



Allison Louie
member since 2006



Jeffery Ahern
member since 1965



Susan Turner,
member since 1990



Ross McCalm
member since 1968



Rosemary Holmes
member since 2003



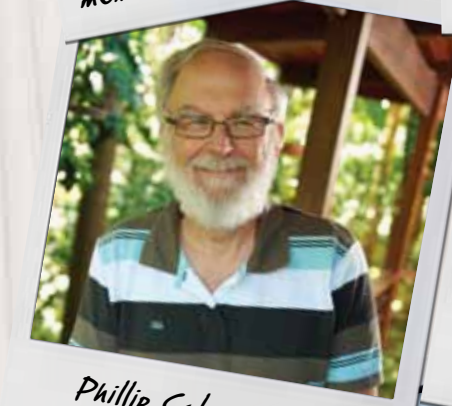
Nathan Wynne
member since 1999



June Woodward,
member since 1960



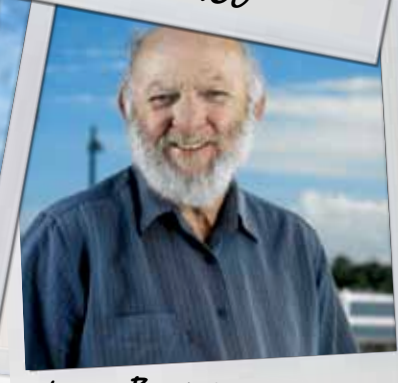
Robyn Maclachlan
member since 1991



Phillip Cole
member since 1960



Tennille Leslie
member since 2008



James Barnes
member since 1969



Bianca Mather
member since 1995



John Gough
member since 2004



Christine Miles
member since 1987

ANNUAL REPORT **TO MEMBERS** 2011

Chairman's report



*Bob Scheuber
Chairman, QSuper*

It's been a tough year for Queensland, with much of the state devastated by natural disaster. QSuper itself was also affected by the flooding in the Brisbane CBD, but I'm pleased to say that thanks to the hard work and dedication of our staff we were able to keep working for you and providing the great service you expect from QSuper.

Despite these difficulties, it has been an exciting year for QSuper, as we are moving into the final phase of our current strategic plan. This has meant changes throughout the organisation as we implement new processes and procedures, but the benefits far outweigh the challenges. The QSuper Board of Trustees and I know that everything we are doing is designed to create better retirement outcomes for our members.

QSuper's Strategic Plan

One of the biggest improvements at QSuper over the past two years has been the development of an in-house investment capability, which will allow us to take a more active role in managing how members' superannuation is invested. I'm delighted to report this project has now achieved another significant milestone, with the Capital Markets function coming online in May 2011. This team provides QSuper with a greater level of control over its investment processes by allowing portfolio management decisions to be directly executed without undue reliance on external managers.

In August 2010, the QSuper Board of Trustees became the sole shareholder of Q Invest – one of the largest financial planning organisations in Queensland. QSuper is excited by this opportunity to strengthen our partnership with Q Invest, and we are strongly focused on helping our members grow their super by ensuring they have the information and advice they need.

Another key focus of our strategic plan is improving our member education and advice model, and Rosemary Vilgan outlines the progress we have made in this area in the Message from the CEO on the opposite page. As Rosemary also reports, QSuper is on the brink of an exciting journey as we re-evaluate how we can better support members in reaching their retirement goals.

The main focus for the Board going forward is to set the strategic direction and vision for the future, and to create the framework the Fund needs to deliver on our core promise of helping members achieve better retirement outcomes. The Trustees and I believe QSuper is your partner on your superannuation journey, and we will be looking closely at how we can make that partnership even more successful, whether that is creating new products, rethinking investment strategies or changing the way we communicate with you. We are currently finalising our new Strategic Plan, and I look forward to sharing it with you.

Investment market performance

The past twelve months has seen investment markets continue to recover from the global financial crisis. This has been good news for QSuper members, as growth in financial markets has improved returns and has led to stronger performances of QSuper's investment options. However, there remains some uncertainty regarding the future state of financial markets, and the period ahead is likely to remain challenging for investors.

The external environment

It has been a relatively quiet year on the legislative front, with only minor changes to superannuation proposed in this May's Budget. Many of the proposals made in the previous year's Budget, and those in response to last year's Cooper Review into the superannuation system, have yet to be passed into law. However, I am pleased to say the Commonwealth Government did reaffirm its commitment to 'Stronger Super', much of which is consistent with QSuper's views.

In the meantime there has been much work completed by government and industry bodies on changes to the structure and 'back office' processes of the super industry. This is something QSuper strongly supports, especially as much of this is aligned with our own internal change program, which is designed to gain efficiencies for QSuper members by improving systems and processes, and providing more personal services.

Looking ahead

The upcoming year will be the beginning of a new era for the Fund, but one in which our 'member first' philosophy will continue to guide our actions. Every future decision we make in the coming months and years will continue to be driven by our goal of improving retirement outcomes for all our members.

On behalf of the QSuper Board, I would like to express my appreciation to QSuper's Chief Executive Officer – Rosemary Vilgan, QSuper Limited's Executive team, and all staff for their hard work in what has sometimes been a challenging year. I would also like to thank the Auditor-General of Queensland, Q Invest, and our external investment managers and service providers for their ongoing assistance.



Bob Scheuber
Chairman, QSuper

Message from the CEO



Rosemary Vilgan
Chief Executive Officer,
QSuper

Although returns for superannuation members have improved over the past two years, it's becoming clearer that the focus for the super industry needs to be on more than just good returns.

I'm acutely aware that the shift of many baby boomers into retirement continues to bring issues of financial adequacy to the fore, while increased life expectancy threatens financial longevity, as some face concerns about running out of money too early.

The QSuper commitment

At QSuper, helping our members become more financially secure is at the heart of everything we do, and our commitment to helping you achieve your desired retirement lifestyle is of paramount importance to us. Our dedication to this goal means that your super remains our top priority.

We're now in the final phase of our three-year Strategic Plan, which consolidates our member first philosophy. We have been reviewing how to make education and information more accessible, and have introduced new initiatives to more seamlessly provide our members with access to the financial advice they need.

The changing face of QSuper

You may have also noticed a fresh new look and feel for QSuper's communications. This change extends beyond just a new logo; essentially, it marks the start of an exciting journey for QSuper as we explore innovative ways for our members to get where they want to be.

I recognise that every member's situation is different, and this has been the catalyst for rethinking the way we can help members accumulate enough super to live the lifestyle they want in retirement. We've therefore been looking closely at how we can provide the information and support you need to make the right decisions at the right time to grow your super, and to help you enjoy a comfortable lifestyle in retirement.

Looking to the future

Our *Retirement income calculator* and streamlined seminars program are just two initiatives introduced to help get you on track and give you confidence to secure the retirement lifestyle you want. Keep your eye on our website for more useful educational tools over coming months.

While the superannuation journey is individual to each member, it isn't one you have to take alone. We want to join you on the journey and grow your super together.

A handwritten signature in black ink, appearing to read 'R. Vilgan', written in a cursive style.

Rosemary Vilgan
Chief Executive Officer, QSuper

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Important information

This document is issued by the Board of Trustees of the State Public Sector Superannuation Scheme (ABN 32 125 059 006) (the QSuper Board). The QSuper Board is the issuer of interests in the State Public Sector Superannuation Scheme (ABN 60 905 115 063) (QSuper Fund). Where the term 'QSuper' is used in this document, it represents the QSuper Board of Trustees, the QSuper Fund, and QSuper Limited, unless expressly indicated otherwise.

General advice warning

The information in this document has been prepared for general purposes only, without taking into account your financial objectives, situation or needs, so it may not be appropriate for your circumstances. You should read the product disclosure statement (PDS) and consider your circumstances before you make an investment decision. You can download a PDS from the QSuper website at qsuper.qld.gov.au or give us a call and we'll send you a copy.

Before acting on any of the information, you may want to consider obtaining personal financial advice. The QSuper Board is not licensed to provide financial product advice.

Board of Trustees

Established under the *Superannuation (State Public Sector) Act 1990*, the **QSuper Board (ABN 32 125 059 006)** is responsible for administering the **QSuper Fund (ABN 60 905 115 063)**.

The QSuper Board consists of twelve Trustees, with equal representation from both employer and member entity (employee) organisations. The day-to-day running of QSuper is delegated by the QSuper Board to the Chief Executive Officer and Executive Management team of QSuper Limited (ABN 50 125 248 286, AFSL 334546). However, the QSuper Board retains responsibility for the operation of QSuper.

The QSuper Board has a number of committees established to help it carry out its responsibilities. These are:

- Audit and Risk Committee
- Product Committee
- Investment Committee
- Human Resources Committee

In addition to the Trustees appointed to these committees, the Investment Committee has three independent specialist members: Mr Michael Rice (Chairman), Mr Ian Macoun and Ms Lorraine Berends, while the Audit and Risk Committee has one independent specialist member, Mr Stephen Maitland.

The Superannuation (State Public Sector) Act 1990 provides for the indemnification of the QSuper Board. In this regard, the QSuper Board has taken out indemnity insurance under a Trustee Liability Policy.

Employer Trustees

Six Employer Trustees are nominated by the Queensland Treasurer. Details of the current Employer Trustees are listed below.



Bob Scheuber, AM (Chairman)
Former Chief Executive Queensland Rail
Appointed: December 2007



John Carpendale
Former Superannuation Fund Executive
Appointed: June 2006



Natalie MacDonald
Director-General Queensland Department of Public Works
Appointed: December 2007



Peter Henneken, AM
Former Director-General Department of Employment and Industrial Relations
Appointed: December 2007



Walter Ivessa
Assistant Under Treasurer Queensland Treasury
Appointed: June 2009



Norelle Deeth
Former Director-General Department of Child Safety
Appointed: June 2009

Member Entity Trustees

Six Member Entity Trustees are nominated as follows: one representative by the Australian Workers' Union Queensland and five other representatives by the Queensland Council of Unions. Details of the current Member Entity Trustees are listed below.



Steve Ryan (Deputy Chairman)
President Queensland Teachers' Union
Appointed: June 1994



Karen Peut, PSM
Executive Director Department of Transport and Main Roads
Appointed: May 1985



Tom Jeffers
Vice-President Australian Workers' Union Queensland
Appointed: August 2007



Gay Hawksworth, OAM
Former State Secretary Queensland Nurses' Union
Appointed: December 2007



Amanda Richards
Assistant General Secretary Queensland Council of Unions
Appointed: September 2008



Michael Barnes
General Secretary Queensland Police Union of Employees
Appointed: June 2009

Meeting attendance

Bob Scheuber	John Carpendale	Natalie MacDonald	Peter Henneken	Walter Ivessa	Norelle Deeth	Steve Ryan	Karen Peut	Tom Jeffers	Gay Hawksworth	Amanda Richards	Michael Barnes
11	11	8	11	11	11	11	10	8	11	10	10
11	11	11	11	11	11	11	11	11	11	11	11

■ Number of Board meetings attended ■ Number of Board meetings the Trustee was eligible to attend

Executive Management team as at 30 June 2011

Overseeing QSuper Limited is the Executive Management Team. The members of the team are:

Chief Executive Officer Rosemary Vilgan						
Chief Officer Member Outcomes Helen Davis	Chief Officer Strategy and Product Development Michael Pennisi	Chief Officer Member Administration Matthew Halpin	Chief Investment Officer Brad Holzberger	Chief Financial Officer Michael Cottier	Chief Officer Systems and Change Baden Sharples	Chief Officer Human Resources Paul Landy

The Commonwealth Government Budget and your super

While superannuation didn't feature heavily in this year's Budget, the Commonwealth Government has announced proposals that may impact some members, while also reaffirming its commitment to Stronger Super measures proposed last year.

Refund of excess concessional contributions

Currently, any concessional (before tax) contributions made over the concessional contributions cap are taxed an additional 31.5% on top of the contribution tax of 15%. The Commonwealth Government has proposed that from the 2011/2012 financial year, eligible members will have a one-off opportunity to have certain excess concessional contributions refunded from their superannuation account. They would then be assessed as income at their marginal tax rate, rather than incurring excess contributions tax. These members won't have the option available to them again if they breach the cap in subsequent years. This measure will only apply where a member made excess contributions of up to \$10,000.

Concessional contributions cap remains higher for members nearer retirement

The general concessional contributions cap is \$25,000, and there is currently a transitional concessional contributions cap for eligible members aged 50 or over set at \$50,000. It is proposed that from 1 July 2012, the concessional contributions cap for eligible members aged 50 or over with superannuation balances of less than \$500,000 will be permanently set at \$25,000 above the general cap.

Continued freeze on super co-contribution income thresholds

The Commonwealth Government proposes that the freeze on minimum and maximum super co-contribution income thresholds (\$31,920 and \$61,920) effective for the 2010/2011 and 2011/2012 financial years will continue for the 2012/2013 financial year.

Reaffirms commitment to increase SG rate

In last year's Budget the Commonwealth Government announced a range of measures designed to strengthen Australia's superannuation system, including a proposal to gradually increase the superannuation guarantee (SG) rate from 9% to 12% from 2013. These proposals have not yet gone before Parliament, but the Assistant Treasurer reaffirmed the Commonwealth Government's commitment to passing these measures into legislation.

Phase out of drawdown relief for pensioners

During the Global Financial Crisis (GFC) the Commonwealth Government recognised the negative impact investment market downturns were having on pensioners and responded by temporarily reducing the minimum drawdown rates for pension accounts by 50%. This temporary relief was then extended to the 2010/2011 financial year.

The Government has announced this relief will be phased out, proposing a rate reduction of 25% in the 2011/2012 financial year, and a return to normal rates in the 2012/2013 financial year.

Flood levy

The Commonwealth Government introduced a Temporary Flood and Cyclone Reconstruction Levy (flood levy) on 1 July 2011 which will be in effect until 30 June 2012. This flood levy applies to all taxable income, over \$50,000, although anyone who has been affected by a declared natural disaster may be exempt.

For the part of the taxable income of the taxpayer that:	The rate is:
exceeds \$50,000 but does not exceed \$100,000	0.5%
exceeds \$100,000	1%

For superannuation payments (including income streams and lump sum payments), this levy will apply to members aged under 60 with a taxable income over \$50,000.

If you fall into an exemption category, such as recipients of the Australian Government Disaster Recovery Payment, you are not required to pay the flood levy. If you're unsure whether you're exempt, you can find out by contacting the ATO on 13 2865.

If you are currently receiving an income stream payment and/or making lump sum withdrawals from your QSuper account, and you've been notified by the Australian Tax Office (ATO) that you are exempt from the flood levy, please send your completed *Flood levy exemption declaration* to us. For more information or to download this form, visit the ATO website at www.ato.gov.au.

All measures announced in the Budget are currently only proposals and are dependent on legislation being passed through parliament.

About QSuper's investments

QSuper's investment capability

The QSuper Board is committed to providing members with solid returns over the long term. Following a strategic decision from the Board at the end of 2008, QSuper has been steadily building its internal investment capability within QSuper Limited over the past three years. The building of this capability enables the Board to take greater control over how members' money is invested.

The internal investment capability is now in place, and the investments team is responsible for assisting the Board to set the Fund's investment strategy, engaging specialised external managers, implementing strategy efficiently, and monitoring ongoing performance of these managers.

Who invests your money?

QIC manages a large proportion of QSuper's assets, while other appointed managers include State Street Global Advisors Australia Ltd, Dimensional

Fund Advisors Australia Ltd, Bridgewater Associates and AMP Capital Investors. These managers may change from time to time. They are responsible for managing in excess of 15 individual mandates covering all asset classes in which QSuper invests.

Establishment of the Capital Markets team

As part of the internal investment capability, QSuper Limited established the Capital Markets team, which began operating in May 2011, and is responsible for portfolio rebalancing activities, currency hedging and managing financial liquidity. This team provides QSuper with a greater level of control over its investment process by allowing portfolio management decisions to be directly executed without undue reliance on external managers.

Allocation of investment returns

All QSuper Accumulation and QSuper Pension accounts are unitised. Your QSuper Accumulation or QSuper Pension account benefit is expressed as a number of units, so the value of your benefit is determined by the number of units held and each investment option has a unit price that is set daily. These unit prices change to reflect investment returns and changes in market values.

QSuper has the discretion to suspend unit prices if we require further validation of a unit price for any reason. If QSuper uses this discretion, information will be available on the QSuper website.

Single assets valued above 5% of total funds under management

At the end of the 2010/2011 financial year, the fund had 7.19% invested in the QIC Investment Trust No. 2 and 6.81% in the QIC Property Fund. These investments are diversified with no single underlying asset valued at more than 5% of total funds under management.

Monitoring of QSuper investment option asset and currency allocation ranges

QSuper's investment options are monitored daily to ensure that any variations from the prescribed asset allocation or currency ranges are detected and addressed in a timely manner.

Monitoring of external manager investment management agreements (IMAs)

QSuper monitors the compliance of external managers against requirements specified in their Investment Management Agreements (IMAs) to ensure any breaches are detected and addressed in a timely manner and provides regular reports to the Board.

Assets by manager

Manager	Asset class	Funds under management (\$ million)
QIC Ltd	Cash	6,231.6
	Defined Benefit	4,232.4
	Global Fixed Interest	3,787.0
	Global Real Estate	1,785.4
	Global Infrastructure	1,192.4
	Global Private Equity	358.8
	Alternatives	705.4
	Hedge Fund	90.4
State Street Global Advisors Australia Ltd	Australian Equities	6,716.0
	International Equities	5,207.7
Dimensional Fund Advisors Australia Ltd	Australian Equities Value	492.8
	International Equities Value	508.1
	Emerging Market Equities Value	287.7
Bridgewater Associates	Hedge Fund	137.0
AMP Capital Investors	Responsible Investment Leaders Balanced Fund (SRI option)	121.2
QSuper Ltd	QSuper Capital Markets	604.1
Total funds under management		32,458.0

Information as at 30 June 2011. For reporting purposes the numbers in this table have been rounded to one decimal place.

QSuper investment policies

Derivatives policy

The Fund uses derivative instruments as part of its investment management process.

A derivative is a financial asset or liability whose value depends on or is derived from other assets, liabilities or indices (termed the 'underlying asset'). Derivative transactions are financial contracts and include a wide range of investments, including forward foreign exchange contracts, futures, options, warrants, share ratios, swaps, and other composites of these instrument types.

The QSuper *Derivative Risk Statement* (DRS) describes the Fund's policy for managing the risk involved in entering into derivatives contracts. The Fund uses derivatives to manage exposures to specific investment markets, due to their low transaction costs and high liquidity. These features enable the Fund's risk exposures to be changed quickly and efficiently in line with investment strategies.

Asset valuation policy

Appropriate valuation methodologies are developed for each type of asset and are applied consistently. In general, listed assets are valued on a daily basis at fair market value, which is usually the last sale price. The valuation methodology adopted for unlisted assets is based upon the principles of market value. Market value is defined as the estimated amount for which an investment should exchange on the date of the valuation between a willing buyer and seller, in an arm's length transaction, where both parties acted knowledgeably, prudently and without compulsion.

QSuper's process is consistent with IFSA Guidance Note No. 26 – *Asset Valuation and Unit Pricing for Infrequently Traded Assets*.

In-house asset policy

Part 8 of the *Superannuation Industry (Supervision) Act* (SIS) details 'in-house' asset rules that are designed to ensure security of investments set aside for the provision of members' retirement incomes is not dependent on the success of the business activities of an employer or other related party. In summary, these 'in-house assets' are not to exceed 5% of total assets.

QSuper does not have more than 5% in-house assets.



Martin Krippel
member since 2009



Jean Dwyer
member since 1991



Grant Chalk
member since 2001



Katie Lee
member since 2006



Lina Baker
member since 2008



Beverley Warren
member since 2002

QSuper reserves

General Reserve

The primary purpose of the General Reserve is to ensure there is adequate provisioning to meet QSuper's current and future liabilities associated with administration costs, strategic initiatives and operational risk.

The General Reserve operates under a policy approved by the QSuper Board, which sets and annually reviews the investment strategy for the reserve. In setting the investment strategy for the reserve, consideration is given to the purpose of the reserve, the nature of the underlying liabilities, and investment risk.

The General Reserve is currently invested using the QSuper Moderate and QSuper Balanced (Default) strategies.

Insurance Reserve

The Insurance Reserve is maintained for the purpose of holding QSuper's Accumulation account insurance premiums and meeting the fund's self-insurance obligations as and when they fall due.

The State Actuary determines the adequacy of the reserve and reviews the self-insurance arrangements of QSuper's Accumulation account insurance annually.

The Insurance Reserve operates under a policy approved by the QSuper Board, and is monitored and reviewed by management quarterly.

The Insurance Reserve is currently invested using the Cash strategy.

Unallocated Contributions Reserve

The purpose of the Unallocated Contributions Reserve is to bear the risk of any movement in investment earnings during the contributions allocation process.

The Board has previously approved the QSuper Balanced (Default) investment strategy for the Unallocated Contributions Reserve because analysis of the investment preferences adopted by members shows that contributions continue to be invested primarily in the QSuper Balanced (Default) option.

The Unallocated Contributions Reserve is monitored and reviewed by management quarterly, and by the QSuper Board annually.

General Reserve	\$'000
30 June 2011	421,969
30 June 2010	350,017
30 June 2009	157,145
30 June 2008	408,087

Insurance Reserve	\$'000
30 June 2011	170,901
30 June 2010	179,572
30 June 2009	164,609
30 June 2008	162,496

Unallocated Contributions Reserve	\$'000
30 June 2011	18,880
30 June 2010	8,345
30 June 2009	8,799
30 June 2008	4,988

QSuper fees and costs

Investment fees and costs

Management fees for all investment options for the 2010/2011 financial year are shown in the tables on pages 10-12.

QSuper is committed to delivering low cost options, however costs are impacted by many things. In order to deliver improved option outcomes it is sometimes necessary for QSuper to make changes to the structure or arrangements of investment options. For example, increasing allocations to certain asset classes or introducing new managers because of a goal of higher return or certainty, can lead to higher costs. However, QSuper is always focused on ensuring our management fees are competitive when compared to the industry as a whole.

How we report fees

The cost of managing your investment is split into three separate fee components.

1. Administration fee

This fee covers costs incurred by QSuper in the process of managing your account.

2. Investment fee

This fee covers investment related costs, such as paying investment managers for managing the assets within each investment option.

3. Performance fee

This fee is paid to investment managers who outperform an agreed return target.

Administration and investment fees are deducted daily from the unit price relevant to your investment option/s before the unit price is declared. Performance fees are reflected in the daily unit price only when the value of any outperformance can be calculated.

Changes to fees and costs

QSuper is committed to keeping our fees low. As such, the QSuper Board reviews fees regularly. The QSuper Board will provide at least 30 days notice of any increase in the administration component of management fees. Given the nature of the investment and performance fee components, these fees cannot be calculated in advance.

For more information on fees and costs, please refer to the product disclosure statement (PDS) relevant to your account.

QSuper is always focused on ensuring our management fees are competitive when compared to the industry as a whole.

Changes to investment options

Changes to benchmark objectives for some Your Choice options

On the 19 August 2010, the benchmark objectives of some Your Choice options (outlined below) changed to better reflect management arrangements implemented. However no changes were made to the structure of investment options.

QSuper investment option	Previous benchmark objective	New benchmark objective
Australian Shares	To capture the return of a broadly diversified portfolio of Australian shares after fees and tax.	To match the return of the S&P/ASX 200 Accumulation Index after fees and taxes.
International Shares	To capture the return of a broadly diversified portfolio of international shares after fees and tax.	To match the return of the MSCI World Developed Markets ex-Australia net dividends reinvested accumulation index, hedged after fees and taxes.
Cash	To capture the return of a broadly diversified portfolio of cash investments after fees and tax.	To match the return of the UBS Bank Bill Index after fees and taxes.

VPP (closed) investment option

QSuper provides members of the closed Voluntary Preservation Plan (VPP) with a capital guarantee that the earning rate for a full financial year will not be negative. In return for this capital guarantee, a premium of 0.35% is levied on VPP (closed) investment option member accounts on 30 June each year. This option is invested in the QSuper Moderate strategy.

The VPP crediting rate for the 2010/2011 financial year was applied to VPP (closed) investment option member accounts before the capital guarantee fee was debited. The VPP crediting rate for the 2010/2011 financial year was 5.52%.

Asset allocation ranges

The QSuper Board recognises that different investment strategies may be required in different economic environments and accordingly sets asset allocation ranges for all of its investment options. From 19 August 2010, the QSuper Board decided to make the asset allocation ranges wider for some options, to provide QSuper with a greater ability to react to market factors when investing members' super.

Risk levels for investment options

In the returns tables on pages 10-12, we state how often we expect each option to experience a negative return, and indicate the level of risk. This reflects our assessment of the likely risk and return profile of the option at a given point in time.






New names for QSuper's investment options

In August 2010, names of some of the Ready Made and Your Choice options were changed to better reflect their investment structure, and to make it easier for members to choose the investment option that is right for them. A new *Investment choice* guide was created, which now forms part of the PDS.





No changes have been made to the structure of the investment options, although some of the objectives for the Your Choice options have been redefined to make it clearer to members what investment performance that option is intended to achieve.

The table below shows both the previous and (where applicable) current names of our investment options.

Ready Made options

Previous name	Current name	
Balanced	QSuper Balanced (Default)	
Cash Plus	QSuper Moderate	
Socially Responsible	QSuper Socially Responsible	
Basic Growth	QSuper Indexed Mix	
High Growth	QSuper Aggressive	

Your Choice options

Previous name	Current name	
Cash	Cash (no change)	
Fixed Interest	Diversified Bonds	
Australian Shares	Australian Shares (no change)	
International Shares	International Shares (no change)	

QSuper investment options

Default option



QSuper Balanced (Default)

Suited to medium to long-term investors with an investment timeframe of at least five to seven years, and who want exposure to assets with potentially higher returns. Investors in the QSuper Balanced (Default) option should also be prepared to accept fluctuations in the value of their investments over the short term.

Objective

To achieve an average return over rolling 5-year periods of CPI + 4% p.a., after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee%	Investment fee %	Performance fee %	Total %
0.19	0.34	0.13	0.66

Risk

Negative return is expected one year in every five years.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010	Ranges (%)
Cash	12	12	0-25
Fixed interest	18	12	0-25
Property	7	9	0-20
Australian shares	29	30	20-40
International shares	24	26	15-35
Alternative assets	5	6	0-20
Infrastructure	5	5	0-20

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	7.81	9.04
3 years p.a.	2.14	2.73
5 years p.a.	3.24	3.91
10 years p.a.	5.17	5.91

¹ Past performance is not a reliable indicator of future performance. ² These figures total 99% as numbers have been rounded for member reporting purposes.

Ready Made options



QSuper Moderate

Suited to investors who are seeking short to medium-term stability, and who have an investment timeframe of three to five years, and want some exposure to growth assets with potential for moderate returns. Investors in the QSuper Moderate option should also be prepared to sacrifice the potential for higher returns in exchange for short to medium-term stability.

Objective

To achieve an average return over rolling 3-year periods of CPI + 3% p.a., after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee%	Investment fee %	Performance fee %	Total %
0.19	0.22	0.06	0.47

Risk

Negative return is expected one year in every ten years.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010 ²	Ranges (%)
Cash	56	56	40-70
Fixed interest	9	6	0-12.5
Property	4	4	0-10
Australian shares	15	15	10-20
International shares	11	13	7.5-17.5
Alternative assets	3	3	0-10
Infrastructure	2	2	0-10

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	5.87	6.93
3 years p.a.	3.32	3.70
5 years p.a.	3.92	4.46
10 years p.a.	4.86	5.54



QSuper Socially Responsible

Suited to medium to long-term investors who want an approach that considers the investment's impact on society and the environment, and have an investment timeframe of at least five to seven years. Investors in the QSuper Socially Responsible option who want exposure to assets with potentially higher returns should also be prepared to accept fluctuations in the value of their investments over the short term.

Objective

To achieve an average return over rolling 5-year periods of CPI + 3.5% p.a., after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee%	Investment fee %	Performance fee %	Total %
0.19	0.69	0.01	0.89

Risk

Negative return is expected one year in every four years.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010	Ranges (%)
Cash	2	3	0-10
Fixed interest	23	24	10-36
Property	14	13	0-35
Australian shares	36	35	28-48
International shares	25	25	4-42
Alternative assets	0	0	0-10
Infrastructure	0	0	0

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	5.89	6.92
3 years p.a.	1.45	1.54
5 years p.a.	2.12	2.30
10 years p.a.	n/a	n/a

Ready Made options



QSuper Indexed Mix

Suited to medium to long-term investors who have an investment timeframe of at least five to seven years, and who want to be invested in the lowest fee Ready Made option and prefer its investment strategy. Investors in the QSuper Indexed Mix option who want exposure to assets with potentially higher returns should also be prepared to accept more fluctuations in the value of their investment over the short term.

Objective

To achieve an average return over rolling 5-year periods of CPI + 3.5% p.a., after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee%	Investment fee %	Performance fee %	Total %
0.19	0.18	0.02	0.39

Risk

Negative return is expected one year in every five years.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010	Ranges (%)
Cash	8	5	0-13
Fixed interest	25	25	18-32
Property	7	10	0-20
Australian shares	35	35	28-42
International shares	25	25	18-32
Alternative assets	0	0	0
Infrastructure	0	0	0

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	9.19	10.50
3 years p.a.	3.14	2.96
5 years p.a.	n/a	n/a
10 years p.a.	n/a	n/a

¹ Past performance is not a reliable indicator of future performance.



QSuper Aggressive

Suited to long-term investors who have an investment timeframe of more than ten years, and who want exposure to assets with potentially higher returns. Investors in the QSuper Aggressive option should also be prepared to accept fluctuations in the value of their investments over the short to medium term.

Objective

To achieve an average return over rolling 10-year periods of CPI + 5% p.a., after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee%	Investment fee %	Performance fee %	Total %
0.19	0.42	0.18	0.79

Risk

Negative return is expected one year in every four years.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010	Ranges (%)
Cash	3	4	0-15
Fixed interest	7	0	0-20
Property	7	9	0-20
Australian shares	28	29	15-45
International shares	40	43	25-55
Alternative assets	8	10	0-25
Infrastructure	7	5	0-20

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	9.99	11.58
3 years p.a.	-0.32	0.78
5 years p.a.	1.70	2.70
10 years p.a.	4.00	4.95

Your Choice options



Cash

Suited to short-term investors who have an investment timeframe of less than one year, and want to protect the value of their investments. Investors in the Cash option should also be willing to accept very little short-term real growth.

Objective

To match the return of the UBS Bank Bill Index after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee%	Investment fee %	Performance fee %	Total %
0.19	0.07	0.00	0.26

Risk

Negative return is not expected over one year.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010	Ranges (%)
Cash	100	100	100
Fixed interest	0	0	0
Property	0	0	0
Australian shares	0	0	0
International shares	0	0	0
Alternative assets	0	0	0
Infrastructure	0	0	0

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	4.05	4.77
3 years p.a.	3.90	4.44
5 years p.a.	4.19	4.87
10 years p.a.	4.24	4.99

QSuper investment options

Your Choice options



Diversified Bonds

Suited to short to medium-term investors who have an investment timeframe of three to five years, and who want steady returns. Investors in the Diversified Bonds option should also be prepared to accept small to moderate fluctuations in the value of their investment in the short term.

Objective

To capture the return of a broadly diversified portfolio of global fixed interest investments, after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee %	Investment fee %	Performance fee %	Total %
0.19	0.21	0.00	0.40

Risk

Negative return is expected one year in every nine years.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010	Ranges (%)
Cash	0	0	0-10
Fixed interest	100	100	90-100
Property	0	0	0
Australian shares	0	0	0
International shares	0	0	0
Alternative assets	0	0	0
Infrastructure	0	0	0

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	5.33	6.38
3 years p.a.	9.63	9.07
5 years p.a.	7.35	7.34
10 years p.a.	n/a	n/a



International Shares

Suited to long-term investors who have an investment timeframe of more than ten years, and who want potentially higher returns over the long term. Investors in the International Shares option should also be prepared to accept fluctuations in the value of their investment over the short to medium term.

Objective

To match the return of the MSCI World Developed Markets ex-Australia net dividends reinvested accumulation index, hedged after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee %	Investment fee %	Performance fee %	Total %
0.19	0.09	0.00	0.28

Risk

Negative return is expected one year in every three years.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010	Ranges (%)
Cash	2	0	0-10
Fixed interest	0	0	0
Property	0	0	0
Australian shares	0	0	0
International shares	98	100	90-100
Alternative assets	0	0	0
Infrastructure	0	0	0

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	17.18	19.78
3 years p.a.	-1.62	0.23
5 years p.a.	0.17	1.44
10 years p.a.	n/a	n/a



Australian Shares

Suited to long-term investors who have an investment timeframe of more than ten years, and who want exposure to assets with potentially higher returns over the long term. Investors in the Australian Shares option should also be prepared to accept fluctuations in the value of their investment over the short to medium term.

Objective

To match the return of the S&P/ASX 200 Accumulation Index after fees and taxes.

Fees

Management fees for 2010/2011

Admin fee %	Investment fee %	Performance fee %	Total %
0.19	0.07	0.00	0.26

Risk

Negative return is expected one year in every three years.



Asset allocations

	Actual asset allocations (%) Year ended 30 June 2011	Actual asset allocations (%) Year ended 30 June 2010	Ranges (%)
Cash	0	0	0-10
Fixed interest	0	0	0
Property	0	0	0
Australian shares	100	100	90-100
International shares	0	0	0
Alternative assets	0	0	0
Infrastructure	0	0	0

Investment returns¹

	Accumulation account	QSuper Pension account
Crediting rate (%)		
12 months	7.09	8.27
3 years p.a.	0.40	0.32
5 years p.a.	2.81	3.03
10 years p.a.	n/a	n/a

¹ Past performance is not a reliable indicator of future performance.

Defined benefit style accounts

About these accounts

The balance of a defined benefit style account grows based on a formula. As a member with a defined benefit style account, your benefit is generally affected by your years of service and salary, and may also depend on the level of contributions you choose to make.

Instead of making contributions into your individual account, your employer contributes to a pool of funds held by the Queensland Treasury Corporation on behalf of the State Government, which is used to pay the benefits of all defined benefit style accounts as required. The State Actuary calculates the amount your employer is required to contribute. QSuper, and the State Government as the employer sponsor of the fund, invest the overall pool of money to ensure there are sufficient funds to pay all member benefits as needed.

Details of the defined benefit investment strategy, objectives and investment returns are reported to the right. As the calculation of your benefit is formula based, it's not directly affected by these returns.

QSuper has several defined benefit style accounts - Defined Benefit, State, Police and Parliamentary - which are all closed to new members.

As a member with a defined benefit style account, your benefit is generally affected by your years of service and salary, and may also depend on the level of contributions you choose to make.

Investment objective

The investment objective for QSuper's defined benefit style accounts is to ensure the fund is able to meet all its obligations relating to member benefits as they fall due. The asset allocation, described in the table below, is designed to meet this objective.

Asset allocation			
	Ranges (%) from 30 June 2011	Actual allocation (%) ¹ as at 30 June 2011	Actual allocation (%) ² as at 30 June 2010
Cash	0-30	27	26
Fixed interest	0-25	10	10
Property	5-15	7	12
Australian shares	15-25	19	18
International shares	15-25	19	18
Alternative assets	0-25	10	9
Infrastructure	5-15	9	6

¹ These figures total 101% as numbers have been rounded for member reporting purposes.
² These figures total 99% as numbers have been rounded for member reporting purposes.

2010/2011 returns

The crediting rates shown below are declared by the Board on an annual basis. These apply to your compulsory personal contributions for the State, Police and Defined Benefit accounts but do not affect your overall entitlement. For the Parliamentary account, these returns have no impact on member benefits. The returns are net of fees deducted for management, insurance and tax expenses. As part of our commitment to comprehensive reporting, these details are provided for the information of members.

Investment returns ³						
	Defined Benefit	Parliamentary	State		Police	
	Crediting rate (%)	Crediting rate (%)	Resignation crediting rate (%)	Preservation crediting rate (%)	Resignation crediting rate (%)	Preservation crediting rate (%)
12 months	7.81	7.81	7.41	7.81	7.41	7.81
3 years p.a.	2.14	2.14	1.74	2.14	1.74	2.14
5 years p.a.	3.62	2.65	2.84	3.24	2.84	3.24
10 years p.a.	6.01	5.10	5.50	5.82	5.50	5.82

³ These returns are compound annualised returns, net of fees and taxes.

Important information

Online Annual Report to Members

Commonwealth legislation enables us to provide this annual report to members electronically in an online format that can also be downloaded from our website at qsuper.qld.gov.au/annualreport. Our decision to provide the document in this format reflects our commitment towards sustainable business practices and reducing costs.

You can, however, request to continue to receive a printed copy of the annual report at no cost by calling us on 1300 360 750.

Surcharge

The superannuation surcharge was abolished from 1 July 2005. Any existing surcharge liabilities remain payable to the Australian Taxation Office and will generally be deducted from your entitlement when you claim a benefit from QSuper or if you roll over to another complying superannuation fund. To find out if you have a surcharge liability recorded for your account, please see your benefit statement.

Enquiries and complaints

QSuper has procedures in place to ensure all enquiries and complaints are dealt with fairly and promptly.

If you have a complaint about QSuper, give us a call on 1300 360 750 (or +617 3239 1004 if calling from overseas). Alternatively, write to the Enquiries and Complaints Officer, QSuper, GPO Box 200, Brisbane QLD 4001, and mark your letter 'Notice of enquiry or complaint'.

If the matter is not resolved within 90 days, or if you are unsatisfied with our response, you can take the matter to the Superannuation Complaints Tribunal (SCT) – an independent body set up by the Commonwealth Government to assist members only after they have made use of their superannuation fund's internal complaints procedure. If you want to find out whether the SCT is able to deal with your complaint, you can contact them on 1300 884 114 or visit their website at www.sct.gov.au.

Insurance premium changes for Queensland Government employees

From 1 July 2011, insurance premiums for Queensland Government employees in the QSuper Accumulation account will increase to cover rising costs associated with member claims. The cost of death and total permanent disability (TPD) insurance will increase from \$1.00 to \$1.25 per unit/per week, and the cost of death only insurance will increase from \$0.30 to \$0.37 per unit/per week. Income protection insurance is costed on an age-based percentage of salary, and current premiums can be found in QSuper's *Member guide; Insurance - Accumulation account Queensland Government and related entity employees*.

These increases do not affect non-Queensland Government employees, as they have separate insurance arrangements with TAL Life Limited (formerly TOWER Australia Limited).

Members affected by the insurance premium increases were sent a letter notifying them of these changes.

Continuation of insurance for non-Queensland Government employees

QSuper members who cease employment with the Queensland Government are able to elect a non-Queensland Government employer to continue to make superannuation contributions on their behalf. Insurance benefits are provided to these members through TAL Life Limited.

Members may be able to continue the level of death and TPD insurance cover held under Queensland Government employment, if they elect within 90 days of ceasing previous employment to have a non-government employer contribute to QSuper. In that case, the member's pre-existing condition period will also continue. From 1 July 2011, TAL Life Limited has extended the eligibility period from 28 days to 90 days without any increase to insurance premiums for any members selecting a new non-government employer from this date.

Service providers

Administrator

QSuper Limited¹
Central Plaza Three
70 Eagle Street
Brisbane QLD 4000

Investment manager

QSuper Limited¹
Central Plaza Three
70 Eagle Street
Brisbane QLD 4000

Financial planning

Q Invest²
Central Plaza Two
Level 8, 66 Eagle Street
Brisbane QLD 4000

Internal auditor

Ernst & Young³
Waterfront Place
Level 5, 1 Eagle Street
Brisbane QLD 4000

External auditor

Queensland Audit Office
Level 14, 53 Albert Street
Brisbane QLD 4000

Actuary

State Actuary
Level 2, 33 Charlotte Street
Brisbane QLD 4000

External insurer

TAL Life Limited⁴
Ground level, 80 Alfred Street
Milsons Point NSW 2061

Custodian

National Australia Bank Asset Servicing⁵
Level 12, 500 Bourke Street
Melbourne VIC 3000

1. QSuper Limited (ABN 50 125 248 286. AFSL 334546) is a wholly owned subsidiary of the Board of Trustees (QSuper Board) (ABN 32 125 059 006) of the State Public Sector Superannuation Scheme (QSuper) (ABN 60 905 115 063).
2. Q Invest Limited (ABN 35 063 511 580. AFSL 238274). Q Invest is wholly owned by the QSuper Board of Trustees. QSuper does not accept responsibility for the financial advice or services provided by Q Invest, which is a separate legal entity.
3. Ernst & Young Australia (ABN 75 288 172 749).
4. TAL Life Limited (ABN 70 050 109 450 / AFS licence 237848).
5. National Australia Bank Limited (ABN 12 004 044 937).

Financial statements

The QSuper Fund's abridged financial statements have been prepared before the completion of the audit of accounts, using information available at the time of publication. The audited financial statements and auditor's report will be available on the QSuper website in November 2011.

Statement of net assets as at 30 June 2011	30/06/2011 \$'000	30/06/2010 \$'000
ASSETS		
Cash	73,430	50,674
Receivables		
Contributions receivable	-	30,353
GST receivable	2,307	2,680
Sundry receivables and prepayments	540	2,228
	2,847	35,261
Investments		
Cash and short term deposits	1,793,795	2,925,046
Other interest bearing securities	9,197,496	5,743,018
Equities	12,397,566	8,670,842
Preference shares	16,461	6,421
Listed trusts	693,435	726,773
Unlisted unit trusts	8,328,193	9,670,174
Unlisted partnerships	39,780	-
Derivative assets	8,382,092	12,649,252
Investments in service providers	61,490	43,656
	40,910,308	40,435,182
Tax assets		
Deferred tax assets	219,241	360,168
Total assets	41,205,826	40,881,285
LIABILITIES		
Benefits payable	14,267	11,491
Administration and investment management fees payable	15,738	19,788
Sundry payables	547	742
Derivative liabilities	8,306,958	12,778,183
Current tax liabilities	133,663	94,472
Provision for superannuation contributions surcharge	69,285	72,375
Total liabilities	8,540,458	12,977,051
NET ASSETS AVAILABLE TO PAY BENEFITS	32,665,368	27,904,234
Represented by:		
Reserves	611,750	537,934
Accumulated funds	32,053,618	27,366,300
NET ASSETS AVAILABLE TO PAY BENEFITS	32,665,368	27,904,234

Statement of changes in net assets for the year ended 30 June 2011	30/06/2011 \$'000	30/06/2010 \$'000
NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the financial year	27,904,234	23,403,538
REVENUE		
Investment revenue		
Distributions / Dividends	1,647,361	4,288,683
Change in net market value of investments	1,580,378	(1,595,944)
Interest revenue	2,399	2,171
	3,230,138	2,694,910
Contribution revenue		
Employer contributions	3,231,658	2,926,049
Member contributions	882,694	870,804
Transfers from other funds	513,033	432,562
	4,627,385	4,229,415
Other revenue		
Insurance recoveries	436	256
Sundry revenue	1,847	462
	2,283	718
Total revenue	7,859,806	6,925,043
Less: EXPENSES		
Benefits paid	2,199,354	1,791,833
Direct investment expenses	87,308	67,529
General administration expenses		
Administration fee	75,803	71,392
Strategic and change initiative fee	8,104	11,800
Other fees	1,958	2,478
Financial planning fee	14,667	14,405
Superannuation contributions surcharge	3,562	4,166
Insurance premiums	4,909	4,042
	109,003	108,283
Total expenses	2,395,665	1,967,645
TOTAL CHANGE IN NET ASSETS BEFORE INCOME TAX	5,464,141	4,957,398
Income tax expense	703,007	456,702
TOTAL CHANGE IN NET ASSETS AFTER INCOME TAX	4,761,134	4,500,696
NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the financial year	32,665,368	27,904,234



Contact Centres

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Superannuation product identification numbers (SPIN)

Accumulation account: QSU0101AU
Defined Benefit: QSU0102AU

Superannuation fund number (SFN): 2610 419 41

Board of Trustees of the State Public Sector
Superannuation Scheme (the QSuper Board):
ABN 32 125 059 006

State Public Sector Superannuation Scheme (QSuper):
ABN 60 905 115 063