certified Investment Management Analyst.



### Marilyn Loyer, Manager Member Services

Marilyn has 16 years' experience with Qantas Super across a range of roles, including fund administration and member benefits.

Marilyn is responsible for member presentations and education, contact centre training, member liaison and is also the Superannuation Inquiries Officer for Qantas Super. She has extensive knowledge of the Qantas Plan and Trust Deed.

Marilyn holds a diploma of law and is admitted as a solicitor of the Supreme Court of NSW. She also holds a diploma of financial services (financial planning) and a professional diploma of human resources.



### Barbara Smialkowski, Manager Compliance

With more than 25 years' experience in the superannuation industry, Barbara is a technical and compliance specialist.

She has responsibility for managing the Plan's compliance processes, as well as risk management, to make sure the Plan adheres to the wide range of superannuation laws and regulations.

Barbara holds tertiary qualifications in the area of legal and administration processes and has previously worked for various complex super schemes across a range of public sector, industry and public offer funds.



### Matt Wachter, Manager Investments

Matt joined Qantas Super in February 2012 as Manager Investments and is a senior investment professional with more than 15 years' experience.

He has primary research management responsibility for Diversity, Cash, Currency Management and Portfolio Rebalancing. Previously, Matt worked for Russell Investments as Regional Director Russell Indexes and as Head of Partners for CMC Markets.

Matt holds a Masters of Business Administration (Executive) and a Bachelor of Arts (Media and Communications) degree.

## Key facts about the Plan

### Members

**33,038**

Qantas Super members  
as at 30 June 2012

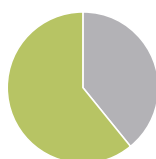
**\$5.75bn**

Size of the Plan  
as at 30 June 2012



Average age of Qantas Super  
members (main fund) as at 30 June 2012

**61%**  
**Male**



**39%**  
**Female**

Qantas Super members by gender  
as at 30 June 2012

**3,761**

New entrants into the Plan  
during 2011-2012

**581**

Members of Divisions 9 and 14  
as at 30 June 2012

### Website

**243,241**

Visitors to [www.qantassuper.com.au](http://www.qantassuper.com.au)  
during 2011-2012

**45,670**

Visits to the secure Member's Area  
during 2011-2012

 **15,435**

Number of Insurance Guides  
downloaded during 2011-2012

 **103,944**

Number of times Product Disclosure  
Statements were downloaded  
during 2011-2012

 **"Insurance"**

Most popular search phrase  
during 2011-2012

## Contact centre

 **27,269**

Calls to the contact centre  
during 2011-2012

I'd like to know  
more about:



1. My account
2. Insurance
3. Contributions
4. Payments

Top contact centre enquiries  
during 2011-2012

## Protection



**\$750,000**

Maximum level of voluntary insurance  
cover available to Qantas Super  
members as at 30 June 2012



**\$1.3bn**

Total value of voluntary insurance cover  
(death and TPD) held by Qantas Super  
members as at 30 June 2012

 **452**

Number of members with  
a valid binding death nomination  
as at 30 June 2012

## Achievements in 2011-2012

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### Improvements to products and member services

Throughout the year, we have focused on developing our products and services to improve your experience with Qantas Super.

Our commitment to you drives everything we do. Here's what we brought you in 2011-2012.

#### Voluntary insurance to help you protect your future

We know that one of the most important considerations for you as a member of Qantas Super is insurance to protect you and your family if you are injured or die before you retire.

Your Qantas Super membership may include standard insurance cover for situations such as death and total and permanent disablement (TPD), and temporary disability in some divisions. (Your division's member guide supplement outlines the specifics of your standard insurance cover.)

In 2011, we introduced additional voluntary cover – an optional insurance package which allows you to increase your death and total and permanent disablement (TPD) coverage, up to \$750,000.

Taking out additional voluntary insurance through your super may be tax-effective for you.

You may have the option to continue your cover through Qantas Super even after you leave employment with the Qantas Group.

### Binding death nominations to give you the choice of who receives your benefits if you die

This year we also introduced binding death nominations. This process allows you to control, subject to strict rules, who receives your superannuation benefit in the event of your death.

#### BPay® payment option

This year, we introduced BPay® to make it quicker and easier for you to make voluntary (after tax) contributions to your super.

### Anti-detriment payment

We introduced an anti-detriment payment for certain death benefits in specific circumstances. Where applicable, the payment increases the amount of a death benefit to offset the impact of contributions tax (of up to 15%) on the amount of the benefit.

### Early release of super

We introduced the early release of super (under strict requirements) where there is severe financial hardship or on compassionate grounds.

### Introduction of new, shorter Product Disclosure Statements (PDS)

We released short form PDSs for divisions 3A, 5, 6, 7, 8, 10 and 11 to meet new disclosure requirements. New member guide supplements complement each PDS and provide additional information. These are available on [www.qantassuper.com.au](http://www.qantassuper.com.au).

## Education sessions to help you learn more about your super fund

We held a series of education sessions to provide a better insight into Qantas Super, our investment philosophy and the available member investment choice options. These were held in Sydney, Melbourne, Brisbane and Cairns, and we received positive feedback about the quality of the information.

## New provision for members leaving the Company and transferring to Division 8

For a period of 90 days from when you cease employment with the Company and transfer to Division 8, you will automatically receive free Retained Cover and no administration fees will apply.

## Refresh of the website

In late 2011, we refreshed the look of the Qantas Super website to make it easier for you to navigate.

## Other changes

### Unpaid benefits – New arrangements for members leaving employment after 1 November 2011

When you leave employment, we will advise you of your benefits in the Plan and your options.

You can remain a member of the Plan in Division 8, our Retained Benefits division, Division 9, our Flexible Income Stream or Division 14, our Transition to Retirement division, subject to the eligibility requirements.

The process for what happens to your benefit depends upon whether you ceased employment prior to 1 November 2011, or after 1 November 2011.

For specific details about what happens if you leave employment, please visit [www.qantassuper.com.au](http://www.qantassuper.com.au).



**Kevin Huxley**  
**LAME SYD**  
**Qantas Super member since 1982**

Kevin and his wife plan to spend their retirement travelling, seeing as much of the world as possible, and potentially moving to their holiday home down the coast.

His daughters have completed schooling and are now working, so Kevin and his wife are looking forward to fewer child-related expenses.

"In the next two or three years, they might be living with friends, so when they move out and start fending for themselves a bit, it will free up some money for my wife and I to continue to travel. A lot of things will change for us over the next few years."

Kevin plans to spend time in Europe, particularly Italy and Spain, as well as many parts of America, including his wife's city of choice, New York.

His advice to his younger self? "Study the financial trends, whether it's currency, or the different options. I like reading about it in *The Australian Financial Review*. Hopefully the money is doing as well as it can, making as much as possible at the time. I'd like to think that whoever is looking after the fund is doing a good job and looking after it for everybody."



# The changing nature of the super landscape

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## Federal Government Budget 2011-2012 announcements

### Contribution cap changes

The cap for concessional contributions is now \$25,000, regardless of age (effective 1 July 2012).

This is for two reasons; firstly, because the transitional concessional contributions cap for those aged 50 and over ended on 1 July 2012.

Secondly, the proposed new policy allowing people aged 50 and over with account balances of less than \$500,000 to make concessional contributions up to \$50,000 per year (without incurring excess contributions tax), has been deferred until 1 July 2014.

### Reduction of tax concession for contributions of higher income earners

The Federal Government announced that, from 1 July 2012, individuals with an income greater than \$300,000 will have the tax concession on their pre-tax contributions reduced from 30% to 15% (excluding the Medicare levy).

## Reduction in Government co-contribution

For people who earn \$46,920 or less per annum and make after-tax contributions to their super, the Government will pay up to an additional 50 cents for every dollar they contribute, to a maximum of \$500 (previously \$1,000) a year, into their super account.

## Government contribution for low income earners

Those earning up to \$37,000 per annum will receive a low income earners' government contribution of up to \$500 per year to their superannuation savings to offset the tax on their Superannuation Guarantee contributions (starting in 2012-2013).

## Extension of minimum pension limits

The 25% reduction in minimum pension payment limits has been extended until 1 July 2013. The age-based limits are expected to return to normal in 2013-2014.

## Increasing the Superannuation Guarantee

The Superannuation Guarantee increase from 9% to 12% will be phased in over the period to 2020, with the first increase of 0.25% taking place on 1 July 2013.

The upper age limit of 70 for compulsory Superannuation Guarantee contributions will be removed from 1 July 2013.



**Natalie Larsen (on the cover)**  
**Qantas Super member since 2001**  
**Short haul CSM SYD**

Short haul Customer Service Managers Natalie and Karl Larsen have in mind a debt-free life of travel as a top priority for their retirement.

Their focus to date has been consolidating their loans and paying off their mortgage. At 44, with three children aged six, nine and 12, and having experienced her parents entering retirement, Natalie's thoughts are turning to their super and life after work.

"We don't want to have debts when we retire, we want to live off our super. Karl and I want to be able to travel, to have our house and come in and out as we want. We want to travel everywhere – around the States, across Europe, especially in Italy. We want to live for a bit in Florence and have an experience there."

Her down-to-earth approach helps her manage the volatility of the markets. "There's nothing I can do about the volatility of the markets. I see super as a long term investment – I'm not looking at daily results, or the next 12 months, because things change quickly. Even overseas, when their markets crashed, the next day things were different. I think the media tends to replay the doom and gloom message, and I don't think it's healthy to dwell on that because things can change from day to day."

What would she tell her younger self in hindsight? I would tell myself: 'Look into super carefully and don't just think any amount will do; have a plan, have goals, think about how much you want to live with when you retire'. I would also tell myself, 'The sooner you can start and the more you can put in, the better'."



## Stronger Super

In 2010, the Federal Government announced a series of reforms intended to make super more efficient and help maximise people's retirement income. The two main components of the reforms are MySuper and SuperStream.

MySuper is a new, simple and cost-effective superannuation offering with a common set of features that will help people to compare funds easily. Trustees need to apply to the Australian Prudential Regulations Authority (APRA) for authorisation to offer MySuper products from 1 July 2013.

The objective of SuperStream is to simplify and reduce super administration requirements.

Qantas Super has been preparing for the full range of Stronger Super changes for some time. We are developing a new MySuper product that we intend to launch in 2013.

MySuper is a product which offers value for money to members who want a basic super product without multiple account features.

# Investments

## Our investment philosophy, objectives and strategy

Our guiding principles for the Plan's assets are:

- To invest assets in a manner that is consistent with the Trust Deed and law, and is aimed at achieving the specific investment return and risk objectives set by the Board;
- To prudently manage risk, including adequate diversification and appropriate levels of liquidity, and
- To ensure that any delegated investment decisions are appropriately made, with accountability back to the Trustee.

Every year, we review the Plan's strategic investment objectives. We also review our investments on an ongoing basis to make sure they remain appropriate and contribute to the specific investment objectives.

One of our key investment beliefs is diversification, which means we consider:

- Allocations across different investment classes to ensure you have exposure to a diverse range of investments to reduce total portfolio risk,
- Both passive and active investment managers. Passive management can be implemented at low cost. Skilful active investment managers aim to provide greater returns in excess of the additional costs involved.

During the year we undertook the annual review of our Liquidity Risk Management approach.

Liquidity is the ability to convert assets to cash.

## Investment limits

The Plan manages investment risk in a number of ways.

- The Trustee outsources all investment management to external managers. This extends to the use of derivatives by the Trustee. No derivatives are used directly by the Trustee. Although investment managers are permitted to use futures, options, swaps and other derivative instruments, they are not permitted to use derivatives to gear the Plan.
- To limit concentration risk to any one external investment manager and to be consistent with the Trustee's diversification belief, the Trustee ensures that no more than 20% of the Plan's assets by value are invested with any single investment manager. The derivatives charge ratio is the percentage of the total market value of the Plan's assets (other than cash) that the Trustee has charged as security for derivatives investments made by the Trustee. The derivative charge ratio for the Plan did not exceed 5% during the year.
- To ensure member assets are diversified, the Trustee ensures that no one single asset represents more than 5% of the Plan.

Additionally, as at 30 June:

- Three investment managers individually managed more than 5% of the Plan's assets as at 30 June 2012. In each case the Trustee has ensured that the protection of member interests and adherence to its investment beliefs were maintained, and
- The Plan had approximately \$8.6 million (at market value) invested in Qantas Airways Limited (QAL) via the investments selected and managed by its investment managers. The decision to invest in Qantas Airways Limited is made by the managers independently in accordance with their mandates and not in consultation with Qantas Super.

## Asset allocation (at total Plan level)

	30 JUNE 2012 \$ MILLION	30 JUNE 2011 \$ MILLION	CHANGE \$ MILLION
<b>RETURN SEEKING ASSETS</b>			
Australian Equities	1,082.73	1,247.67	-164.94
Global Equities	1,269.15	1,335.79	-66.64
Private Equity	149.25	84.59	+64.66
<b>Return seeking alternatives</b>			
Credit	120.42	168.67	-48.25
Diversity	336.15	245.21	+90.94
Infrastructure	157.73	88.96	+68.77
Property	319.15	350.14	-30.99
<b>Total Return Seeking Alternatives</b>	<b>933.45</b>	<b>852.98</b>	<b>+80.47</b>
<b>RISK CONTROLLING ASSETS</b>			
<b>Risk Diversifying Alternatives</b>			
Credit	413.46	355.64	+57.82
Diversity	10.42	13.90	-3.48
<b>Total Risk Diversifying Alternatives</b>	<b>423.88</b>	<b>369.54</b>	<b>+54.34</b>
<b>Fixed interest</b>	<b>1014.15</b>	<b>993.22</b>	<b>+20.93</b>
<b>Cash</b>	<b>826.87</b>	<b>1,002.36</b>	<b>-175.49</b>
<b>Total Plan assets</b>	<b>5,699.48</b>	<b>5,886.15</b>	<b>-186.66</b>

Please note: The basis for valuation for actual asset allocation is Gross Market Value. The basis for valuation for total managed investment portfolios, and the audited abridged financial statements (page 35) is Net Market Value.

You can see the asset allocation for each Member Investment Choice Option (as at 30 June 2012) on pages 28 to 30, and by visiting [www.qantasuper.com.au](http://www.qantasuper.com.au)

## Our investment managers

We monitor the appropriateness of the Plan's investment managers in relation to our objectives and strategies on an ongoing basis.

INVESTMENT MANAGERS AS AT 30 JUNE 2012	MARKET
<b>AUSTRALIAN EQUITIES</b>	
Allan Gray Investment Management	Australian
Cooper Investors	Australian
Independent Asset Management	Australian
Macquarie Investment Management	Australian
Merlon Capital Partners	Australian
<b>GLOBAL EQUITIES</b>	
Altrinsic Global Advisors	Global
Independent Franchise Partners	Global
Investec	Emerging and Frontier
IronBridge Capital Management	Global
Lazard Asset Management	Global
QS Investors	Global
Realindex Investments	Global
Southeastern Asset Management	Global
<b>PRIVATE EQUITY</b>	
Macquarie Investment Management	Global
<b>RETURN SEEKING ALTERNATIVES (CREDIT)</b>	
K2 / D&S Management *	Global Alternatives

**RETURN SEEKING ALTERNATIVES (DIVERSITY)**

K2 / D&S Management *	Global Alternatives
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**RETURN SEEKING ALTERNATIVES (INFRASTRUCTURE)**

Palisade Investment Partners	Australian
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**RETURN SEEKING ALTERNATIVES (PROPERTY)**

Arcadia Funds Management *	Property
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**RISK DIVERSIFYING ALTERNATIVES (CREDIT)**

Macquarie Investment Management	Australian Credit
Sankaty Advisors	Global Credit
Westbourne Credit Management	Global Infrastructure Debt

**FIXED INTEREST**

Ardea Investment Management	Australian
BT Investment Management	Australian
H2O Asset Management	Global
Queensland Investment Corporation	Australian
Vianova Asset Management	Australian

**CASH**

BlackRock Asset Management	Australian
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**OVERLAY**

Russell Investment Management Limited	Whole of Plan
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\* Investment advisers only

## Investment round-up

The past few years have been tough for investors. We've seen periods of uncharacteristically high returns followed by periods of uncharacteristically low returns. So how do we deal with ongoing volatility?

We know that superannuation is a long-term investment for most people, and your investment strategy should be consistent with this.

The most basic decision you need to make is the level of risk for your superannuation investment strategy.

For example, the Plan's default investment option (the Growth Option) has around 70% in return seeking assets like global and Australian shares. These types of investments deliver higher returns over time but also come with a higher risk of negative returns.

The remaining 30% is invested in risk controlling assets like fixed interest and cash, which provide lower risk and lower returns.

If you are invested in the Growth Option, we anticipate it may achieve a median 10-year return of around 7.9% per annum, but also a probability of a negative return of no more than four years in every 20.

## How we performed

Despite significant volatility in financial markets, Qantas Super delivered a modest 0.34% return to members invested in our default Growth Option for the year to 30 June 2012.

2011-2012 was dominated by volatile investment markets. The investment performance of return seeking assets suffered, dampening returns for most superannuation investors, including members of Qantas Super.

In contrast, our defensive investment options performed particularly well, driven by strong global and Australian bond markets. This is the opposite of what is expected over the long term, which is that return seeking assets outperform risk controlling assets.

While annual returns are important, our focus remains on delivering strong, long term returns for you over your working life and into retirement.

When comparing the difference in member returns over three years (6.33% per year for the Growth Option) and five years (just 0.66% per year for the Growth Option) the ongoing impact of the global financial crisis is clear.

In addition to seeking robust long-term returns, risk management plays a critical role in defining the investment strategy of each of the Plan's investment options. If you aren't familiar with the risk and return objectives of your investment options, turn to page 26.

## In detail

Overall global equity markets returned a modest 0.2% for the 2011-2012 year. Lingering doubts about Greece's ability to repay its national debt contributed to bumpy conditions in global markets.

Greece wasn't alone; several other European countries (notably the larger economies of Italy and Spain) are also experiencing fiscal uncertainty, and contagion fears locked markets into a cycle of short term volatility.

Slowing Chinese demand also influenced global investment returns during the year. Even so, analysts anticipate an economic 'soft landing' for China rather than a damaging recession.

Importantly, the US appears to have avoided a 'double-dip' recession and is showing signs of economic recovery.

Risk controlling assets are assets that have less exposure to risk.

Demand for global fixed interest increased during the year, returning 11.6% as investors sought refuge from volatile growth asset classes.

Australian asset class returns for the 2011-2012 year demonstrate the value of maintaining a diversified portfolio. The Australian share market ended the year down 7% (the S&P ASX 300 Accumulation index) mostly on the back of global factors, including Europe's persistent debt woes, stalling Chinese growth and the threat of a global recession.

The energy, materials and industrial sectors led the decline as the growth outlook deteriorated. In contrast, defensive sectors, such as telecommunications, healthcare and property trusts, performed relatively well.

Australian fixed interest investments rose an outstanding 12.4% by year end, driven by strong demand for AAA-rated Australian Government bonds as renewed concerns over the European credit crisis saw investors favour the 'safe haven' of Australian government debt.

The Australian economy grew over the financial year with gross domestic product increasing by 3.7%. Our local currency spent most of the year above parity with the US dollar, peaking at \$US 1.11 in July 2011. Australia's terms of trade declined by 9.2% following its peak early in the 2011-2012 year.

The Reserve Bank of Australia cut the official cash rate by 1.25% during the year. This led to an overall depreciation of the Australian dollar by year end.

## What does the coming year hold?

Europe is likely to continue to be a source of uncertainty in the coming year. Doubts linger about Greece's ability to repay its national debt and Spain's continued need for a bailout package. This uncertainty is likely to lead to continued market volatility. European policy makers have shown that they only act decisively in the depths of a crisis, so it's likely that uncertainty will only intensify before a policy response that will trigger the next market rebound.

Decreasing business confidence and fiscal tightening may see the Australian economy soften for the remainder of 2012. The Australian dollar has so far proved to be resilient to the Reserve Bank's interest rate cuts, collapsing commodity prices and fears of a European economic crisis.

In all, weaker economic growth and downward pressure on commodity prices from a sluggish Chinese economy add up to a bearish outlook.

Concerns around a slowdown in the Chinese economy and softening of the Australian economy signal an uncertain outlook for investors in the coming year. Offsetting this are recent signs that European leaders appear motivated to provide a backstop for troubled economies and signs of a tentative recovery in the US housing market.

It is worth noting that investment markets are largely priced for the uncertain outlook which provides attractive opportunities for patient long-term investors.

## How your super is invested

In 2011-2012, most members of the Plan were eligible for Member Investment Choice (MIC) which allows you to select your preferred investment strategy for your accumulation account balances. The default option is the Growth Option. Switches between MIC Options are available on a monthly basis.

MIC was not available to members in Divisions 1, 4 and 12, as well as members in Division 2 with defined benefit guarantees resulting from prior membership of Australian Airlines plans.

Division 1 members: You can exercise MIC from the date you reach your normal Retirement Date for superannuation purposes. For further information, contact us on 1300 654 384.

Division 2 members with defined benefit guarantees: You may be eligible for MIC if you forgo your defined benefit guarantees.

## Your MIC Options in detail

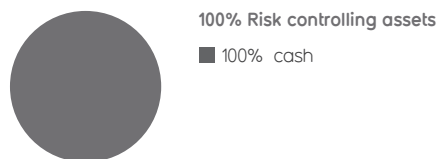
The returns shown in the history graphs are based on actual Credited Interest Rates (CIRs), net of tax.

Investment performance can go up and down.

Past performance may not be a reliable indicator of future performance.

Credited Interest Rates are the rates applied to any of your accounts that are invested in any of the Member Investment Choice Options.

## Cash Option



### Overview

For investors who want exposure to cash and short-term money market returns. The risk of negative returns is very low. The returns are stable but usually low.

### Investment return objective

- To achieve a return equal to the UBSA Bank Bill Index, after tax and investment expenses, over a rolling 1 year period.
- To never achieve a negative annual return.

### Characteristics

By investing in cash and the short-term money market, the Cash Option provides access to stable, but usually low, returns. As a result, the risk of negative returns is negligible:

- Expected average net return 3.8% p.a.
- Standard deviation 0.8%.
- Probability of negative annual return 0.0%.

### Minimum suggested time to invest

No minimum time applicable.

### Risk level

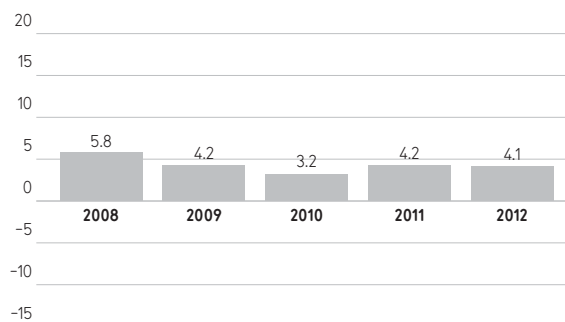
The investments have a very low degree of risk.

The estimated number of negative annual returns over any 20 year period is 0.

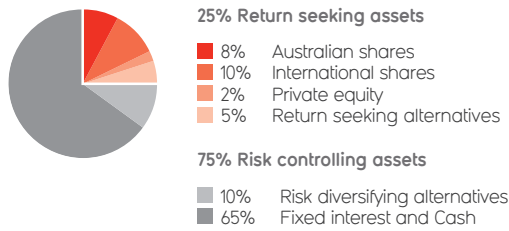


### History

The diagram below illustrates a 5 year history of the Cash Option, derived from actual CIRs.



## Conservative Option



### Overview

For investors who want stable, modest returns, with a relatively low to medium likelihood of negative returns.

### Investment return objective

- To achieve a return that exceeds CPI by at least 3.0% p.a. over a 3 year period, after tax and investment fees.
- To outperform the notional return on the benchmark portfolio.
- To limit the likelihood of a negative annual return to 1 in 20 (or 5%).

### Characteristics

A large proportion of the Conservative Option is invested in risk controlling assets, resulting in stable, modest returns, with a relatively low likelihood of negative returns. The small allocation to return seeking assets provides some growth opportunities.

- Expected average net return 5.5% p.a.
- Standard deviation 4.3%.
- Probability of negative annual return 6.7%.

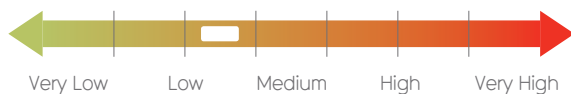
### Minimum suggested time to invest

3 years.

### Risk level

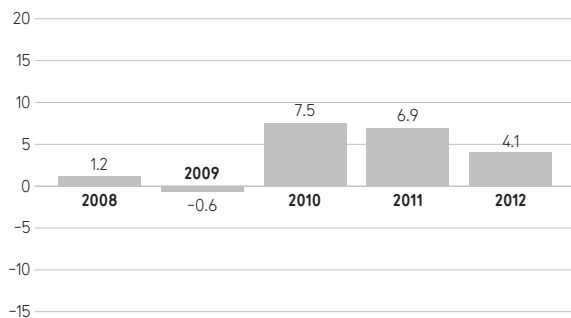
The investments have a low to medium degree of risk.

The estimated number of negative annual returns over any 20 year period is 11.

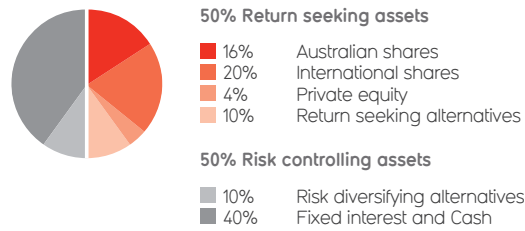


### History

The diagram below illustrates a 5 year history of the Conservative Option, derived from actual CIRs.



## Balanced Option



### Overview

For investors who want a return above CPI over a 5 year period, with a medium degree of risk.

### Investment return objective

- To achieve a return that exceeds CPI by at least 3.5% p.a. over a 5 year period, after tax and investment fees.
- To outperform the notional return on the benchmark portfolio.
- To limit the likelihood of a negative annual return of 3 in 20 (or 15%).

### Characteristics

The Balanced Option provides a mix of asset classes, combining the growth features of the return seeking assets with the stability of the risk controlling assets.

- Expected average net return 6.9% p.a.
- Standard deviation 8.0%.
- Probability of negative annual return 14.7%.

### Minimum suggested time to invest

5 years.

### Risk level

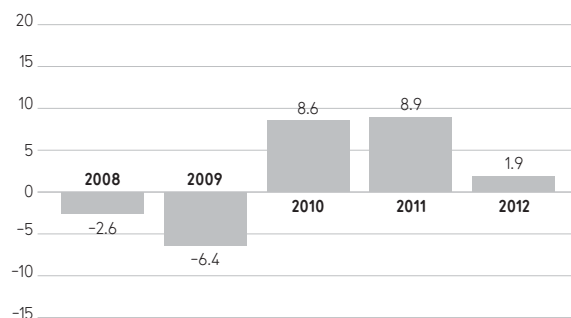
There may be short-term medium-term volatility in these asset classes, as the investments have a medium degree of risk.

The estimated number of negative annual returns over any 20 year period is 2.9.

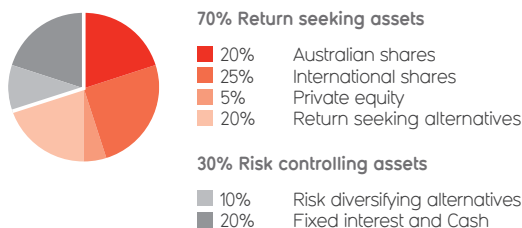


### History

The diagram below illustrates a 5 year history of the Balanced Option, derived from actual CIRs.



## Growth Option



### Overview

For investors who want a high return above CPI over a 5 year period, with a medium to high degree of risk.

### Investment return objective

- To achieve a return that exceeds CPI by at least 4.0% p.a. over a 5 year period, after tax and investment fees.
- To outperform the notional return on the benchmark portfolio.
- To limit the likelihood of a negative annual return to 4 years in every 20 years (20%).

### Characteristics

The Growth Option is dominated by return seeking assets, although a small proportion of risk controlling assets are held.

- Expected average net return 7.9% p.a.
- Standard deviation 10.9%.
- Probability of a negative annual return 18.8%.

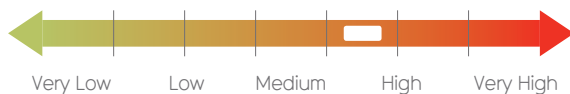
### Minimum suggested time to invest

5 years.

### Risk level

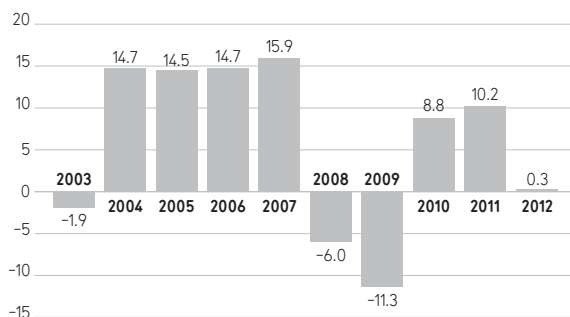
There may be short-term medium-term volatility in these asset classes, as the investment has a medium to high degree of risk.

The estimated number of negative annual returns over any 20 year period is 3.5.

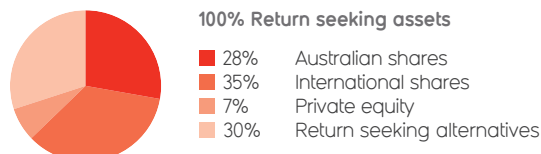


### History

The diagram below illustrates a 10 year history of the Growth Option, derived from actual CIRs.



## Aggressive Option



### Overview

For investors who want a very high return above CPI over a 7 year period, with a high degree of risk.

### Investment return objective

- To achieve a return that exceeds CPI by at least 4.5% p.a. over a 7 year period, after tax and investment fees.
- To outperform the notional return on the benchmark portfolio.
- To limit the likelihood of a negative annual return to 5 years in 20 (or 25%).

### Characteristics

With all of the assets invested in return seeking assets, the Aggressive Option is expected to provide the highest level of returns in the long term. However this portfolio has the highest level of volatility and the likelihood of negative returns in any year is the highest.

- Expected average net return 9.1% p.a.
- Standard deviation 14.7%.
- Probability of negative annual return 22.7%.

### Minimum suggested time to invest

7 years.

### Risk level

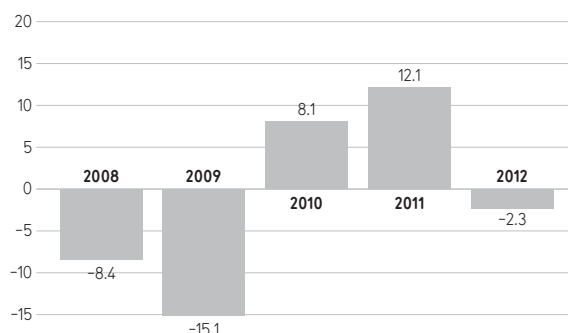
There may be short-term medium-term volatility in these asset classes, as the investment has a high degree of risk.

The estimated number of negative annual returns over any 20 year period is 4.3.



### History

The diagram below illustrates a 5 year history of the Aggressive Option, derived from actual CIRs.



## The cost of managing your investment

The investment management costs for each of our MIC Options are set out below.

### 2011-2012

MIC OPTION	ACTUAL BASE INVESTMENT MANAGEMENT COSTS (% P.A.)	+ ACTUAL INVESTMENT PERFORMANCE FEE (% P.A.)	= ACTUAL INVESTMENT MANAGEMENT COSTS (% P.A.)
Cash	0.10	0.00	0.10
Conservative	0.32	0.04	0.36
Balanced	0.40	0.06	0.46
Growth	0.43	0.07	0.50
Aggressive	0.45	0.08	0.53

Actual base and performance fees are shown for 2011-2012.

### 2012-2013

MIC OPTION	ESTIMATED BASE INVESTMENT MANAGEMENT COSTS (% P.A.)	+ ESTIMATED PERFORMANCE FEE RANGE (% P.A.)	= TOTAL ESTIMATED INVESTMENT MANAGEMENT COSTS RANGE (% P.A.)
Cash	0.10	0.00	0.10
Conservative	0.35	0.00 – 0.07	0.35 – 0.42
Balanced	0.45	0.00 – 0.10	0.45 – 0.55
Growth	0.51	0.00 – 0.13	0.51 – 0.64
Aggressive	0.53	0.00 – 0.15	0.53 – 0.68

Estimated base and performance fees for 2012-2013 are shown above, noting that actual costs for 2012-2013 will be published in the 2012-2013 Annual Report.

### NOTES

Investment management costs represent the direct costs of investing and managing your investments and include the base investment management costs and performance fees (if applicable). The credited interest rates applied to your account make allowance for the actual investment management costs.

#### Base management fees

Base investment management costs include the direct costs charged by the external investment managers we use, the fees paid to our Custodian and the Trustee's internal investment related costs.

#### Performance based fees

Some of the Plan's investment managers also receive performance fees which are calculated as a percentage of any investment performance that is achieved above an agreed threshold. Performance fees are difficult to predict because the level of any outperformance by investment managers is not known in advance. The actual performance fees incurred by the Plan will depend on investment performance and will differ for each MIC Option.

# Investment returns

## Longer term returns

### All divisions other than Division 9 and Division 14

Investment returns for 1, 3 and 5 years to 30 June 2012 are set out in the table below, as well as the 10 year return for the Growth Option. These are compound average effective rates of return, net of tax and fees. Member Investment Choice (MIC) was introduced from 1 April 2005. As a result, 10 year returns are available only for the Growth Option.

The returns provided are the investment returns at fund level. They are not the investment returns of your own investment in the applicable investment options or the Plan.

	1 YEAR (% P.A.)	3 YEARS (% P.A.)	5 YEARS (% P.A.)	10 YEARS (% P.A.)
Cash Option	4.12	3.85	4.30	
Conservative Option	4.06	6.12	3.75	
Balanced Option	1.87	6.38	1.88	
Growth Option	0.34	6.33	0.06	5.57
Aggressive Option	-2.25	5.82	-1.62	

Notes: Member Investment Choice was introduced on 1 April 2005. A 10 year return is provided for the Growth Option. Past performance cannot be relied upon as an indication of future events.

### Division 9

Investment returns are set out in the table below, and cover 1, 3 and 5 years – all to 30 June 2012. These are compound average effective rates of return, net of tax and fees. Member Investment Choice (MIC) was introduced from 1 July 2007. Prior to that date, MIC was not available and accounts for Division 9 members were invested in the Growth Option. Division 9 was introduced on 1 September 2002. As a result, a 10 year return is not yet available.

The returns provided are the investment returns at fund level. They are not the investment returns of your own investment in the applicable investment options or the Plan.

	1 YEAR (% P.A.)	3 YEARS (% P.A.)	5 YEARS (% P.A.)
Cash Option	4.87	4.55	5.09
Conservative Option	4.89	7.22	4.52
Balanced Option	2.35	7.45	2.36
Growth Option	0.59	7.36	0.27
Aggressive Option	-2.39	6.71	-1.67

Notes: Member Investment Choice for Division 9 was introduced on 1 July 2007. Division 9 was introduced on 1 September 2002. A 10 year return is not yet available.

Past performance cannot be relied upon as an indication of future events.

## Division 14

Investment returns are set out in the table below, and cover 1 and 3 years to 30 June 2012. These are compound average effective rates of return, net of tax and fees. Division 14 was introduced on 1 December 2008. As a result, five and 10 year returns are not yet available.

The returns provided are the investment returns at fund level. They are not the investment returns of your own investment in the applicable investment options or the Plan.

	1 YEAR (% P.A.)	3 YEARS (% P.A.)
Cash Option	4.87	4.55
Conservative Option	4.89	7.22
Balanced Option	2.35	7.45
Growth Option	0.59	7.36
Aggressive Option	-2.39	6.71

Notes: Division 14 was introduced on 1 December 2008. As a result, five and 10 year returns are not available.

Past performance cannot be relied upon as an indication of future events.

## Credited Interest Rates (CIRs)

The CIR is the rate applied to any of your accounts that are invested in any of the MIC Options. The CIR represents, as far as is practicable, the net investment returns on the Plan's assets for the MIC Option your accounts are invested in after the Trustee has allowed for the investment fees incurred by the Plan. The CIRs can be positive or negative.

The CIR for each of the MIC Options is determined monthly, and is published under the Investments section on our website, [www.qantassuper.com.au](http://www.qantassuper.com.au).

The actual investment returns applied to your accounts are based upon the CIR for the MIC Option your super is invested in, the period of time that you were invested in the option, and the timing of cash flows into and out of your account(s). For application purposes, the monthly CIRs are first annualised and then an adjustment is made to take into account the actual number of days in each month.

The Trustee maintains an Investment Fluctuation Reserve (IFR) to monitor any deviations between actual net earnings and those credited or debited to members. Each year the IFR, either positive or negative, will be fairly distributed to accumulation members and assets backing the defined benefit liabilities. In determining a fair distribution of any IFR, whether positive or negative, the Trustee will (amongst other considerations) take into account the factors which led to the IFR emerging and the investment risk of each MIC Option. The Trustee may also use its discretion to take into account other factors relevant to the maintenance of equity within the Plan and between generations of members.

Note: We introduced weekly Interim Credited Interest Rates (ICIRs) on 1 October 2012. Interim CIRs are used to calculate account balances at other dates, and are also used to determine the final payment amount should you cease to be a member during the month. The ICIR for each MIC Option is calculated and declared on a weekly basis for the current month to date, based on the estimated investment returns for the benchmark asset allocation for that MIC Option. More information is available at [www.qantassuper.com.au](http://www.qantassuper.com.au).

## Financial position

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Some Plan members are entitled to defined benefits. These benefits are generally calculated by reference to salary and length of service.

Accordingly, these benefits are not directly impacted by investment returns, and do not move up or down as investment returns vary.

Over time the Company makes the contributions which are recommended by the Actuary as being necessary to meet the cost of providing the defined benefits.

The funding of these benefits has been designed to take account of the structure of defined benefits, and recognises that as well as the typical times when the underlying assets are higher than the total of the defined benefit liabilities, there will be times when the reverse is true.

This relationship is monitored by the Trustee and the Plan's Actuary, who recommend changes to contribution rates when appropriate.

In 2009, following the downturn in the investment markets, an Additional Funding Plan for the defined benefit divisions of the Plan was implemented.

The Additional Funding Plan established a framework for monitoring Qantas Super's financial position and a process for the Qantas Super Trustee to request additional contributions from Qantas Airways if certain trigger events occurred.

The Additional Funding Plan has been extended until 1 July 2013.

For the year ending 30 June 2012, Qantas Airways Limited has contributed \$40.45 million under the Additional Funding Plan, which is in addition to the normal cost of contributions of \$298.62 million.

The Trustee continues to monitor the Plan's financial position closely and will adjust the additional contribution rates as appropriate.

Member benefits continue to be met and the Trustee maintains its focus on managing the Plan over the long term for the benefit of all members.

## Financial statements

The table below is a summary of the 2012 Qantas Superannuation Plan's audited abridged financial statements. The Plan's full audited financial statements and the auditor's report for the year ended 30 June 2012 will be available on the Plan's website no later than 31 December 2012. Hard copies of the full audited financial statements and auditor's report will then be available on request.

### Abridged statement of changes in net assets

	YEAR ENDING 30 JUNE 2012 \$ MILLION	YEAR ENDING 30 JUNE 2011 \$ MILLION
<b>Plan at the start of the year</b>	<b>5,872.2</b>	<b>5,429.4</b>
<b>PLUS</b>		
Company contributions	339.3	296.6
Member contributions	41.8	41.9
Government co-contributions	1.3	1.9
Transfers from other plans	22.5	24.2
Investment and other income	102.8	571.4
<b>LESS</b>		
Benefits	502.5	369.8
Administration expenses	8.9	9.9
Superannuation surcharge	-0.1	-0.1
Investment expenses	72.6	25.8
Income tax	43.6	87.8
<b>Plan at the end of the year</b>	<b>5,752.4</b>	<b>5,872.2</b>

## Abridged statement of net assets

	AS AT 30 JUNE 2012 \$ MILLION	AS AT 30 JUNE 2011 \$ MILLION
Investments (at Net Market Value)	5,691.9	5,876.7
<b>PLUS</b>		
Other assets	140.7	58.6*
<b>LESS</b>		
Liabilities	80.2	63.1*
<b>Net assets available to pay benefits</b>	<b>5,752.4</b>	<b>5,872.2</b>

\* In 2011, the 'Other assets' category included income tax payable. In 2012, income tax payable was reclassified into the 'Liabilities' category. On a like-for-like basis, the 2011 'Other assets' is \$103.1m and 'Liabilities' is \$107.6m.

## Reserves

A number of reserves are held by the Plan to cover abnormal mortality experience, foregone benefits and to account for any difference between actual Plan returns and amounts credited to the investment options.

The Trustee's investment strategy for these reserves is as per the investment objectives and strategy as described on page 22.

Full details about these reserves are disclosed in the notes to the financial statements. A copy of the 2011-2012 Financial Statements will be available on the Plan's website no later than 31 December 2012.

	INVESTMENT FLUCTUATION RESERVE (\$'000)	DISABILITY RESERVE (\$'000)	FORGONE BENEFITS RESERVE (\$'000)
Reserve 30 June 2009	6,907	61,237	(252)
Amounts allocated during year	(11,271)	2,536	532
Transfers during year	-	2,559	276
<b>Reserve 30 June 2010</b>	<b>(4,364)</b>	<b>66,332</b>	<b>556</b>

Reserve 30 June 2010	(4,364)	66,332	556
Amounts allocated during year	(16,163)	(7,192)	12
Transfers during year	-	2,885	258
<b>Reserve 30 June 2011</b>	<b>(20,527)</b>	<b>62,025</b>	<b>826</b>

Reserve 30 June 2011	(20,527)	62,025	826
Amounts allocated during year	13,283	(798)	(339)
Transfers during year	-	4,495	59
<b>Reserve 30 June 2012</b>	<b>(7,244)</b>	<b>65,722</b>	<b>546</b>

## Other important information

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### Changes to the Trust Deed

During the year to 30 June 2012, the following amendments were made to the Trust Deed to:

1. Provide for the introduction of Additional Voluntary Insurance cover to all divisions (except 9 and 14), and
2. Provide members with more flexibility to meet the costs of insurance premiums for Additional Voluntary Insurance cover.

The Trust Deed is available from [www.qantassuper.com.au](http://www.qantassuper.com.au).

### Key changes in the team

- New Chief Executive Officer Jane Perry was appointed in February 2012. CEO Janet Torney resigned in August 2011. Chief Investment Officer Andrew Spence acted as CEO between August 2011 and January 2012.
- Steven Fouracre resigned as a director in March 2012 following his departure from Qantas Airways.
- Russell Macfarlane was appointed as a director in June 2012.

### Our approach to risk management

At Qantas Super, we have developed and implemented a comprehensive risk management program, which focuses on the identification, analysis, evaluation, treatment, monitoring and communication of risks.

The risk management program is maintained and monitored by a dedicated and experienced Legal, Risk & Compliance team. It is subject to regular review and enhancements, and is also subject to an annual independent audit by Qantas Super's external auditor.

In 2011-2012, we:

- improved our process of overseeing member dissatisfaction, issues and incidents to minimise any future occurrences;
- reviewed our fraud control framework to further protect Qantas Super's reputation and assets;
- developed a more strategic internal audit plan to enhance the value the Plan delivers, with specific focus on controls and potential areas of higher risk;
- developed and monitored training plans for the Qantas Super team to maintain the knowledge and skills needed in our roles and responsibilities;
- reviewed our team's competencies and skills to ensure the Trustee has the necessary resources and capability to carry out its responsibilities, and
- enhanced our corporate governance framework through initiatives such as protocols for electronic board papers and board delegations.



**Scott Snodgrass**  
**Project Manager, QantasLink**  
**Qantas Super member since 2009**

Upon joining Qantas Super about four years ago, the first thing Scott did was consolidate the super accumulated from a mix of part-time and full-time work into Qantas Super.

Then he chose the Aggressive Option “because I was looking extremely long term”.

“I have an understanding of financial management to a degree and I am basically looking to maximise the money. It’s a matter of balancing my money between my short term investments and my long term investments.”

At 27, Scott’s retirement involves focusing on accumulating as much as he can in the next three or so decades of work.

“When I retire I just want to be comfortable, that’s about as much thought as I’ve put into it. This means being completely self-sufficient in terms of owning property and not requiring government assistance whilst maintaining quality of life, which would include travel and sustaining a healthy disposable income.”



## Contributions

You can vary your voluntary concessional and non-concessional contributions at any time. The Government has set caps or limits on the amount of contributions you can make to super without having to pay extra tax. There is a cap for concessional and non-concessional contributions. The caps and information about the penalty tax applied to contributions that exceed these caps can be found on [www.qantassuper.com.au](http://www.qantassuper.com.au).

## Temporary residents

The Australian Government requires Qantas Super to pay temporary residents’ unclaimed super to the Australian Taxation Office (ATO) after at least six months have passed since the later of:

- The date a temporary resident’s visa ceased to be in effect; or
- The date a temporary resident permanently left Australia.

Once your benefit has been transferred to the ATO, you will need to claim it directly from the ATO. As the Trustee relies on ASIC relief, you may not be issued an exit statement in this circumstance. If your benefit has not yet been transferred to the ATO, you can claim it from Qantas Super under the Departing Australia Superannuation Payment regime. Information regarding these procedures and current tax rates is available at [www.ato.gov.au](http://www.ato.gov.au).

## Superannuation surcharge tax

Surcharge was a tax on contributions that applied between 20 August 1996 and 30 June 2005. The surcharge only applied to the surchargeable superannuation contributions and certain eligible termination payments (rolled into superannuation funds) of higher income individuals.

Surcharge payments were assessed each year by the Australian Taxation Office (ATO) for each member. When a surcharge assessment was received by the Plan:

- The assessment amount was paid to the ATO, and
- The assessment amount was applied to the member's Surcharge Account.

The Surcharge Account therefore comprises any surcharge payments made to the ATO for a member, plus earnings at the Credited interest Rate (CIR). Members may contribute Non Concessional Contributions (NCCs) to reduce or eliminate the balance in the Surcharge Account. If you are entitled to receive a benefit, the balance of your Surcharge Account is deducted from your benefit entitlements.

## Eligible Rollover Fund

An Eligible Rollover Fund (ERF) is a superannuation fund specifically designed to hold unpaid superannuation benefits. The ERF currently used by the Plan is AUSfund.

Legislation requires ERFs to guarantee that administration fees deducted from your benefit will not exceed the amount of investment returns credited (unless the total administration fees for all members exceed the returns for all members of the ERF). This usually ensures that the amount of your benefits cannot reduce while they are in an ERF due to fees being deducted.

If your benefit is transferred to AUSfund you will no longer be a member of the Plan and you will need to contact AUSfund about your benefit. Please note that the conditions, fees and investment strategy of AUSfund may be different from those of the Plan. Contact details for AUSfund are:

The AUSfund Administrator  
PO Box 2468  
Kent Town SA 5071  
Phone: 1300 361 798  
Fax: 1300 366 233  
[www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)

## Trustee liability insurance

We maintain trustee liability insurance to indemnify the Trustee Directors, the Trustee, the Plan and, in some circumstances, the Company against insurable losses that may be incurred.

## Our service providers

The Trustee appoints a number of service providers to assist in the management of Qantas Super. In 2011-2012, our key service providers were:

### Actuary

Tony Miller, BSc (Hons), FIAA, (from 14 December 2011 to 30 June 2012); Fintan Thornton, BSc, FIAA (from 1 July 2011 to 1 December 2011)

### Additional Voluntary Insurance provider

MLC Limited (ABN 90 000 000 402 AFSL 230694)

### Administrator

Russell Employee Benefits Pty Ltd

### External auditor

PricewaterhouseCoopers

### Internal auditor

KPMG

### Investment advisers

Towers Watson; Arcadia Funds Management

### Investment managers

See page 24

### Master custodian

JPMorgan Chase Bank, N.A.

### Operational due diligence

Mercer Consulting (Australia) Pty Ltd

### Principal legal advisers

Herbert Smith Freehills

### Superannuation advisers

Russell Employee Benefits Pty Ltd;  
Mercer Consulting (Australia) Pty Ltd

### Tax advisers

PricewaterhouseCoopers

## Member dissatisfaction policy (complaints)

We have in place a Member Dissatisfaction Policy to ensure member enquiries and complaints are resolved promptly and regulatory obligations are met.

In addition, we will provide you with any information you reasonably require to understand your benefits.

### How do I lodge a complaint?

1. Call Qantas Super on 1300 654 384 weekdays 8.30 am – 5.30 pm (AEST) to discuss your complaint.
2. If you'd prefer not to discuss the complaint with your service representative, or if your concern is not satisfactorily resolved, please direct your written complaint to:

Superannuation Inquiries Officer  
Qantas Superannuation Plan  
Locked Bag A4075  
SYDNEY SOUTH NSW 1235

The Superannuation Inquiries Officer will ensure that your complaint is investigated appropriately and will provide you with a response.

If you do not receive a response to your complaint within 90 days or are not satisfied with the response provided after going through Qantas Super's internal complaints process, you may be eligible to take your complaint to the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints. This is a free service to you. More information is available at the SCT website [www.sct.gov.au](http://www.sct.gov.au) or on 1300 884 114.

The SCT mailing address is:  
Superannuation Complaints Tribunal  
Locked Mail Bag 3060  
MELBOURNE VIC 3001

If your complaint is outside the jurisdiction of the SCT, you may also have the right to take your complaint to the Financial Ombudsman Service (FOS). More information is available at the FOS website: [www.fos.gov.au](http://www.fos.gov.au) or by calling the FOS on 1300 780 808. The FOS mailing address is:

Financial Ombudsman Service  
GPO Box 3  
MELBOURNE VIC 3001



### **Cathy Walker-Tomlinson, Research & Development Manager, Snapfresh Qantas Super member since 2005**

Armed with a Masters in Business Administration, Cathy is well-versed on economics and the financial markets, and has always been actively involved in her super.

"Super is my future. I have been putting in as much as I could for the last number of years. I used to put in bonuses as well, anything that was above the ordinary."

She said: "I'm not concerned on year to year performance; I'm concerned for the long haul."

Plans for a phased retirement include balancing work with travelling, golfing and fishing with her husband.





**Tanja Hansen-Muldoon,  
Program Manager, Group Transformation, SYD  
Qantas Super member since 1996**

Tanja and her husband Brendan haven't spent too much time considering super, choosing to focus on reducing their mortgage.

With the purchase of an investment property, her financial situation has changed and, donning her 'tax hat', she has started to think through the benefits of making contributions.

"One of the big values for me is the insurance available as part of my super. So, if I die, then I know, for the sake of my kids and husband, that the majority of the mortgage will be paid off as a result of what's against my super. And I look to my husband to get that benefit from whatever superannuation path he takes to cover us if the same should happen to him."



## Qantas Super's licences Other information

Qantas Superannuation Limited (ABN 47 003 806 960) as Trustee holds the following licences:

- Registrable Superannuation Entity (RSE L0002257) licence which allows the Trustee to be the trustee of the Qantas Superannuation Plan (ABN 41 272 198 829), and
- Australian Financial Services Licence (AFSL 288330), which allows the Trustee to provide general financial product advice.

The Trustee will administer the Qantas Super Plan and provide a variety of information to members through publications like the annual report, annual benefit statement, newsletters and the website. The Trustee will also respond to queries from individuals relating to the superannuation products provided by the Trustee.

The content of this annual report is of a general nature, is not intended to constitute financial product advice and has not been prepared taking account of your objectives, financial situation or needs.

This Annual Report is not intended to take the place of a licensed financial adviser who understands your objectives, financial situation and needs.

The Trustee recommends that before acting on any information contained in this document, you seek financial advice or other disclosure documents from a licensed independent financial adviser and read the Plan's Product Disclosure Statement for the particular Division you are a member of before making an investment decision.

The Trustee makes every attempt to ensure that the information in this document is accurate. Legislative and other changes after the time of publication may affect the accuracy of some of the information contained in this document.

Registered office:  
Level 8, 241 O'Riordan St  
Mascot NSW 2020

## Privacy

We are committed to respecting the privacy of members' and other individuals' personal information, and to complying with the Privacy Act 1988 and any other applicable laws designed to protect individuals' privacy.

Subject to certain conditions, members can gain access to personal information that the Trustee has collected. The information is collected to assist the provision of services to members of the Plan, consistent with Federal legislation covering superannuation and taxation.

Your information may be disclosed by the Trustee to a number of other parties, including the Plan's administrator, advisers, insurers, regulators and courts. Limited information may be provided to the Company. In some situations, the law may require the provision of information to a member's spouse or former spouse.

If your information is not provided, it may delay or prevent the processing or payment of your superannuation benefit, death or disability claim. Your benefit may be reduced or you may pay more tax than may otherwise apply.

For the full policy, please go to [www.qantassuper.com.au](http://www.qantassuper.com.au) or contact us on 1300 654 384. The Policy may be varied at any time by publishing the varied policy on our website.

In addition to our general personal information management practices, this Policy covers the way a member's personal information, or the personal information of any other individual, is treated when they access and interact with our website.

Questions or feedback about this Policy or your personal information should be directed to:

The Privacy Officer  
Qantas Superannuation Limited  
Locked Bag A4075  
South Sydney NSW 1235  
Ph: 1300 654 384  
Email: [info@qantassuper.com.au](mailto:info@qantassuper.com.au)

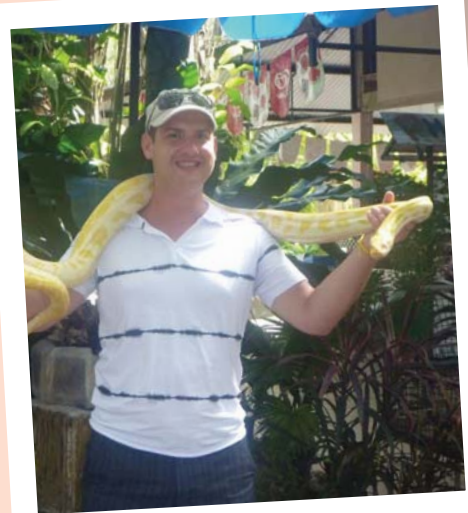


**Alex Bojahr**  
**Project Analyst, Group Transformation, SYD**  
**Qantas Super member since 2004**

Alex didn't think about his super until the global financial crisis hit.

At 33, with a girlfriend and no dependants, Alex says: "I want to make sure that when I retire I'll be able to maintain the lifestyle I'm used to and be able to live comfortably until the end of my days. I love to travel so travel is obviously big on the cards."

"Every now and then when I hear macro-economic news, updates and outlooks, I wonder how that will impact my super and whether I should consider change. It's more at the front of my mind than it used to be."



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## Contact us

Phone 1300 654 384 (within Australia)  
+61 2 9374 3939 (outside Australia)  
(8.30am to 5.30pm AEST weekdays)

Fax 02 9372 6288 (within Australia)  
+61 2 9372 6285 (outside Australia)

Email [info@qantassuper.com.au](mailto:info@qantassuper.com.au)

Mail Qantas Superannuation Limited  
Locked Bag A4075  
Sydney South NSW 1235

Website [www.qantassuper.com.au](http://www.qantassuper.com.au)

