



Financial Report

for the year ended 30 June 2009

Qantas Superannuation Plan

Issue 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 | RSE R1005486)
Produced by Qantas Superannuation Limited and Russell Employee Benefits.



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Statement of Net Assets

As at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Cash and cash equivalents			
Cash at bank		16,254	7,579
Australian short term deposits	3	806,700	483,199
International short term deposits	3	14,249	10,438
Total Cash and cash equivalents		837,203	501,216
Receivables			
Contributions receivable		25,604	662
Other receivables and prepayments		1,829	882
Investment income receivable	3	12,011	27,911
Outstanding settlements for securities sold	3	11,860	24,143
Total Receivables		51,304	53,598
Investments			
Australian equity and managed funds	3	2,119,896	3,375,643
International equity and managed funds	3	825,707	949,650
Investment linked insurance policies	3	170,346	192,765
Australian fixed income securities	3	605,627	593,565
International fixed income securities	3	439,163	147,326
Derivatives	3, 9	2,034,673	1,163,801
Total Investments		6,195,412	6,422,750
Other assets			
Income tax refund due		6,470	10,274
Deferred tax assets	4	100,199	38,159
Other		70	21
Total Other assets		106,739	48,454
Total Assets		7,190,658	7,026,018
LIABILITIES			
Payables			
Benefits payable		79,607	98,705
Accounts payable		5,804	8,466
Outstanding settlements for securities purchased	3	12,400	19,765
Total Payables		97,811	126,936
Financial liabilities			
Derivatives	3, 9	2,034,112	1,142,249
Total Liabilities		2,131,923	1,269,185
Net Assets available to pay benefits		5,058,735	5,756,833

The above Statement of Net Assets should be read in conjunction with the accompanying notes.

Statement of Changes in Net Assets

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Net assets available to pay benefits at the beginning of the financial year		5,756,833	6,312,255
Add:			
Investment revenue			
Interest		62,670	59,797
Dividends and trust distributions		236,547	356,144
Other revenue		293	970
Changes in net market value of investments	5	(1,029,430)	(884,765)
Less: Direct investment expense		(14,499)	(18,269)
Total Investment revenue		(744,419)	(486,123)
Contribution revenue			
Employer contributions		332,604	283,238
Members' contributions		52,879	68,834
Government co-contribution		2,998	4,004
Transfers from other funds		24,367	27,708
Total Contribution revenue		412,848	383,784
Other revenue		11	27
Total revenue		(331,560)	(102,312)
Less:			
General and administrative expenses			
Actuarial fees		457	476
Administration expenses		8,182	8,042
Insurance		235	278
Superannuation contributions surcharge	6	(178)	(900)
Total General and administrative expenses		8,696	7,896
Benefits paid			
Exited members		381,659	492,589
Disabled members		2,901	3,037
Total Benefits paid		384,560	495,626
Total expenses		393,256	503,522
Total revenue less expenses and benefits paid before income tax		(724,816)	(605,834)
Income tax benefit	4	(26,718)	(50,412)
Total revenue less expenses and benefits paid after income tax		(698,098)	(555,422)
Net Assets available to pay benefits at the end of the financial year		5,058,735	5,756,833

The above Statement of Changes in Net Assets should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Statements

30 June 2009

Note 1 Nature of the Plan and Principal Activities

The Qantas Superannuation Plan (the Plan) (ABN: 41 272 198 829) is a contributory Plan established for the benefit of eligible Australian based employees of Qantas Airways Limited and its controlled entities under a Trust Deed dated 1 June 1939 as subsequently amended.

Qantas Superannuation Limited (ABN: 47 003 806 960) is the Trustee company for the Plan. The Plan and Trustee company were incorporated and domiciled in Australia. The registered address for the Trustee company is: Level 9, Building A, 203 Coward Street, Mascot, NSW, 2020, Australia.

The Plan has both defined benefit and accumulation divisions for the provision of superannuation benefits and arrangements to its members.

The Plan is registered with the Australian Prudential Regulation Authority (registration no: R1005486).

Note 2 Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with applicable Australian Accounting Standards including AAS25 Financial Reporting by Superannuation Plans (AAS25) as amended by AASB 2005-13 (December 2005), other mandatory professional reporting requirements, the provisions of the Trust Deed dated 1 June 1939 and amendments thereto and relevant legislative requirements. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). As AAS25 is the principal standard that applies to the Financial Statements, other standards, including AIFRS, are applied where AAS25 is silent.

The Financial Statements are presented in Australian Dollars.

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

The Financial Statements were approved by the Board of Directors of the Trustee, Qantas Superannuation Limited, on 15 October 2009.

(a) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(b) Investments

The majority of investments of the Plan are held in custody by National Australia Bank Asset Servicing and the remaining investments are directly held by the Trustees. Investments are recorded at net market value at year end which is determined as follows:

- (i) Individual portfolio investments are valued at net market value at balance date.
Shares in listed entities, government and other fixed interest securities are valued at last sale price quoted by the Stock Exchange at close of business on the balance date, less an appropriate allowance for costs expected to be incurred in realising the investments. Changes in the net market value of investments are included in the Statement of Changes in Net Assets in the period in which they occur.
- (ii) Investment Linked Insurance Policies are valued at the present value of the policy as advised by the insurer.
- (iii) Private Equity Investments are valued according to the most recent valuation obtainable from:
 - an independent external valuer;
 - a third party arms length transaction;
 - the current and future earnings of companies in the portfolio; or
 - cost (less any diminution in value).

30 June 2009 (continued)

Note 2 Summary of Significant Accounting Policies (continued)

(c) Derivative Financial Instruments

Derivative financial instruments are entered into by some of the investment managers appointed by the Trustee to manage risk and adjust the Plan's exposure to particular investment classes. All derivative financial instruments are valued at net market value.

(d) Property, Plant and Equipment

Property, plant and equipment is stated at cost less depreciation which in the opinion of the Trustee represents a reasonable approximation of the recoverable amount.

(e) Depreciation of Property, Plant and Equipment

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

Plant and equipment: 3 to 5 years

(f) Receivables and Payables

Receivables are carried at nominal amounts due which approximate net market value. Receivables are normally settled within 30 days. An allowance for uncollectable amounts is only made where there is objective evidence that the debt will not be collected.

Benefits payable include benefits in respect of members who ceased employment with the employer sponsor or associated employer prior to year end but had not been paid by that date, but excluding those benefits transferred to Division 8, 9 or Division 14.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Plan, and are carried at nominal amounts which approximate net market value. Payables are normally settled on 30 day terms.

(g) Liability for Accrued Benefits

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

The present value reported in the notes is determined by reference to expected future salary levels and by application of a current, market-determined, risk adjusted discount rate and appropriate actuarial assumptions consistent with AAS25.

(h) Goods and Services Tax (GST)

Applicable GST incurred by the Plan that is not recoverable from the Australian Taxation Office has been recognised as part of the expense to which it applies. The Plan qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% in respect of the majority of the Plan's investment management expenses and in respect of certain other administrative expenses.

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

(i) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of the liability for accrued benefits

The amount of the liability for accrued benefits has been actuarially determined. The key assumptions are described in Note 19.

30 June 2009 (continued)

Note 2 Summary of Significant Accounting Policies (continued)

(j) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those which impact the Plan in the period of initial application. They are available for early adoption at 30 June 2009 but have not been applied by the Plan in these Financial Statements:

- (i) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009).

The September 2007 revised AASB101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.

The Plan has not yet determined the impact of the revised standard, however it is expected to be minimal due to requirements of AAS25 Financial Reporting by Superannuation Funds.

- (ii) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project, AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes.

The amendments, which become mandatory for the Plan's 30 June 2010 Financial Statements, except for AASB 2009-5 which becomes mandatory for the Plan's 30 June 2011 Financial Statements, are not expected to have any impact on the Financial Statements.

- (iii) AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedge items clarifies the effect of using options as hedging instruments and the circumstances in which inflation risk can be hedged.

The amendments become mandatory for the Plan's 30 June 2010 Financial Statements, with retrospective application. The Plan has not yet determined the potential effect of the amendments.

- (iv) AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).

In April 2009, the AASB published amendments to AASB 7 Financial Instruments: Disclosure to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives.

The amendments will not affect any of the amounts recognised in the financial statements but may affect certain disclosures.

(k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Plan and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest is recognised on an accrual basis and if not received at reporting date, is reflected in the Statement of Net Assets as a receivable.

Dividends and trust distributions

Revenue is recognised when the right to receive payment is established.

30 June 2009 (continued)

Note 2 Summary of Significant Accounting Policies (continued)

(k) Revenue Recognition (continued)

Changes in net market values

Changes in the net market value of investments under management as listed in Note 3 are calculated as the difference between the net market value at sale, or at balancing date, and the net market value at the previous valuation point and recognised in the Statement of changes in Net Assets. Gains or losses on investments and derivatives which are due to changes in foreign exchange rates are also included in the changes in net market values as disclosed in Note 5.

Contributions and Transfers In

Contributions and transfers in are recognised when control of the asset has been attained and are recorded, gross of any tax, in the period to which they relate.

(l) Derecognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Plan transfers substantially all the risks and rewards of ownership of the asset.

(m) Income Tax

The Plan is a complying superannuation fund within the provisions of the Income Tax Assessment Act. Accordingly, the concessional tax rate of 15% has been applied.

Deferred tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced (capped) to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The level of capping of the deferred tax asset is determined after taking into consideration the portfolio of investment assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Where the deferred tax asset is capped, the effective tax applied will vary to actual tax rates.

(n) Foreign Currency

Both the functional and presentation currency of Qantas Superannuation Plan is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the Statement of Changes in Net Assets in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Note 2 Summary of Significant Accounting Policies (continued)

(o) Superannuation Contribution Surcharge

Superannuation contribution surcharge is levied on surchargeable contributions on the basis of the individual member's adjusted taxable income. The liability for the superannuation contribution surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured.

The superannuation surcharge liability recognised by the Plan has been charged to the relevant members' accounts.

The Superannuation Laws Amendment (abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

(p) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(q) Rounding of amounts

Amounts in the financial report have been rounded off to the nearest thousand dollars unless otherwise indicated.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 3 Managed investment portfolios

	2009 \$'000	2008 \$'000
At the reporting date all investments are managed on behalf of the Trustee by:		
Held in Managed investment portfolios		
Aberdeen Fund Managers Australia Limited	-	268,622
Aberdeen Investment Management Australia Limited (formerly Credit Suisse)	177,244	193,110
Acorn Capital Limited	63,682	87,292
Adam Smith Asset Management Pty Limited	-	62,860
Alliance Bernstein Investment Management Australia Limited	11,538	433,275
Altrinsic Global Advisors LLC	147,558	-
AMP	-	109,763
BT Grosvenor	90,145	163,473
Challenger Managed Investments Limited	193,424	157,737
Constellation Capital Management Limited	-	230,217
Cooper Investors Pty Limited	182,658	198,607
Independent Asset Management Pty Limited	174,123	202,844
IronBridge Capital Management, L.P.	144,524	-
JF Capital Partners Ltd	-	198,880
Lazard Asset Management Pacific Co.	231,610	411,200
Loomis Sayles & Company LP	80,999	143,487
Macquarie Investment Management Limited	544,511	-
Morgan Stanley Investment Management Limited	47,660	222,878
National Australia Bank Asset Servicing (custodian cash account)	595,216	7,192
Orion Asset Management Limited	-	214,073
PIMCO Australia Pty Limited	209,804	380,172
Private Capital Portfolio	101,919	144,431
Property Portfolio	420,845	486,880
Queensland Investment Corporation	636,406	413,647
Schroder Investment Management Australia Limited	-	276,413
State Street Global Advisors	157,850	237,376
Tactical Global Management Limited	90,678	214,082
Transition Portfolio	223	284
UBS Investment Bank	-	154,867
Vanguard Investments Australia Ltd	421,187	-
Vianova Asset Management Pty Limited	99,570	-
	4,823,374	5,613,662
Held in Investment linked insurance policies		
AMP Life Limited	161,979	182,160
MLC Limited	8,367	10,605
	170,346	192,765
Total Managed investments portfolios*	4,993,720	5,806,427
*Total Managed investment portfolios comprises:		
Australian short term deposits	806,700	483,199
International short term deposits	14,249	10,438
Investment income receivable	12,011	27,911
Outstanding settlements for securities sold	11,860	24,143
Australian equity and managed funds	2,119,896	3,375,643
International equity and managed funds	825,707	949,650
Investment linked insurance policies	170,346	192,765
Australian fixed income securities	605,627	593,565
International fixed income securities	439,163	147,326
Derivatives	2,034,673	1,163,801
Total Managed investment assets	7,040,232	6,968,441

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 3 Managed investment portfolios (continued)

Derivatives	2,034,112	1,142,249
Outstanding settlements for securities purchased	12,400	19,765
Total Managed investment liabilities	2,046,512	1,162,014
Total Managed investments	4,993,720	5,806,427

Derivatives - Net derivative assets comprise:

Foreign exchange contracts	9,427	5,776
Other	(8,866)	15,776
	561	21,552

Note 4 Income Tax

The Plan has received certification from the Australian Prudential Regulation Authority confirming the Plan's complying status and this has not since been revoked. Income tax is assessable at 15% on net investment earnings, employer contributions and capital gains, with deductions allowable for administration and certain other expenses.

2009	2008
\$'000	\$'000

Major components of income tax expense for the years ended 30 June 2009 and 2008 are:

Statement of Changes in Net Assets**Current income tax**

Current income tax charge	31,729	77,604
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Deferred income tax

Relating to origination and reversal of temporary differences	(58,447)	(128,016)
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Income tax benefit reported in Statement of Changes in Net Assets	(26,718)	(50,412)
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A reconciliation between income tax expense and the accounting profit before income tax multiplied by the applicable tax rate is as follows:

Total revenue less expenses and benefits paid before income tax	(724,816)	(605,834)
At the tax rate of 15%	(108,722)	(90,875)

Adjustments in respect of current income tax of previous years		
Dividend imputation and foreign tax credits	(26,575)	(31,017)
Gross up of franked dividends and foreign tax credits	3,986	4,652
Non-taxable investment income / (loss) from PSTs and Life Office Policies	3,363	(2,558)
Non-taxable capital gains – indexation and concessional tax rate	52,435	10,763
Benefits paid	57,379	72,759
Member contributions	(7,932)	(10,325)
Transfers in	(3,655)	(4,156)
Government co-contributions	(450)	(601)
Non-deductible expenses	64	(63)
Other non-assessable income	(3,230)	2,302
Under / (over) provision in prior year	291	(1,293)
Unrecognised tax losses	6,328	-

Income tax benefit reported in Statement of Changes in Net Assets	(26,718)	(50,412)
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Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 4 Income Tax (continued)

	2009 \$'000	2008 \$'000
Deferred tax		
Deferred tax at 30 June relates to the following:		
<i>Deferred tax liability</i>		
Contributions receivable	(3,841)	(98)
Deferred tax assets		
Unrealised loss on investments subject to CGT	106,527	37,568
Depreciation on property, plant and equipment	1	1
Accounts payable	3,840	688
Unrecognised tax losses	(6,328)	-
	<u>104,040</u>	<u>38,257</u>
Net deferred tax assets	<u>100,199</u>	<u>38,159</u>
Tax Losses		
Unrealised		
Unrealised capital losses for which no deferred tax asset has been recognised	11,100	-
Potential tax benefit at 10%	<u>1,110</u>	<u>-</u>
Realised		
Realised capital losses for which no deferred tax asset has been recognised	52,180	-
Potential tax benefit at 10%	<u>5,218</u>	<u>-</u>

Note 5 Changes in Net Market Value of Investments

	2009 \$'000	2008 \$'000
Investments held at year end		
Australian equity and managed funds	(286,426)	(557,472)
International equity and managed funds	(82,730)	(141,501)
Investment linked insurance policies	(22,420)	21,186
Australian fixed income securities	(17,840)	(9,818)
International fixed income securities	924	(6,857)
Derivatives	8,849	7,989
Foreign exchange gains / (losses)	38,849	(75,542)
	<u>(360,794)</u>	<u>(762,015)</u>
Investments realised during the year		
Australian equity and managed funds	(401,588)	(177,138)
International equity and managed funds	(252,841)	(32,195)
Investment linked insurance policies	-	(4,136)
Australian fixed income securities	16,753	3,815
International fixed income securities	(13,962)	2,776
Derivatives	(161,273)	101,404
Foreign exchange gains / (losses)	144,275	(17,276)
	<u>(668,636)</u>	<u>(122,750)</u>
Changes in net market value of investments	<u>(1,029,430)</u>	<u>(884,765)</u>

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 6 Superannuation Contributions Surcharge

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

The surcharge expense included in the Statement of Changes in Net Assets comprises:

	2009	2008
	\$'000	\$'000
Instalments paid during the year	68	175
Amounts received from members	(246)	(1,075)
	(178)	(900)

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

Note 7 Member Numbers

	2009	2008
Members at 1 July	32,263	31,276
Plus members admitted	3,554	4,430
Less:		
Resignations	(1,184)	(2,122)
Retirements	(219)	(345)
Deaths	(16)	(14)
Retrenchment	(920)	(452)
Ill health	(24)	(43)
Choice of fund	(237)	(96)
Exits from division 8	(314)	(339)
Exits from division 9	(14)	(18)
Exits from division 11	(56)	(14)
Members at 30 June	32,833	32,263

The membership is split as follows:

Division 1	858	930
Division 2	8,388	8,878
Division 3	8,607	9,257
Division 3a	705	735
Division 4	57	66
Division 5	701	792
Division 6	6,585	6,311
Division 7	1,623	1,560
Division 8	3,830	2,394
Division 9	267	223
Division 10	1,021	1,011
Division 11	107	100
Division 12	5	6
Division 14	79	-
	32,833	32,263

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 8 Auditors Remuneration

	2009 \$	2008 \$
Remuneration for audit of the financial report of the Plan:		
Auditor of the Plan	157,510	163,004
Remuneration for other services:		
Taxation Services	201,409	246,243
Other Services	261,028	35,320
	619,947	444,567

Note 9 Derivative Financial Instruments

In the normal course of business, a number of the Plan's investment managers enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in specified interest rate, equity price, commodity price, foreign exchange rate, index or prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and is an essential part of the Plan's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- Hedging to protect an asset or liability of the Plan against a fluctuation in market values or to reduce volatility;
- A substitution for trading of physical securities; and
- Adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the market exceeds the underlying value of the Plan.

(i) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are settled daily with the exchange.

(ii) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the obligation to deliver securities or financial instruments under the contract. Options held by the Plan are exchange-traded.

(iii) Forward currency contracts

Forward currency contracts are primarily used by the Plan to hedge foreign currency exchange rate risks on its non Australian dollar denominated trading securities. The Plan agrees to receive or deliver a fixed quantity of foreign currency for an agreed price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the reporting date. The Plan recognises a gain or loss equal to the change in fair value at the reporting date.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 9 Derivative Financial Instruments (continued)

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

30 June 2009	Notional Principal Amounts \$'000	Net Market Value Assets \$'000	Net Market Value Liabilities \$'000
Australian fixed interest futures	300,379	339	459
International fixed interest futures	129,352	709	379
Australian share price index futures	109,859	1,445	5,722
International share price index future	139,217	127	1,164
Swaps	-	18,103	21,865
Forward currency contracts	9,427*	2,013,950	2,004,523
		<u>2,034,673</u>	<u>2,034,112</u>

* Forward currency contracts are disclosed at net market value rather than the notional principal amount.

30 June 2008	Notional Principal Amounts \$'000	Net Market Value Assets \$'000	Net Market Value Liabilities \$'000
Australian fixed interest futures	623,858	2,504	576
International fixed interest futures	95,761	447	225
Australian share price index futures	73,521	16,163	2,242
International share price index future	62,909	27	2,651
Australian options	31,734	2,113	-
Swaps	(2)	190,585	190,369
Forward currency contracts	5,776*	951,962	946,186
		<u>1,163,801</u>	<u>1,142,249</u>

* Forward currency contracts are disclosed at net market value rather than the notional principal amount.

Note 10 Financial risk management**(a) Objectives, strategies, policies and processes**

The Plan's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Plan's investment risk management program is a component of the Plan's overall Risk Management Strategy (RMS). It focuses on maximising the returns derived for the level of risk to which the Plan is exposed. Financial risk management is carried out by the Investment Committee and Audit & Risk Committee under policies approved by the Board of Directors of the Trustee (the Trustee).

The Trustee appoints individual investment managers to manage a portfolio of investments within a specific asset sector subject to an agreed mandate. The Plan also invests in pooled funds and directly in various entities. The Plan diversifies its investments to minimise the impact of any single capital loss and limits its exposure to high risk assets through both strategic asset allocation and diversification within each asset sector. Appropriate diversification limits at an individual portfolio/investment level are stipulated in Investment Management Agreements executed between the Trustee and its appointed investment managers.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 10 Financial risk management (continued)

The Plan uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ratings analysis for credit risk.

As part of its risk management strategy, the Plan uses derivatives and other investments, including equity and bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks, and exposures arising from forecast transactions.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk.

Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies. The market risk disclosures are prepared on the basis of the Plan's direct investments and not on a look through basis for investments held indirectly through unit trusts.

The sensitivity of the Plan's Net Assets available to pay benefits (and change in Net Assets for the year) to price risk, foreign exchange risk and interest rate risk is measured by the "reasonably possible movements approach". This approach is determined based on management's best estimate, having regard to a number of factors, including the standard deviation of returns, historical levels of changes in interest rates and foreign exchange rates and historical correlation of the Plan's investments with the relevant benchmarks. Overall, it is believed that the standard deviation of returns is the most appropriate measure of risk for the purposes of carrying out sensitivity analysis because there is a 67% chance that the actual outcome will be within plus or minus one standard deviation of the expected outcome. The actual measure of standard deviation used for the sensitivity analysis is the long-term assumption for the expected standard deviation of an asset class or financial variable, which forms part of the long-term risk and return assumptions used for modelling. The Plan's investment consultant has assisted in developing and updating this framework.

(i) Price risk

The Plan is exposed to price risk in equity securities, property and derivative securities.

This arises from investments held by the Plan for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. The securities are classified on the Statement of Net Assets at net market value which the Trustee believes approximates net fair value. All securities investments present a risk of loss of capital. The maximum risk is determined by the net market value of the financial instruments.

The Trustee mitigates this price risk through diversification. Diversification is achieved through investment in different asset classes, investment manager selection with a range of investment styles and different investment mandates. The majority of the Plan's equity investments are publicly traded and included in the major ASX indices or the MSCI World Index.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. Investment manager mandate compliance and performance reports against benchmark are regularly reported to the Investment Committee on the agreed schedule.

Sensitivity analysis

An increase in the relevant market benchmarks for asset classes by the factors as set out in the table below at the reporting date would have increased the Plan's Net Assets available to pay benefits and the net investment revenue by \$1,039,951,000 (2008: an increase of \$855,000,000). A decrease in the relevant asset class would have the equal but opposite effect on the basis that all other variables remain constant.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 10 Financial risk management (continued)

The impact mainly arises from the reasonably possible change in the net market value of the investments. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, having regard to a number of factors including the average standard deviation of annual returns.

Asset Class	2009*	2008*
Australian equity and managed funds	35.5%	19.5%
International equity and managed funds	27.7%	16.3%

* Standard deviation of annual returns, based on the Plan's forward looking, long-term assumption set.

(ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Plan holds both non-monetary and monetary assets denominated in currencies other than the Australian dollar, the functional currency. It is therefore exposed to foreign exchange risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

The foreign exchange risk disclosures have been prepared on the basis of the Plan's direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently the disclosure of currency risk in the note may not represent the true currency risk profile of the Plan where the Plan has investments in feeder trusts which also have exposure to the currency markets.

The table below summarises the Plan's exposure to foreign exchange risk:

30 June 2009	USD A\$'000	EUR A\$'000	GBP A\$'000	JPY A\$'000	Other A\$'000	Total Currency Exposure A\$'000	AUD A\$'000	Total A\$'000
Assets								
Cash and cash equivalents	9,528	2,050	2,709	(1,324)	1,287	14,250	822,953	837,203
Trade and other receivables	479	503	858	16	839	2,695	48,609	51,304
Investments	1,157,934	338,973	230,444	253,292	180,534	2,161,177	4,034,235	6,195,412
Other assets	-	-	-	-	-	-	106,739	106,739
Total assets	1,167,941	341,526	234,011	251,984	182,660	2,178,122	5,012,536	7,190,658
Liabilities								
Trade and other payables	550	672	-	-	1,101	2,323	95,488	97,811
Financial liabilities	933,041	281,246	172,223	202,649	29,153	1,618,312	415,800	2,034,112
Total liabilities	933,591	281,918	172,223	202,649	30,254	1,620,635	511,288	2,131,923
Net	234,350	59,608	61,788	49,335	152,406	557,487	4,501,248	5,058,735

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 10 Financial risk management (continued)

30 June 2008	USD A\$'000	EUR A\$'000	GBP A\$'000	JPY A\$'000	Other A\$'000	Total Currency Exposure A\$'000	AUD A\$'000	Total A\$'000
Assets								
Cash and cash equivalents	13,648	(2,768)	(1,711)	(2,012)	3,281	10,438	490,778	501,216
Trade and other receivables	5,536	1,338	755	28	608	8,265	45,333	53,598
Investments	676,661	277,523	157,915	73,166	285,238	1,470,503	4,952,247	6,422,750
Other assets	-	-	-	-	-	-	48,454	48,454
Total assets	695,845	276,093	156,959	71,182	289,127	1,489,206	5,536,812	7,026,018
Liabilities								
Trade and other payables	4,251	-	21	-	-	4,272	122,664	126,936
Financial liabilities	514,278	215,363	133,929	84,343	64,124	1,012,037	130,212	1,142,249
Total liabilities	518,529	215,363	133,950	84,343	64,124	1,016,309	252,876	1,269,185
Net	177,316	60,730	23,009	(13,161)	225,003	472,897	5,283,936	5,756,833

Sensitivity analysis

A strengthening of the Australian dollar against the following currencies by the factors shown in the following table at 30 June 2009 would have decreased the Net Assets available to pay benefits and the net investment revenue by the amounts shown in the following table. A weakening of the Australian dollar against the following currencies by the specified percentages at 30 June 2009 would have the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

The analysis assumes that all other variables, in particular interest rates, remain constant. The impact mainly arises from the reasonably possible change in foreign currency rates. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, having regard to a number of factors including the standard deviation of the exchange rate between the Australian dollar and a range for foreign currencies.

	USD A\$'000	EUR A\$'000	GBP A\$'000	JPY A\$'000
30 June 2009	26,950	5,663	6,611	7,006
Foreign exchange rate risk *	11.5%	9.5%	10.7%	14.2%
30 June 2008	20,391	6,012	2,508	1,922
Foreign exchange rate risk *	11.5%	9.9%	10.9%	14.6%

* Standard deviation of annual returns, based on the Plan's forward looking, long-term assumption set.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Plan's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Plan has established limits on investments in interest-bearing assets, which are monitored on a daily basis. The Plan may use derivatives to hedge against unexpected increases in interest rates. The risk is measured using sensitivity analysis.

The Plan controls its interest rate exposure by using managers for these types of investments who diversify investments across assets with various interest rate sensitivities and imposing duration limits within fixed interest mandates with these investment managers. In accordance with its Charter, the Investment Committee monitors the Plan's overall interest rate sensitivity.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 10 Financial risk management (continued)

The table below summarises the Plan's exposure to interest rate risks. It includes the Plan's assets and liabilities at net market value, categorised by the maturity dates:

		Fixed interest maturing in:					
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	Over 5 years \$'000	Non- Interest Bearing \$'000	Total \$'000	
30 June 2009							
Assets							
Cash and cash equivalents	715,475	121,728	-	-	-	837,203	
Trade and other receivables	-	-	-	-	51,304	51,304	
Investments	469,616	150,936	288,217	155,172	5,131,471	6,195,412	
Other assets	-	-	-	-	106,739	106,739	
Total assets	1,185,091	272,664	288,217	155,172	5,289,514	7,190,658	
Liabilities							
Trade and other payables	-	-	-	-	97,811	97,811	
Financial liabilities	22,703	-	-	-	2,011,409	2,034,112	
Total liabilities	22,703	-	-	-	2,109,220	2,131,923	
Net assets available to pay benefits	1,162,388	272,664	288,217	155,172	3,180,294	5,058,735	
		Fixed interest maturing in:					
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	Over 5 years \$'000	Non- Interest Bearing \$'000	Total \$'000	
30 June 2008							
Assets							
Cash and cash equivalents	23,359	-	-	-	477,857	501,216	
Trade and other receivables	-	-	-	-	53,598	53,598	
Investments	542,674	49,109	253,836	102,083	5,475,048	6,422,750	
Other assets	-	-	-	-	48,454	48,454	
Total assets	566,033	49,109	253,836	102,083	6,054,957	7,026,018	
Liabilities							
Trade and other payables	-	-	-	-	126,936	126,936	
Financial liabilities	194,001	-	-	-	948,248	1,142,249	
Total liabilities	194,001	-	-	-	1,075,184	1,269,185	
Net assets available to pay benefits	372,032	49,109	253,836	102,083	4,979,773	5,756,833	

Sensitivity analysis

At 30 June 2009, should interest rates have lowered by 1% (2008: 1%) with all other variables held constant, the decrease in Net Assets available to pay benefits (and in change in Net Assets for the year) would amount to approximately \$18,820,000 (2008: \$12,421,000). If interest rates had risen by 1% (2008: 1%), the increase in Net Assets available to pay benefits (and in change in Net Assets for the year) would have the equal but opposite effect on the basis that all other variables remain constant. The reasonably possible movements in interest rates have been determined based on the Trustee's best estimate, having regard to a number of factors including the average standard deviation of annual returns.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 10 Financial risk management (continued)**(c) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Plan, other than derivatives, the Plan's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the value of these investments as disclosed in the Statement of Net Assets. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive values.

The Plan holds no collateral as security or any other credit enhancements. There are no financial assets that are impaired nor past due but not impaired.

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

On 29 September 2008 the Plan suspended its Stock Lending arrangements with its custodian, National Australia Bank. All outstanding loans were recalled by 29 October 2008.

Credit quality per class of instrument

The credit quality of financial assets is managed by the Plan using Standard & Poor's (S&P) rating categories, in accordance with the investment mandate. The Plan's exposure in each grade is monitored on a regular basis. This review process allows the Investment Committee to assess the potential loss as a result of risks and take corrective action. The table below shows the credit quality by class of assets.

Australian Fixed Income Securities	2009	2008
	\$'000	\$'000
Credit Grade		
AAA	178,888	246,311
AA	144,281	188,646
A	231,090	113,820
BBB	38,400	20,913
CCC	-	1,654
Not rated by S&P	12,968	22,221
	605,627	593,565
International Fixed Income Securities	2009	2008
	\$'000	\$'000
Credit Grade		
AAA	282,849	91,157
AA	81,805	11,062
A	58,075	27,110
BBB	11,584	13,743
B	-	356
CCC	1,141	85
CC	586	-
C	-	243
Not rated by S&P	3,123	3,570
	439,163	147,326

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 10 Financial risk management (continued)**(d) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Plan's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Plan maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Plan limits its allocation to illiquid assets and ensures that the allocation is consistent with the intended term of investment. The Plan's membership profile coupled with the bulk of its assets being invested in highly liquid asset classes allows the Plan to tolerate the lower liquidity of some alternative investments in an expectation of greater gain in the long term.

In accordance with the Plan's Risk Management Framework, the Investment Committee monitors the Plan's liquidity position, and regularly reviews it. Compliance with the Plan's policy is reported to the Board and the Audit & Risk Committee.

(i) Maturity analysis for financial liabilities

The table below analyses the contractual maturities of the Plan's financial liabilities, excluding gross settled derivative liabilities, based on the remaining period to the contractual maturity date at the year end.

As at 30 June 2009	Less than 1 month \$'000	1 to 3 months \$'000	3 to 12 months \$'000	12 to 60 months \$'000	60 + months \$'000
Financial liabilities					
Net settled derivatives	5,671	5,686	3,065	1,626	13,541
Benefits payable	-	79,607	-	-	-
Accounts payable	5,804	-	-	-	-
Outstanding settlements	12,400	-	-	-	-
Vested Benefits	5,137,069	-	-	-	-
Total	5,155,273	85,293	3,065	1,626	13,541

As at 30 June 2008	Less than 1 month \$'000	1 to 3 Months \$'000	3 to 12 months \$'000	12 to 60 months \$'000	60 + months \$'000
Financial liabilities					
Net settled derivatives	291	8,957	3,312	167,874	16,691
Benefits payable	-	98,705	-	-	-
Accounts payable	8,466	-	-	-	-
Outstanding settlements	19,765	-	-	-	-
Vested Benefits	5,407,824	-	-	-	-
Total	5,436,346	107,662	3,312	167,874	16,691

Vested benefits have been included in the less than one month column, as this is the amount that members could call upon as at reporting date. This is the earliest date on which the Plan can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

The following table analyses the Plan's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 10 Financial risk management (continued)

As at 30 June 2009	Less than 1 month \$'000	1 to 3 months \$'000	3 to 12 months \$'000	12 to 60 months \$'000	60 + months \$'000
Derivatives					
– foreign currency forwards					
- Outflow	(841,698)	(1,162,440)	(96)	(289)	-
- Inflow	842,718	1,170,838	96	298	-
Total	1,020	8,398	-	9	-

As at 30 June 2008	Less than 1 month \$'000	1 to 3 months \$'000	3 to 12 months \$'000	12 to 60 months \$'000	60 + months \$'000
Derivatives					
– foreign currency forwards					
- Outflow	(43,465)	(900,751)	(1,970)	-	-
- Inflow	43,179	906,777	2,006	-	-
Total	(286)	6,026	36	-	-

(e) Net fair values of Financial Assets and Liabilities

The Plan's financial assets, liabilities and derivative instruments are included in the Statement of Net Assets at amounts that approximate the net fair value. Refer to Note 2 for the methods and assumptions adopted in determining the net market values of investments and Note 9 for Derivatives.

Note 11 Reserves

In line with sound Plan administrative and financial practice and actuarial advice, reserves are maintained to safeguard the Plan against events such as major catastrophes, abnormal mortality experience and to monitor deviations between actual returns and amounts credited to the investment options.

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

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

		2009 \$'000	2008 \$'000
Investment fluctuation reserve	(i)	6,907	25,530
Disability reserves	(ii)	61,237	62,596
Foregone benefits reserve	(iii)	(252)	(1,978)
		67,892	86,148

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 11 Reserves (continued)

- (i) The Investment fluctuation reserve accounts for any deviations between the actual returns of the Plan and the amounts credited to the investment options. For example, any deviations of the actual investment strategy from the benchmarks used to calculate the Credited Investment Return for each investment option.
- (ii) Disability reserves represent reserves to cover disablement and initial incapacity claims in the future and have been determined by the Plan's actuary based on past experience of the Plan and expected future experience. The disability reserves contain the following amounts:

	2009 \$'000	2008 \$'000
Current permanent incapacities	20,920	19,487
Current initial disablement	6,733	11,557
New disablements	8,085	7,596
Possible future deterioration	25,499	23,956
	<u>61,237</u>	<u>62,596</u>

- (iii) Benefits foregone by Division 1 members on resignation are credited to the Foregone benefits reserve. The balance of the reserve at 30 June is allocated to all members of Division 1 at 30 June. The net balance represents an under distribution, which will be allocated during the year ended 30 June 2009.

Movements**Investment Fluctuation Reserve**

	2009 \$'000	2008 \$'000
Opening Balance	25,530	33,455
Investment income allocated to members during the year	(18,623)	(7,925)
Closing Balance	<u>6,907</u>	<u>25,530</u>

Disability Reserves

	2009 \$'000	2008 \$'000
Opening Balance	62,596	55,399
Transfer from assets of the Plan	2,324	8,714
Transfer (to) / from Foregone benefits reserve	(959)	1,245
Amounts allocated to members during the year	(2,724)	(2,762)
Closing Balance	<u>61,237</u>	<u>62,596</u>

Foregone Benefits Reserve

	2009 \$'000	2008 \$'000
Opening Balance	(1,978)	2,457
Transfer from / (to) assets of the Plan	-	(3,720)
Transfer from / (to) Disability reserves	959	(1,245)
Amounts allocated from members during the year	767	530
Closing Balance	<u>(252)</u>	<u>(1,978)</u>

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 12 Related Parties

(a) Employer Company

Qantas Airways Limited is the employer sponsor, and together with the other associated employers in the Qantas Group makes the employer contributions to the Plan which are disclosed in the Statement of Changes in Net Assets. Contributions are made in accordance with the Trust Deed, as disclosed in Note 18.

Contributions receivable from the employer sponsor and associated employers as at 30 June 2009 (and received subsequent to that date) amounted to \$25,133,788 (2008: \$652,294).

The Plan contracts with Qantas Airways Limited for office accommodation, use of office equipment and certain administrative services. Cost recoveries paid to the employer sponsor for these services and reimbursement of staff salaries of \$2,561,973 (2008: \$1,324,652) are included in administration expenses in the Statement of Changes in Net Assets.

At 30 June 2009 Qantas Superannuation Plan held shares in Qantas Airways Limited to the value of \$5,978,247 (2008: \$18,177,552).

The Plan holds an investment of 100% of the equity in the Qantas Super SAC Trust. The Trustee of the trust is Trafalgar Nominees (SAC) No 3 Pty Limited and is a wholly owned subsidiary of Trafalgar Managed Investments Limited. The sole asset of the SAC Trust is a 50% interest in the Sydney Airport Centre Joint Venture, managed by Trafalgar Managed Investments Limited, which owns the property described as Sydney Airport Centre, 203 Coward Street and 14 -16 Bourke Road, Mascot, Sydney. This Property, comprising four buildings, is the Global Headquarters for Qantas Airways Limited under a long term lease on commercial terms.

(b) Trustee and key management personnel

The Trustee of the Plan is Qantas Superannuation Limited (ABN: 47 003 806 960). The names of the persons who were directors of the trustee company up to the date of this report:

Employer sponsor representatives:	Member representatives:
Brown, K (resigned 28 February 2009)	Brown, S
Byrne, T (alternate for Brown, K) (ceased 28 February 2009)	Gillies, K
Cosgrove, P	Pagden, C (appointed 5 September 2008)
Fletcher, K (appointed 1 December 2008)	Sipek, J
Fouracre, S	Thorpe, M
Potger, G (resigned 27 October 2008)	
Scriven, J (appointed 28 May 2009)	
Ward, A (Chairman)	

The directors of Qantas Superannuation Limited are key management personnel for the purposes of AASB 124. In addition to the directors, J Torney (Chief Executive) and A Spence (Chief Investment Officer) are also key management personnel.

The Trustee has a licence from the Australian Prudential Regulation Authority. Its RSE licence was granted on 27 April 2006 (licence no L0002257).

(c) Remuneration of key management personnel

The remuneration of key management personnel paid by the Plan is set out below:

	2009 \$'000	2008 \$'000
Short-term benefits	718	503
Post employment	69	11
Other long term benefits	13	8
	800	522

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 12 Related Parties (continued)**(d) Trustee Related Transactions**

All the directors of the Trustee except A Ward and P Cosgrove are also members of the Plan and made contributions to the Plan on an arms length basis.

The aggregate sum of post-tax member contributions during the year by the directors of the Trustee as members of the Plan was \$13,211 (2008: \$36,008), this does not include taxable salary sacrifice or company contributions.

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

A Ward is a senior executive of National Australia Bank Limited, a division of which provides custodial services to the Plan. Fees for those services are calculated on commercial arms length terms and for the year ended 30 June 2009 totalled \$1,479,489 (2008: \$1,837,909). Ms Ward abstains from all decisions related to these services.

Note 13 Contingent Assets and Liabilities and Commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 and 30 June 2008.

Note 14 Guaranteed Benefits

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

Note 15 Termination of Plan

Article 4.1 of the Plan's Trust Deed and Rules states:

- 4.1 (a) The Plan shall be wound up as hereinafter provided upon the happening of any of the following events:
- i. if the Trustee shall consider that the Plan is insolvent or if it shall be advised by the Actuary that the Plan is insolvent and it resolves to terminate the Plan; or
 - ii. if the Principal Company decides that it will permanently cease contributing to the Plan; or
 - iii. if an order is made or an effective resolution is passed for the winding up of the Principal Company other than for the purpose of amalgamation or reconstruction.
- 4.2 (b) In such events the Trustee shall give notice in writing to the Company and the Members that the Plan shall terminate on a specified date, hereinafter called the "Termination Date". As from the Termination Date the following shall apply:
- i. no further contributions shall be made by the Company and the Members other than arrears of contributions due up to the Termination Date, and
 - ii. any arrears of contributions shall be paid forthwith.

Note 16 Segment Information

The Plan is organised into one main segment which operates solely for the provision of superannuation benefits to employees of Qantas Airways Limited. The Plan also operates from one reportable geographic segment being Australia, from where its activities are managed. Consequently, no segment reporting is provided in the Plan's financial statements.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 17 Vested Benefits and Net Assets

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

	2009 \$'000	2008 \$'000
Vested Benefits	5,137,069	5,407,824
Net Assets	5,058,735	5,756,833

Note 18 Funding Arrangements

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

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

As at 30 June 2009, there was a deficit of Net Assets compared to vested benefits of the Plan (details of the vested benefits are referred to in Note 17). On 3 April 2009 the Trustee and the employer sponsor announced that they had agreed to a revised funding plan for the defined benefit divisions to return the Plan to a satisfactory financial position. The funding plan involves the employer sponsor, in addition to normal contributions, making contributions of up to \$66 million over the following three years. The Plan's financial position is monitored by the Trustee each quarter and the actuary determines the amounts of additional contributions to be made each quarter, as required under the agreed funding plan. At the date of this report all such additional contributions have been received under the revised funding plan and are recorded as Employer Contribution Revenue in Schedule 2 of this report. The revised funding plan was prepared by the independent actuary. Confirmation of the new funding plan was provided to the Australian Prudential Regulation Authority.

In relation to market movements since 30 June 2009, refer to Note 20.

Note 19 Actuarial Report and Accrued Benefits

The value of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Plan up to the date of the actuarial review. The value of accrued benefits is calculated by the actuary at least on a triennial basis as part of a comprehensive actuarial review. The present value reported has been determined using the actuarial assumptions derived for the actuarial review, but with assumptions for future salary inflation and Plan earnings consistent with the requirements of AAS25.

	2007 \$'000	2005 \$'000
Accrued benefits as at 1 July	5,827,400	4,810,390

Also attached to these financial statements is the report by the Plan's actuary, Mr Mark Thompson BSc FIAA summarising the results of that actuarial review of the Plan. The next actuarial review as at 1 July 2010 will be completed within twelve months of that date.

The main assumptions used to determine the actuarial value of accrued benefits at the last review date were:

- The future rate of investment return (net of investment taxes and net of investment management fees) earned on the Plan's assets would be 8% p.a.; and
- The future rate of salary inflation would be 4% p.a.

Notes to and Forming Part of the Financial Statements

30 June 2009 (continued)

Note 20 Events Occurring After the Balance Sheet Date

Other significant events that have occurred after the reporting date that may affect the interpretation of the financial information contained in these financial statements are:

There has been a rally in investment markets over the September quarter as reflected in the credited interest rate of 8.1% for the Growth Option of the Plan (the Growth Option is the default MIC option and the investment strategy for the assets that underpin the defined benefit liabilities). This increase should be considered in any assessment of the financial position of the Plan at the date of this report.

Trustee's Statement

In the opinion of the Trustee:

- (a) the Financial Statements set out on schedules 1 to 3 are drawn up so as to present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the Net Assets of Qantas Superannuation Plan as at 30 June 2009 and the Changes in its Net Assets for the year then ended;
- (b) the Financial Statements are prepared in accordance with the requirements of the Trust Deed dated 1 June 1939, as amended and the Superannuation Industry (Supervision) Act 1993 and Regulations; and
- (c) the Plan has complied with the requirements of the Trust Deed dated 1 June 1939, as amended, and with the applicable provisions of the Superannuation Industry (Supervision) Act 1993 and Regulations and Corporations Act 2001 and Regulations during the year ended 30 June 2009.

This statement is made in accordance with a resolution of the directors of the Trustee, Qantas Superannuation Limited (ABN 47 003 806 960).


Director
Director

Sydney

22 October 2009

Qantas Superannuation Plan (ABN: 41 272 198 829)

Independent report by the Approved Auditor to the Trustee and Members

(A) Financial Statements

I have audited the financial statements of the Qantas Superannuation Plan for the year ended 30 June 2009 comprising the Statement of Net Assets and Statement of changes in Net Assets.

Trustee's Responsibility for the Financial Statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the SIS Act and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of the Qantas Superannuation Plan.

My audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independent report by the Approved Auditor to the Trustee and Members
(continued)**

Auditor's Opinion

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) the net assets of Qantas Superannuation Plan as at 30 June 2009 and the changes in net assets for the year ended 30 June 2009.

(B) Compliance

Trustee's Responsibility for Compliance

The superannuation entity's trustee responsible for complying with the requirements of the SIS Act, SIS Regulations, the Reporting Standards made under s. 13 of the *Financial Sector (Collection of Data) Act 2001* (FSCODA Reporting Standards), the *Corporations Act 2001* (Corporations Act) and *Corporation Regulations 2001* (Corporation Regulations).

Auditor's Responsibility

My responsibility is to express an opinion on the trustee's compliance with the requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporation Regulations based on the audit. My audit has been conducted in accordance with applicable Standards on Assurance Engagements. These Standards require that I comply with fundamental ethical requirements and plan and perform the audit to obtain reasonable assurance whether the trustee of the Qantas Superannuation Plan has, in all material respects:

- a) complied with the relevant requirements of the following provisions (to the extent applicable) of the SIS Act and SIS Regulations:

sections 19(2), 19(3), 35A, 35C, 36, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 117, 118, 122, 124, 125, 126K 152, 154;

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

- b) complied with the FSCODA Reporting Standards that are subject to audit (to the extent applicable); and

- c) complied with the relevant requirements of the following provisions of the Corporations Act and Corporations Regulations (to the extent applicable):

sections 1012B, 1012F, 1012H(2), 1012I, 1013B, 1013D, 1013K(1), 1013K(2), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017C(2), 1017C(3), 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3), 1017E(4), 1020E(8) and 1020E(9); and regulation 7.9.32(3); and

**Independent report by the Approved Auditor to the Trustee and Members
(continued)**

- d) complied with the requirement to prepare the respective forms comprising the APRA Annual Return; and
- e) complied with the requirements of Section 155(2) of the SIS Act in that the trustee has appropriate processes in place to identify and resolve s.155 cases, and has adhered to those processes in determining issue and redemption prices.

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

for the year ended 30 June 2009.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations apart from those specified. The superannuation entity's trustee is responsible for complying with the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Opinion

In my opinion, the trustee of Qantas Superannuation Plan has complied, in all material respects, with the requirements of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations for the year ended 30 June 2009.



PricewaterhouseCoopers



Claire Keating
Partner

Sydney
22 October 2009

22 October 2009

Our Ref: 20136/130/STD

The Directors
Qantas Superannuation Plan
Qantas Centre (SYD/APC/10)
203 Coward Street
MASCOT NSW 2020

Dear Directors

FINANCIAL CONDITION OF THE QANTAS SUPERANNUATION PLAN ACTUARIAL REPORT AND ACTUARIAL STATEMENT FOR AAS25 PURPOSES

As the appointed actuary to the Qantas Superannuation Plan (the Plan) I conducted the latest actuarial investigation of the Plan as at 1 July 2007. The results of that investigation were presented in my report dated 16 April 2008, and a summary of that report is presented in the Attachment to this letter.

The next actuarial investigation is scheduled for no later than 1 July 2010.

My report on the actuarial investigation also contained an actuarial statement for AAS25 purposes. A summary of that statement is also contained in the Attachment to this letter.

FINANCIAL POSITION UPDATE

This section of this letter comments on material developments since the last actuarial investigation.

Since that investigation several Trust Deed amendments have been made to allow for:

- Ordinary Time Earnings to be used as the salary for determining minimum benefits under Superannuation Guarantee legislation from 1 July 2008;
- The provision of minimum death benefits to members from 1 July 2008 (and for Division 3A the introduction of new death benefits);
- The introduction of Transition to Retirement Pensions for eligible members; and
- To align the definition of 'dependants' to the definition in the Superannuation Industry (Supervision) Act 1993 from 16 July 2009.

Where these changes relate to accumulation benefits they have no impact on the financial position of the Plan. Where they relate to defined benefit members, appropriate adjustments to the minimum defined benefits have been made to ensure that the legislated requirements continue to be met.

Investment Returns

Since the last actuarial review, the Plan's annual return after tax and fees for the assets supporting the defined benefit liabilities were:

- -6.0% for the full financial year to 30 June 2008;
- -11.3% for the full financial year to 30 June 2009; and
- +8.1% for the period from 1 July 2009 to 30 September 2009.

The negative investment performance observed over the two years to 30 June 2009 weakened the financial position of the Plan. Throughout this period the Trustee has been regularly monitoring a series of trigger events designed to provide an early warning of a weakening of the Plan's financial position.

Review of Company Contribution Recommendations

The actuarial investigation as at 1 July 2007 recommended that Company contributions be made equal to:

- the Normal Cost contributions, which represent the expected Company cost of benefits accruing over the period after the investigation; plus
- reductions to the Normal Cost contributions up to the actuarial surplus. The actuarial surplus was equal to the excess of the assets over the present value of Accrued Benefits as at 1 July 2007. Rule 7.3(b)(ii) of the Trust Deed allows this excess to be used by the Company to reduce the Normal Cost contributions.

Although reductions to the Normal Cost contributions were permitted, the Company elected not to make any reductions to its Normal Cost contributions over this period.

In November 2008, following the poor investment performance over the year to 30 June 2008 which caused a trigger event to occur, a review of the Company contribution rates was made. This review determined that as at 31 October 2008 there was no actuarial surplus of materiality. Accordingly, my recommended Company contributions were adjusted to remove the capacity for the Company to reduce its Normal Contributions under Rule 7.3(b)(ii) of the Trust Deed. This report also recommended that additional contributions be made in respect of the payment of retrenchment benefits, to ensure that the Plan was protected from any financial strain arising from the payment of these benefits.

The review also reset the 'trigger events' having regard to the financial position at that time.

Further Review of Financial Position as at 31 January 2009

As a result of continuing poor investment performance, which led to a further trigger event occurring, another review of the financial position of the Plan was undertaken as at 31 January 2009. This review identified that the Plan assets were lower than the Vested Benefits, resulting in an unsatisfactory financial position as defined in the Superannuation Industry (Supervision) Act 1993 as at that date.

My "Financial Position Update and New Funding Plan" report dated 2 April 2009 recommended that the Company and the Trustee agree to an additional contribution program aimed to recover the Plan to a satisfactory financial position over the subsequent three years under reasonable assumptions. This recommendation was agreed by the Trustee and the Company on 2 April 2009. Details of the new funding plan and confirmation of the agreement by the Trustee and the Company were also provided to APRA, the superannuation regulator, on 3 April 2009.

Additional Contribution Program

Under the new funding plan the additional contributions are calculated quarterly and comprise:

- fixed additional contributions expected to be sufficient to restore the Plan to a satisfactory financial position over three years; plus

- variable additional contributions depending upon the Vested Benefits Index position at the start of the quarter, to ensure that benefits paid to members does not weaken the coverage of vested benefits for the remaining members and provide protection against variable levels of benefit payments; plus
- further contributions in respect of retrenchment benefits paid from the plan, primarily to ensure that the payment of retrenchment benefits (which for some members exceeds the vested benefits) does not place a strain on the coverage of vested benefits.

Monitoring the Additional Contributions Program

An important part of the new funding plan is the ongoing monitoring of the financial position of the Plan, with associated adjustments to the additional contributions to take account of the Plan experience which emerges. For example:

- short term changes to the Vested Benefits Index which may lead to adjustments to the quarterly variable additional contributions as described above; or
- if more prolonged changes are observed (eg measured over two consecutive quarters) it may be appropriate for the Trustee and the Company to agree for adjustments to be made to the fixed additional contributions.

Experience since the agreement of the additional contribution program

All contributions payable by the Company under the additional contribution program have been paid to date.

The new funding plan was developed based on the financial position of the Plan as at 31 January 2009. Since that date, there has been variability in the financial position of the Plan, which is expected when reviewed over relatively short periods, and was anticipated in the development of the new funding plan. The key influences since 31 January 2009 have been investment returns, which were weak during February and early March, but have improved strongly since that date. The liabilities for defined benefit members also increased more quickly than expected, due to the backdating of superannuation salaries under the Enterprise Bargaining Agreements ratified over the period.

Since 1 July 2009 the investment performance of the Plan has continued to be favourable which, together with the ongoing additional contribution program, will have improved the financial position further. My next update of the financial position for the Plan and recommendations as to additional contributions under the new funding plan is currently being prepared for the Trustee.

Yours sincerely,

Mark Thompson

for

Mark Thompson, FIAA
Actuary to the Qantas Superannuation Plan

ATTACHMENT

SUMMARY OF ACTUARIAL REPORT

As the appointed actuary to the Qantas Superannuation Plan (the Plan) I conducted the latest actuarial investigation of the Plan as at 1 July 2007. The results of that investigation were presented in my report dated 16 April 2008. This section of the Attachment provides a summary of that report.

The next actuarial investigation is scheduled for no later than 1 July 2010.

Membership

At 1 July 2007 there were 31,286 members of the Plan with superannuation salaries totalling \$1,837.5 million. This compares with 33,510 members as at 1 July 2005 (the previous investigation date).

Assets

The net market value of assets at 30 June 2007 was \$6,312,255,000.

For the purpose of the actuarial investigation, the value of the liabilities was compared to the actuarial value of assets which was taken to be \$6,312,255,000.

Plan Experience

The main features of the Plan's experience over the two years to 30 June 2007 were:

- The rate of staff turnover was generally in line with expectations and salary inflation was lower than our long term assumptions; and
- The investment performance of the Plan was more favourable than assumed, with the actual investment return of 15.6% p.a. net of tax exceeding the long term assumption of 7.0% p.a.

Overall, the total effect of the Plan's experience during the period of the investigation was to improve the Plan's actuarial surplus (measured in the same way as in the 2005 investigation; that is, market value of assets less the present value of accrued benefit liabilities).

Funding Method and Assumptions

ACTUARIAL FUNDING METHOD

The Projected Unit Credit (PUC) funding method adopted for the 2005 actuarial investigation of the Plan was again used for the 2007 investigation.

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

- The cost of benefits for the year of service immediately following the valuation date (the Normal Cost); and
- An adjustment to the Normal Cost to take account of any over or under funding of accrued benefits at the investigation date.

ACTUARIAL ASSUMPTIONS

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

The other assumptions required for the valuation (including demographic assumptions and the assumptions regarding promotional salary increases, expenses and the like) were reviewed and remained appropriate.

Valuation Results

The actuarial investigation of the Plan at 1 July 2007 revealed total accrued benefit liabilities of \$5,856 million, which includes a minimum of the resignation (or retirement if eligible) benefit for each member. Using this measure, we concluded that the Plan was in a satisfactory financial position with a surplus of assets (at actuarial value) over the value of accrued benefits of \$456 million.

At 1 July 2007 the market value of assets was 111.7% of vested benefits, indicating that the Plan was in a satisfactory financial position at that date based on current benefit liabilities.

At the same date, the actuarial value of assets represented 107.8% of the accrued benefit liabilities, an improvement over the position in the 2005 valuation, and which indicated that the Plan was in a satisfactory long term position on a going concern basis.

Post valuation investment experience

- Following the valuation date, the investment performance deteriorated with a net investment return of -4.24% estimated for the period from 1 July 2007 to 31 January 2008. This post-valuation experience was taken into account in framing the Company contribution recommendations.

Recommendations

The actuarial investigation recommended that Company contributions to the Plan to provide for defined benefits be equal to the Normal Costs determined on a category by category basis, as described in the following table:

Group	Contribution Rate (% of salary)
Division 2 Category A	10.5%
Division 2 Category B	12.4%
Division 2 Category C	12.1%
Division 3	10.6%
Division 4	9.4%
Division 5	1.1%
Division 10	1.0%

In addition the Company contributes such additional amounts as specifically required by the Plan's Trust Deed and Rules or as agreed with individual members.

Under Rule 7.3(ii) of the Plan's Trust Deed the Principal Company may reduce their Normal Costs for any excess of General Plan assets over the amount required to provide the accrued benefits in respect of Members. After taking into account the adverse investment performance between 1

July 2007 and 31 January 2008 of -4.24%, the amount available to reduce Normal Costs was \$290 million. After taking account of contributions tax, this is equivalent to a reduction in Normal costs around \$341 million or \$113 million p.a. for three years.

These recommendations are subject to the monitoring of certain trigger events which, should any occur prior to the next scheduled actuarial investigation, may require a review of the financial position of the Plan and the adequacy of the Company contribution recommendations.

The next full actuarial investigation is scheduled to be made on or before 1 July 2010.

Other Matters

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

ACTUARIAL STATEMENT FOR AAS25 PURPOSES

Accrued and Vested Benefits

AAS25 requires the disclosure of Accrued and Vested Benefits at the reporting date. The table below shows the amounts determined for the purposes of AAS25, together with the market value of assets:

Reporting Date	Accrued Benefits \$ million	Vested Benefits \$ million	Assets at Market Value \$ million
1 July 2007	5,827.4	5,649.6	6,312.3
1 July 2005	4,810.4	4,694.8	4,967.3

"Accrued Benefits" have been determined as the present value of expected future benefit payments which arise from membership of the Plan up to the reporting date, and subject to a minimum of the Vested Benefit for each member. Present values have been calculated using the same assumptions as for the funding recommendations in the actuarial valuation, except that at 1 July 2007 the investment return assumption for the actuarial valuation was 7.0% per annum while the "Accrued Benefits" for AAS25 purposes have been determined assuming a rate of 8.0% per annum.

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

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