

BUILDING THE FUTURE TOGETHER



CBUS ANNUAL REPORT 2010/11





1,249,066

Website visits

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Cbus 2010/11 Annual Report.



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About Cbus

Throughout this annual report you will discover many quick facts of how Cbus is growing, changing and functioning as a super fund.

Number of benefits paid last year

21,550

661,663
members

Cbus' Funds Under Management

grew by 21.8%
over the past year,
to over \$17bn

76,750
employers

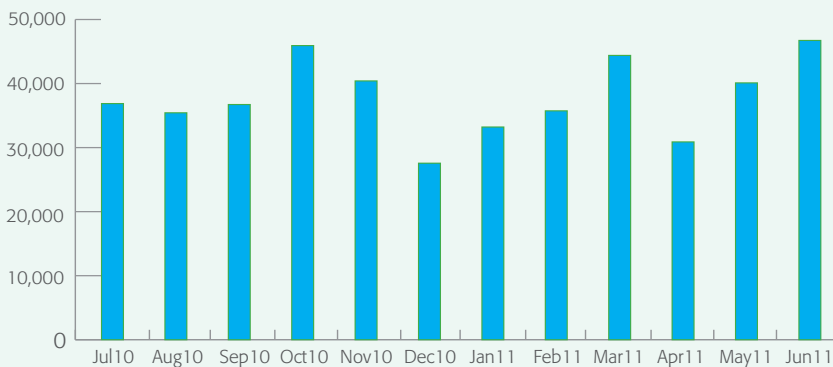
Contributions over the
past year:

Employer Contributions
increased by 19.6%
over the past year,
to \$1.6bn

Salary Sacrifice contributions
increased by 10.7%
to \$150 million

Member Voluntary contributions
increased by 6.5%,
to \$121 million

Incoming calls to the Cbus call centre over the past financial year



CONNECT Super
merged with Cbus on
1 October 2010

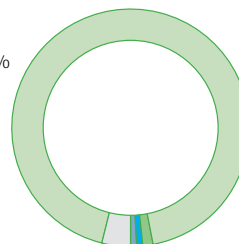
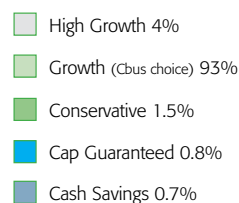
Super Income Stream

The Cbus Super Income Stream
Funds Under Management are
\$338 million

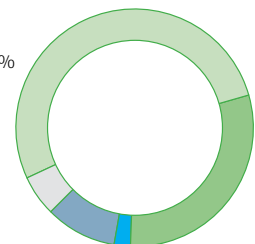
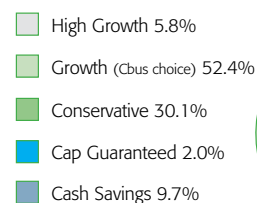
The total number of members
in the Super Income Stream:
1,697

Cbus members have their super invested in the following options:

Accumulation



Super Income Stream



Chair's Foreword

Cbus aims to be at the leading edge of accountability and openness.

|| Cbus' sole purpose is to look after its members' interests. ||

A Message from the Chairman

Welcome to the 2010/11 Cbus Annual report.

As an industry fund, Cbus' sole purpose is to look after our members' interests. We don't have shareholders that we have to share profits with so every dollar of profit we make goes to our members.

Cbus has shown over 27 years how this can make a lifetime of difference for members' retirement savings. The 2011 Cbus Annual Report documents this great story.

We believe it is important to let members know how their fund is run, and how their interests are at the heart of everything we do.

As we celebrate the 20th birthday of the superannuation guarantee in 2011, it is a good time to take a step back and look at where we've come from, and perhaps more importantly, where super is heading.



Steve Bracks, Chair of Cbus

Far from its humble beginnings, the total Australian superannuation savings pool of about \$1.4 trillion is now as big as Australia's annual GDP, and is reputedly the fourth biggest savings pool of its type in the world. That's an amazing achievement that not many at the time would have foreseen. Arguably, the investment of these funds played a significant role in helping to stave off a recession during the recent Global Financial Crisis, in contrast to the rest of the western world.

As the super industry matures, it brings with it a greater responsibility for more accountability and openness, and the need for a commitment to even higher standards in environment, social and corporate governance.

Cbus aims to be at the leading edge of this challenge.

Cbus played a role in developing the Australian Institute of Superannuation Trustees fund governance framework launched in March at the Conference of Major Superannuation Funds – a milestone in improved information disclosure.

A strength of industry funds is the dual representation model whereby unions and employers have an equal role, with the support of independent members, in the stewardship of members' super funds by injecting a strong bipartisan approach.

This year's Cbus Annual Report vastly expands the amount of information available to our members and stakeholders, going from 16 pages last year to 52 pages this year. This is an ongoing process and in coming years we will look at what other information will help boost transparency.

This report is a big step forward in that journey, and I commend it to you.

The background of the slide is a photograph of a large stack of light-colored wooden planks. The planks are stacked in a way that creates a sense of depth, with some in sharp focus in the foreground and others blurred in the background. A bright, circular light source, possibly a window or a lamp, is visible in the upper right background, creating a soft glow and a lens flare effect. The overall color palette is warm, dominated by the natural tones of the wood and the soft light.

9.1 %

Annual return
since inception

CEO's Foreword

It is important that Cbus continues to meet the changing needs of our members.

A message from the CEO

Cbus members work in an industry that involves hard work, but we know from our research that both members and employers are proud that their work helps build our nation's future.

Because the type of work in our industry is so specialised, it makes sense that the industry has a super fund totally dedicated to servicing the needs of members and employers in the construction and building industry. Our members are experts in their trade or profession and want to be in a fund that looks after their interests and takes the hassle out of investing.

Cbus was established solely to service our unique workforce, and this is reflected in our overarching objective.

At Cbus, our job is to:

"provide superannuation services relevant to construction, building and allied industry workers and retirees, their families and employers. We will increase the proportion of our industry workforce who choose Cbus. We will do this by focusing on our members' best interests, building on our unique workplace relationships and demonstrating our long-term commitment to the industry."

It is therefore pleasing to report that independently commissioned research conducted over the last 12 months by the Fund, shows that we have very strong satisfaction levels with our members, employers and sponsoring organisations.

However we don't take our members' loyalty for granted and it is important that the Fund continues to meet our changing member needs. This year's annual report documents how the Fund has continued to evolve in response to these changes and charts our progress in achieving our objectives.

The last year has been a very busy and rewarding year and there have been a lot of achievements. Some highlights include:

In October 2010 we welcomed 27,000 new members as we merged with CONNECTSuper. This was quite a huge logistical task involving merging member accounts, employer systems, and investments, and I'm pleased to say it went very smoothly.

Our investment performance was again strong, with the Growth (Cbus Choice) option returning a healthy 8.7 per cent for 2010/11 and our performance since inception in 1984 is an even healthier 9.1 per cent.

However despite these healthy returns the current investment environment has been very volatile and we continue to monitor developments to ensure that we grow members' savings.

Our wholly owned subsidiary Cbus Property, with its portfolio of \$1.7 billion, had a very successful year of commencing new developments and is an iconic example of how we invest back into our industry, simultaneously providing strong returns while creating jobs for our members.

The Fund has also continued to roll out additional investment and advice services that are designed to help members make better retirement decisions. This has included streamlining our investment options and improved risk disclosure.

We have also increased resources in the Finance Education and Advice Team (FEAT). This service allows members to get general or limited personal advice over the phone at no additional cost to administration fees charged. Over the past 12 months the FEAT has had advice conversations to over 17,400 members.

It is with pride that I present to you the 2010/11 Cbus Annual Report.



David Atkin, CEO of Cbus

Strategic objectives and performance

At Cbus, strategy planning is a highly collaborative and disciplined activity.



*37.7 years
Average member age*



The Cbus strategy statement and strategy map have been developed as part of an extensive planning process. The strategy map outlines the Fund's focus in pursuing its purpose in four dimensions:

- key objectives
- organisational and employee capabilities
- business processes (service delivery)
- governance and financial management.

Cbus regularly undertakes member, employer and sponsoring organisation satisfaction research to test the effectiveness of its strategic, direction and performance using an evidence-based approach.

There are seven key objectives (drivers) that underpin the overarching Fund objective to "maximise members' retirement outcomes".

Cbus is strategically committed to its building and construction origins and to serving the superannuation (retirement) needs of its members. We believe our continuing relevance, growth and long-term viability are dependent upon our ability to serve the unique needs of our members, in consultation with our sponsoring organisations and stakeholders.

During the planning process, we develop the key Fund strategies and agree on the major initiatives for the year. All the initiatives have a direct relationship to achieving the key objectives identified in the strategy map.

The key objectives

- 1. Maximise long-term investment returns.**
Ensure there is consistent growth in the average account balance through strong and long-term investment performance.
- 2. Maintain our low cost focus.**
Cbus is committed to delivering product and service that truly meets the needs of our members on a 'value for money' basis.
- 3. Help members make good retirement decisions.**
Cbus has developed a range of effective member advice services to help ensure our members receive appropriate and adequate advice from their Fund throughout the accumulation and retirement phase of their membership. Member advice services include general, limited personal and full personal financial planning. In addition, Cbus operates an outbound advice service and provides greater risk disclosure and projections in relation to the various investment options.
- 4. Deliver products and services that meet members' and employers' needs.**
Cbus is always looking to improve the way it delivers service to Members and employers. We do this because we are confident that service delivery improvements will lead to increased member and employer satisfaction.
- 5. Grow the Fund.**
Cbus acknowledges that appropriate growth benefits all its members. It continues to explore options to build the Fund within the construction, building and allied industries. To optimise our opportunities for growth, we consider and prioritise options that focus the efforts of the Fund's growth teams.

6. Maintain and build our brand.

Cbus plays an important role in the building and construction industry. We understand that working in construction forms an important part of many members' identities. This connection has ensured that Cbus enjoys strong brand loyalty and recognition among its membership. Cbus regularly and formally measures this through 'Brand Laddering' research.

7. Build on our sponsoring organisation relationships.

Cbus has a long and strong history with its sponsoring organisations. These relationships are integral to brand strength and to member and employer loyalty. To continue serving the best interests of members, Cbus aims to build upon its privileged workplace relationships. Cbus conducts regular research to understand and improve its relationships with its sponsoring organisations.

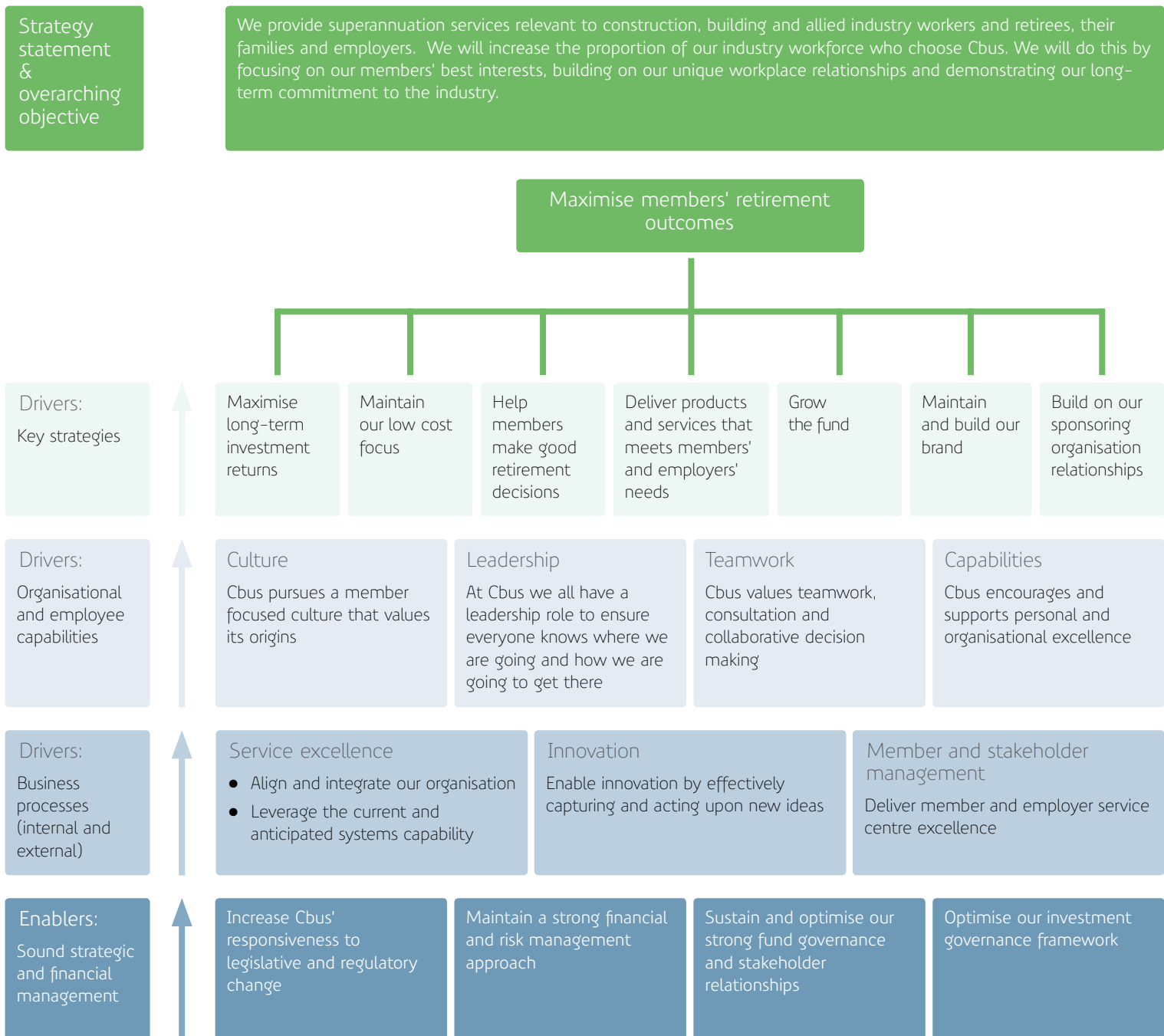
Key initiatives in 2010/11

There were several key initiatives supporting the objectives of the Fund that were completed during the year. These include:

- the successful merger of the Connect Fund into Cbus
- the implementation of the Member Advice Service
- the rationalisation of investment options
- the review and upgrade of the group insurance arrangements
- organisational change, with greater emphasis on our workplace distribution capability.

Strategy map

Everyone at Cbus can link their day to day activities to the key strategies to achieve our overarching objective.



Future service capability and advice projects

We are building better service capability to become a better fund for our members.

|| A significant focus of the advice services is to help members make the right decisions. ||

Service capability project

Cbus is investing in new information technology systems and continuing to develop its capabilities to meet the ongoing and changing needs of its members and employers.

Specifically, Cbus is a major shareholder in its administrators, Superpartners, and the Fund recently made a significant investment in the development of a new core administration system, called SPright. It is technology that will improve our ability to process contributions, pay benefits and maintain members' accounts. Delivery of the system is scheduled for mid 2012.

This project, along with a comprehensive organisational change management program, is expected to deliver unprecedented service capability that will make dealing with Cbus easier and more effective. This will mean better service and better value for members.

Advice project

Cbus cares about its members. We understand that members have questions and, at times, need help in making decisions about their superannuation. Through its Member Advice Services, the Fund provides a full range of advice services – general, limited personal and full personal financial planning.

Cbus encourages its members to speak to the Fund whenever they have a question about their superannuation or are making decisions about this important personal investment.

As part of the service, Cbus makes direct contact with members it believes may benefit from a discussion with our superannuation advisors. A significant focus of the service is to help members make the right decisions that maximise their retirement outcomes.



Cbus Directors

Directors are appointed in equal numbers from employer associations and unions.



Wilhelm Hamisch



John Murray



John Haskins



Anthony McDonald



Scott Beynon



Peter Smith



Peter Kennedy

EMPLOYER DIRECTORS (APPOINTED BY MASTER BUILDERS OF AUSTRALIA)

Director	Nominated by	Appointment Date
Wilhelm Hamisch, CEO of Master Builders of Australia	Master Builders of Australia	13/04/00
John Murray, non-executive Director of various companies/Adjudicator/Arbitrator	Master Builders of Australia	22/09/99
John Haskins, retired, non-executive Director of various companies	Master Builders of Australia	5/06/03
Peter Kennedy, CEO, Hansen Yuncken Pty Ltd	Master Builders of Australia	31/03/04
Anthony McDonald, CEO, Primespace Property Investment Ltd	Master Builders of Australia	22/04/09
Scott Beynon, National President, Master Builders of Australia	Master Builders of Australia	19/08/09
Peter Smith, retired, non-executive Director of various companies	National Electrical and Communications Association	15/12/10
Ron Doubikin, alternate Director for all MBA Directors	Master Builders of Australia	19/08/09

Key:

ACTU – Australian Council of Trade Unions

AMWU – Australian Manufacturing Workers Union

AWU – Australian Workers Union

CEPU – Communications, Electrical, Plumbing Union

CFMEU – Construction, Forestry, Mining and Energy Union

MBA – Master Builders of Australia



Bernie Fraser



Steve Bracks



Frank O'Grady



Dave Noonan



Rita Mallia



Glenn Thompson



Peter Tighe



Cesar Melhem



Linda Rubinstein

MEMBER DIRECTORS (APPOINTED BY ACTU AND SPONSORING UNIONS)

Director	Nominated by	Appointment Date
Steve Bracks, Special Advisor to the Prime Minister of Timor-Leste, non-executive Director of various companies	ACTU	24/02/09
Frank O'Grady, Assistant National Secretary, CFMEU	CFMEU	23/02/11
Dave Noonan, National Secretary, CFMEU	CFMEU	1/11/06
Rita Mallia, Senior Legal Officer, CFMEU	CFMEU	23/02/11
Glenn Thompson, Assistant National Secretary, AMWU	AMWU	13/12/01
Tim Ayres, alternate Director for Glenn Thompson	AMWU	20/08/08
Peter Tighe, National Secretary, CEPU	CEPU	11/05/01
Earl Setches, alternate Director for Peter Tighe	CEPU	15/08/02
Cesar Melhem, State Secretary, AWU	AWU	11/12/07
Scott McDine, alternate Director for Cesar Melhem	AWU	23/02/11

DIRECTORS AND ALTERNATE DIRECTORS WHO HAVE CEASED BETWEEN 1 JULY 2010 TO 30 JUNE 2011

Director	Nominated By	Appointment Date	Resignation Date
Harnath, Chris	MBA	19/09/96	20/10/10
Littler, Albert	CFMEU	18/11/98	15/12/10
Rubinstein, Linda	ACTU	24/09/03	22/06/11
Sutton, John	CFMEU	5/09/94	15/12/10
Whiley, Andrew (alternate Director)	AWU	16/09/97	23/02/11
Fraser, Bernie (independent Director)	Independent	19/11/96	22/06/11



7.89

Member
satisfaction
score out of 10

Executive profiles

The executive team bring a diverse range of skills and experience to the management of Cbus.



David Atkin

Title: CEO

Qualifications: BA (Hons), MA, Diploma of Financial Services

Started at Cbus: 2008

David Atkin is responsible for working with the Board to ensure that the Fund develops and successfully implements a comprehensive Strategic Plan that meets the needs of members, employers and sponsoring organisations. The office of the CEO oversees all aspects of the operation of the Fund and the Board of Directors. The CEO's team is responsible for executive management, business strategy, Fund integration and Trustee liaison.



Chris Altis

Title: Executive Manager Marketing and Corporate Affairs

Qualifications: BCom, MA (Hons)

Started at Cbus: 2009

Chris Altis and his team are responsible for developing marketing and communication strategies and publications designed to ensure that current and potential members and employers understand the benefits available to them as part of the Cbus superannuation family. The corporate affairs function engages with government and the broader industry on policy and related issues.



Maria Butera

Title: Executive Manager Workplace Distribution

Qualifications: BCom

Started at Cbus: 1997

Maria Butera and her team are responsible for aligning, planning and implementing the growth and retention strategies of the Fund. Maria's team comprises those staff members who communicate directly with members and employers, including all our member and employer coordinators.

Executive profiles



Trish Donohue

Title: Executive Manager Investments

Qualifications: BSc, Actuary, CIMA designee, Fellow of FINSIA

Started at Cbus: 2000

Trish Donohue and her team are responsible for investing and managing members' superannuation money. The team works closely with the Board's Investment Committee to set the Fund's investment strategy, select fund managers, and monitor and review the investments made. The team comprises investment specialists who are supported by external organisations, including investment adviser Frontier Investment Consulting, fund managers and our custodian, National Australia Bank.



Sean Leonard

Title: Executive Manager Product and IT Strategy

Qualifications: MBA, Grad. Dip. Applied Finance and Investments, FINSIA, Dip. S.M.

Started at Cbus: 2010

Sean Leonard is responsible for reviewing the Fund's product offering to members and employers and ensuring that they meet current and future needs. This involves developing the Fund's strategic thinking and service delivery around meeting members' needs in retirement. Sean is also responsible for developing the IT strategy for the Trustee office.



Johanna Nielsen

Title: Executive Manager People and Culture

Qualifications: Grad. Dip. Human Resources, completing a Masters of Human Resource Management

Started at Cbus: 2008

Johanna Nielsen and her team are responsible for ensuring that the Fund's human resource policies and practices help deliver the business strategy outlined in the Cbus Strategy Plan. People and Culture (P&C) look after all the HR policies and procedures and the implementation of enterprise agreements. P&C looks after remuneration and benefits, performance planning and review, professional development, training and career management. It also manages recruitment and associated responsibilities and OH&S. Johanna is responsible for the Business Services team, which manages the office facilities.



Stephen Spiller

Title: Executive Manager Organisation Strategy and Service Delivery

Qualifications: MBA, Fellow ANZIIF

Started at Cbus: 2001

Stephen Spiller and his team have several responsibilities, including the development and delivery of the Trustee Business Plan. The Project Office and Administration Services function manages delivery of major Fund projects and the ongoing delivery of our employer and member services through Superpartners.

The Insurance and Complaint Services area is responsible for the effective delivery of all Fund insurances through our group life insurer, Hannover Life Re. The financial planning team help members with their retirement planning.



Angela Thurstans

Title: Executive Manager Governance and Risk

Qualifications: BA/LLB, LLM (Com)

Started at Cbus: 1999

Angela Thurstans and her team ensure that Cbus complies with all relevant Fund rules, licence requirements, legislation obligations and regulatory requirements as well as overseeing compliance, governance and risk management frameworks. The Governance and Risk team also provide assistance and advice to all business units within the Fund and reviews all communication and marketing material.



Keith Wells-Jansz

Title: Executive Manager Finance

Qualifications: BBus, CPA

Started at Cbus: 2009

Keith Wells-Jansz and his team, in partnership with external service providers, ensure that Cbus meets all its financial and compliance obligations, such as financial reporting, taxation, audit and legislative compliance. Internally, the finance team facilitates the year-end financial reporting and income tax processes, provides management reporting, facilitates the budget process, provides payroll services to employees and manages the accounts payable process. The Finance team also has prime responsibility for the crediting rate process, including calculation and approval of rates for pension and accumulation investment options.

The role of the Board and its committees

To make informed decisions in the best interest of the beneficiaries of the fund.



Cbus does not pay commissions or shareholder dividends

Decisions of the Board and its committees are made by a two-thirds majority.



Cbus is managed by a licensed trustee company, United Super Pty Ltd (the Trustee).

The Australian Prudential Regulation Authority (APRA) has approved United Super to operate Cbus as a public offer fund. This means anyone can join Cbus. The Trustee also has a Registrable Superannuation Entity (RSE) licence from APRA.

The Australian Securities and Investment Commission (ASIC) has licensed United Super to provide general financial advice on Cbus and other products available to members such as Members Equity Bank and ME Investment Funds. Cbus is run to benefit members. It does not pay commissions or shareholder dividends.

The Trustee holds indemnity insurance to protect the Fund from legal action.

The Trust Deed

The Fund is governed by a Trust Deed. The Trust Deed is a legal document that determines the way Cbus is managed.

The Directors of (Cbus) United Super Pty Ltd are appointed in equal number to the Trustee Board (the Board) from employer associations and union (member) associations in the construction and building industries. An appointed independent Director also sits on the Board.

Under the leadership of Steve Bracks, the Board and its committees have worked closely with management to ensure that the Fund meets the needs of members and that it is preparing for future challenges as the retirement industry undergoes significant change.

Role of the Trustee Board

1. To make informed decisions in the best interests of beneficiaries of the Fund.
2. To set the strategic direction and objectives of the Fund to enable it to maximise the retirement benefits for its members, and to review and measure performance of adopted strategies against the defined measures.
3. To set the investment strategies and objectives, and to review and measure the performance of the investment strategies against the defined objectives.
4. To ensure appropriate compliance frameworks are in place to enable the Trustee and the Fund to keep proper records and meet their regulatory obligations.
5. To ensure appropriate risk management frameworks are in place for the identification and ongoing review of the material risks of the Fund and the controls in place to mitigate risks or optimise opportunities from risks.
6. To properly delegate those powers, functions and activities that can and should be delegated to committees, management or external service providers.
7. To properly monitor its own and delegates' performance.
8. To establish committees to assist in the oversight of the various functions and operations of the Fund, develop charters specifying a committee's role and functions, determine the composition of the committees and ensure that appropriate reporting is made to the Board.
9. Ongoing review of the financial performance of the Fund to ensure adequate resourcing, liquidity, solvency and safe management of the Fund.
10. To ensure that the Trustee and the Fund act legally, responsibly and ethically on all matters.

11. Appointment and review of the performance of the CEO, setting an appropriate remuneration package and ensuring adequate succession planning. Additionally, to give guidance on the appointment and performance review of executive management.

Over the 2010/11 financial year the Board's work program included:

- completion of the merger of the Connect Superannuation Fund into Cbus
- review of investment options, resulting in streamlining the number of options offered and improved risk and return disclosure
- investment into the new IT administration platform at Superpartners
- overall review and setting of the investment objectives and strategy for the Fund
- approval of the Strategic Business Plan and Budget for 2011/12
- Board self assessment and review of committees
- approval of a new skills program and Fund Governance Policy.

Role of committees

The roles and function of each of the Board committees are set out in their charters. An overview of their role and composition is set out below.

|| The Board establishes committees to assist in the oversight of the various functions and operations of the Fund. ||

Audit and Risk Committee

The Audit and Risk Committee assists the Board to fulfil its governance and oversight responsibilities in relation to the Fund's financial reporting, internal controls structure, compliance and risk management systems and internal/external audit functions.

In the 2010/11 year the committee met five times.

The committee has six members. During the financial year these members were: John Haskins (Chair), Cesar Melhem, Anthony McDonald, Tim Ayres, Chris Harnath (resigned 20/10/2010), Andrew Whiley (resigned 23/02/2011), Peter Smith (appointed 15/12/2010) and Frank O'Grady (appointed 23/02/2011).

The Fund Chair, Steve Bracks, attends some of the committee meetings. Alan Davison, an independent Director from Cbus Property Pty Ltd, attends as an observer. The External Auditor and Internal Auditor of the Fund attend all meetings of this committee.

Over the 2010/11 financial year the committee's work program included:

- approval of External and Internal Auditor programs, fees for the financial year and review of all audit findings
- reviewing and recommending for adoption the 2011/12 Budget
- a review of the Risk Management Framework
- review and approval of the Annual Financial Statements.

Remuneration Committee

The Remuneration Committee assists the Board in the review and management of Directors' and Officers' remuneration and expenses.

It makes recommendations to the Board on the methodology used in review and management, and reviews recommendations made in relation to executives' remuneration and related expenses. The committee also reviews Directors' remuneration for Cbus Property Pty Ltd.

The Remuneration Committee receives outlines and updates about the people and culture strategies of the organisation for comment and noting, and also reviews (at least annually) a report that outlines the training and professional development activities completed by executives and staff.

In the 2010/11 year the committee met three times.

This committee has five members. During the financial year these members were: Wilhelm Harnisch (Chair), Peter Kennedy, David Noonan (appointed 15/12/2010), Glenn Thompson, Steve Bracks and Albert Littler (resigned 15/12/2010).

**\$135
million**

**Total benefit
claims paid**



All committees report through to the Board.



Over the 2010/11 financial year the committee's work program included:

- reviewing and providing recommendations for the two enterprise agreements that operate within Cbus
- reviewing the annual training and development activities undertaken for the Fund
- completing the external review of Directors' remuneration
- completing the external review of the CEO's remuneration
- reviewing the methodology used to benchmark executive remuneration and performance.

Marketing and Services Committee

The Marketing and Services Committee assists the Board by considering the issues (and initiatives) that affect the delivery of member and employer products, services and benefits. It also reviews the service and marketing strategy devised by Fund management, ensuring maintenance of the Cbus brand. It makes recommendations on any proposed changes to the Board.

In the 2010/11 year the committee met five times.

This committee has six members. During the financial year these members were: Glenn Thompson (Chair), Cesar Melhem, Peter Smith (appointed 15/12/2010), Frank O'Grady (appointed 23/02/2011), Chris Harnath (resigned 20/10/2010), Albert Littler (resigned 15/12/2010) and Rita Mallia (appointed 23/02/2011).

Over the 2010/11 financial year the committee's work program included:

- review of the Marketing and Services Business Plan initiatives for 2011/12
- preparation and review of Superpartner's Information Memorandum for the investment in the nextGen Business Transformation program for Board consideration
- overseeing the successful delivery of the Connect Fund merger
- review of the Fund's growth strategy
- approval of the renewal of the group life arrangement with Hannover Life Re
- monitoring the service performance of Superpartners, the Fund's administrator.

Investment Committee

The Cbus Trustee is responsible for managing members' superannuation contributions. The Investment Committee's role is to oversee and manage the Fund's investment portfolio within the investment framework approved by the Board.

The Investment Committee met 11 times over the financial year. This committee has eight members. During the financial year these members were: Peter Kennedy (Chair); Bernie Fraser; Wilhelm Harnisch; John Murray; Dave Noonan; Linda Rubinstein; Peter Tighe; John Sutton (resigned 15/12/2010); and Steve Bracks (ex-officio member, non-voting).

The Chair of Cbus Property, Mark Ford, attends Investment Committee meetings as an observer.

Over the 2010/11 financial year the committee work program included:

- directed the successful integration of Cbus and Connect investments into one portfolio
- reviewed each asset class, appointing six new fund managers
- provided support for the purchase of the Port of Brisbane by our infrastructure fund manager, Industry Funds Management
- focused on risk and governance, leading to revisions of the
 - Corporate Governance Policy
 - Investment Committee's charter and role
 - Liquidity Policy and processes
 - Currency Management Policy
 - Valuations Policy.

Cbus' investment options were reviewed in 2009/10, with an emphasis on making super easier for members. During the 2010/11 year the committee oversaw the closure of the Moderate Growth and Capital Guaranteed investment options⁽¹⁾ and the renaming of the Core Strategy option to Growth (Cbus Choice) and the Cash option to Cash Savings.

⁽¹⁾ Cbus closed the Moderate Growth investment option in December 2011. The Capital Guaranteed option will be closed to all members on 1 January 2012. Members with holdings in the Capital Guaranteed option will receive more details in the mail over coming months.

Directors' attendance at Board and Committees

All directors participate on committees.



Directors' remuneration is based on attendance.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Month	Board 16 members	Investment 8 members	Audit & Risk Management 6 members	Marketing & Services 6 members	Remuneration 5 members
July 2010		Thursday 8 6/8	Wednesday 28 4/6	Tuesday 20 4/6	
August 2010	Tuesday 17 15/16	Thursday 5 8/8			
September 2010		Thursday 2 8/8		Tuesday 28 4/6	
October 2010	Wednesday 20 13/16	Thursday 7 6/8	Wednesday 6 6/6		
November 2010		Thursday 4 6/8	*Wednesday 24 5/6	*Tuesday 16 4/6	
December 2010	Wednesday 15 14/16	Thursday 2 7/8			Wednesday 1 5/5
February 2011	Wednesday 23 15/16	Thursday 3 7/8	Tuesday 22 6/6		
March 2011		Thursday 10 8/8		Wednesday 9 6/6	
April 2011	Thursday 28 13/16	Thursday 7 5/8			Thursday 28 5/5
May 2011		Thursday 5 7/8	Wednesday 25 5/6	Tuesday 24 5/6	
June 2011	Wednesday 22 14/16	Thursday 9 8/8			Thursday 9 5/5

*one member position vacant due to director resignation.

Note: The first number shows how many members of the committee attended. The second number is how many members of the committee there are. For example, the Investment Committee met on the 8 July 2010 and six out of the eight members attended.

Director and executive management remuneration

Cbus operates a remuneration strategy that recognises its position in the industry fund sector and ensures that staff are recognised through a mix of role and individual expertise.

The remuneration strategy is underpinned by principles that ensure:

- remuneration will be equitable, based on merit, and use a transparent and consistent methodology
- the Fund provides an appropriately competitive level of remuneration within the market in which it operates
- the Fund remains conscious of the relationships between remuneration pressures and costs to members.

Cbus Directors are paid a fee for preparing for and attending meetings. This fee is generally paid to the sponsoring organisation in lieu of the time Directors spend away from their employment. Directors are paid a base fee and an additional fee per Board or committee meeting attended. Directors are also reimbursed for expenses incurred in attending meetings, within Board-approved limits.

CBUS EXECUTIVE TEAM REMUNERATION

Remuneration band	30/06/11
\$150,000 – \$199,999	1
\$200,000 – \$249,999	4
\$250,000 – \$299,999	2
\$300,000 – \$349,000	0
\$350,000 and above	2
Total executive remuneration paid by the Trustee Company	\$2,331,950

CBUS DIRECTOR REMUNERATION

Remuneration	30/06/10	30/06/11
\$0 – \$9,999	0	1
\$10,000 – \$19,999	2	4
\$20,000 – \$29,999	1	1
\$30,000 – \$39,999	3	5
\$40,000 – \$49,999	5	5
\$50,000 – \$59,999	3	2
\$60,000 – \$69,999	2	0
\$70,000 – \$79,999	0	1
\$80,000 – \$89,999	2	0
\$90,000 – \$99,999	0	2
Directors' base fee paid	\$858,219	\$850,090
SG paid on Directors' fees	\$51,942	\$56,292
Total Directors' remuneration paid by the Trustee Company on behalf of the Fund	\$910,161	\$906,382

Fund Governance

Fund Governance describes the Trustee's internal governance processes as distinct from the Trustee's oversight role of other companies' corporate governance as an investor.

The Board

The Board undertakes a self-assessment of its performance each year. It takes part in an independent Board performance assessment process every three years. The next independent review will occur in 2012.

The Board, in undertaking an assessment of its effectiveness, considers issues such as:

- whether the division of time between its various responsibilities is appropriate
- whether it has the appropriate mix of skills and experience collectively
- how Directors are functioning as a team
- overall performance of the committees
- qualities and continuity of management
- setting strategic direction
- external relationships with members, employers, sponsoring organisations, government and the media
- risk management and compliance
- whether meetings and operations are efficient, including procedural matters such as scheduling of meetings, minutes, Board papers and agendas.

Committees

All committee charters contain performance measurements. An annual performance review is conducted and reported to the Board.

Directors

Individual reviews of Directors occur every three years from their date of appointment. The review process includes discussion between the Fund Chair, CEO, the Director and the sponsoring organisation.

The review covers:

- whether a Director demonstrates the required expertise and skills
- attendance and participation at Board and committee meetings
- contribution to Board and committee deliberations and the overall direction of the Fund
- training undertaken and wider participation in activities of the Fund
- the future commitment of the Director to the Fund.

Sponsoring organisations, as part of the review, are asked to give consideration and report on the future role of the Director and their succession planning for the position, against the need to balance Board renewal with retaining adequate expertise.

CEO

The CEO's performance is measured by the Chair of the Board. The CEO and the Chair meet annually to discuss performance outcomes and achievements over the previous year.

The Chair also sets the performance objectives for the coming year with the CEO, which reflect the Fund's objectives as set out in the Strategic Business Plan.

The CEO's remuneration is adjusted, if appropriate, through a recommendation to the Remuneration Committee from the Chair. Any changes are then endorsed by the full Board at the next scheduled meeting.

Executive management team

The CEO works with each executive manager to outline the deliverables of that manager over the coming year. Executives set key outputs for their role based around the objectives of the Fund as outlined in the Strategic Business Plan.

Each executive manager meets regularly with the CEO during the year to ensure that projects and output targets are being met.

The CEO reports executive performance outcomes to the Remuneration Committee for endorsement, along with any relevant performance-related increases to remuneration for executive team members.

Staff

All staff participate in a performance planning and review framework closely based on the objectives of each team, in line with Balanced Scorecard and Business Plan objectives.

As part of a discussion with individual managers, each staff member aligns their individual outputs with the Cbus strategy map to ensure focus on the appropriate initiatives across the Fund.

Each staff member meets with their manager twice a year for formal performance-related conversations. However, the expectation is that each staff member has ongoing meetings during the year to ensure that individual outputs are being met.

Staff covered by industrial instruments receive annual salary increases on 1 July each year for the life of the agreement.

The Board and its committees operate in accordance with the Cbus Fund Governance Policy.



Code of Conduct

This Code of Conduct applies to Directors, the CEO and executive managers.

- To ensure all decisions made by the Board and management are in the best interests of all beneficiaries.
- To comply with the Trust Deed of the Fund and ensure that the Fund complies with all legal requirements.
- To be well informed about the management of the Fund's investments, administration and compliance responsibilities.
- To comply with the governance policies of the Fund, including conflict of interests and the Gifts Policy.
- To maintain confidential information of the Fund.
- To obtain all necessary information to enable informed participation in decision making at Board level, to attend Board and committee meetings and participate in decision making at Board and committee level.
- To prepare thoroughly for all meetings by reading Board and committee papers and by:
 - allocating the scheduled time of meetings exclusively for that purpose
 - ensuring there are no distractions from electronic communication devices at meetings
 - treating other Board/committee members (and visitors to meetings) with due respect
 - accepting the authority of the Chair when appropriately applied.
- To ensure that any queries or matters of concern raised by the regulators are addressed appropriately.
- To promote and represent the Fund.
- To participate in ongoing professional development training and to comply with the Code of Conduct.

Conflict of Interest Policy

The Fund's Conflict of Interest Policy provides that:

- a Director must assess whether any conflict of interest is possible. This involves determining whether they, or any other entity in which they are involved, may be potentially advantaged by a Board or committee decision
- at the beginning of each Board or committee meeting the Chair will ask Directors to disclose any conflict of interest or potential conflict of interest with regard to any agenda item for consideration at that meeting
- all Directors must complete a Declaration of Interests form upon joining the Board and ensure that any changes to the interests are notified to the Fund.
- a consolidated Register of Interests is maintained and included in the Board and committee papers
- when a director has a conflict of interest with a matter being discussed by the Board or committee they should absent themselves from the meeting while that agenda item is being discussed, unless the other non-conflicted Directors resolve that the Director may be present, or may be present and vote
- where non-conflicted Directors resolve that a conflicted Director may be present during discussion or may be present during discussion and vote, such resolution is specifically noted in the minutes of the meeting.

Acceptance of Gifts Policy

The Trustee has a Gifts Policy and Register. The aims of this policy are to:

- ensure the acceptance of gifts is limited to appropriate circumstances that will not compromise the reputation of the Fund
- support a high level of transparency and accountability through the proper recording of significant gifts made to Directors and staff.

The solicitation of gifts or benefits by Directors or staff in relation to the performance of their duties and the acceptance of monetary gifts are strictly forbidden. Directors and staff should not accept a gift and/or benefit that could reasonably be perceived as having been provided with the intent of influencing them in carrying out their duties.

A Gift Register is maintained for Directors and staff. Gifts valued at more than \$100 for Directors and \$50 for staff must be recorded.

500,115

Estimated pieces of mail received



\$26,135

Average member
account balance



Compliance with Cbus professional development and training policies is monitored.



Professional Development and Training Policy

There is an ongoing focus on building internal capability to ensure that our people are well equipped to deliver the best outcomes for our members and employers.

The Board and management

All Directors, the CEO and executive management must meet a minimum training standard within 12 months of appointment to Cbus. This requires them to have completed a Tier One training course as listed on the Australian Securities and Investment Register. A 30-hour minimum ongoing training requirement must also be met each year.

Staff

For the purpose of the Professional Development and Training Policy, employees are nominated as either Fund representatives or non-representatives depending on their role within the organisation. Representatives are generally those staff involved in the preparation of advice, information or services to members.

Representatives must complete a Tier One training course as listed on the Australian Securities and Investment Register before they are able to provide any advice. A 30-hour minimum ongoing training requirement must also be met each year. Representatives must also successfully complete an annual compliance audit conducted by the Australian Institute of Superannuation Trustees (AIST).

Non-representatives are encouraged to spend a minimum of seven hours annually on training.

Gender Diversity

Information on Gender Diversity (for Board, Management and Staff)

The Trustee is conscious of increasing its proportion of female Directors. Its sponsoring organisations are asked to take this into consideration when selecting replacements to the Board.

GENDER DIVERSITY FOR FINANCIAL YEAR 2010/2011

	Male	Female
USPL Board		
Chair of the Board (ACTU appointed)	1	-
Independent Director	1	-
Member Directors (appointed by ACTU and sponsoring unions)	5	2
Employer Directors (appointed by Master Builders of Australia)	7	0
Total staff at Cbus	42	39*
Total permanent (full-time) staff on payroll	42	28
Executive team	5	3
Management team	12	4*
Trustee office staff	25	21
Total permanent (part-time) staff on payroll	0	11
Executive team	0	1
Management team	0	2
Trustee office staff	0	8
Total casual staff on payroll	0	0

*(1 Maternity leave – part month)

Investment Performance

Members received strong returns for the second year in a row since the global financial crisis.

Investment philosophy

Cbus has established investment objectives for each investment option, in particular:

- a return objective, which targets a return above the rate of inflation over a five-year period
- a risk objective, where over a 20-year period a certain number of years are expected to have a negative return.

The Cbus investment philosophy is our approach to achieving these objectives, which influences how we develop, implement and review the investment allocation for each investment option.

We believe that taking investment risk over the medium to longer term will result in achieving returns above inflation. In general, the higher the level of risk we take (the more years we expect to be negative in a 20-year period), the higher the return we expect over time.

We believe it is vital that key investment risks are appropriately managed through a robust Risk Management Framework that is regularly monitored and reviewed.

Diversification of investments is an important component of this framework. We believe that exposure to a broad range of assets will lower the overall risk of loss to the Fund. This includes investing in unlisted investments such as property and infrastructure.

For more information on the Fund's investment philosophy, go to www.cbussuper.com.au/investments

Cbus investment returns

Cbus' default investment option, Growth (Cbus Choice), returned 8.7% for the financial year ending June 2011. Over the past 27 years, Cbus has returned to members an average 9.1% a year.

INVESTMENT OPTION	RETURNS FOR FINANCIAL YEAR 2010/11
High Growth	9.4%
Growth (Cbus Choice)	8.7%
Conservative	6.4%
Cash Savings	4.2%
Capital Guaranteed	4.8%

The Fund's investments in the Australian share market performed well. Although international share markets experienced strong rises in value, the benefit to Cbus members was lower because of the significant rise in the Australian dollar.

The Australian share market was up 11.9% for the year ending June, as measured by the S&P/ASX 300 Accumulation Index. The international share market rose 26.7%, as measured by the MSCI World ex Australia index (currency hedged). These were pleasing outcomes from markets that weathered increasing concerns over global debt levels, particularly in Europe; the effects of the tragic Japanese tsunami and nuclear disaster; inflation fears for China; and in Australia, flooding across the eastern states.

Our property and infrastructure investments across Australia also contributed to the Fund's performance. It was an exciting, productive year for Cbus' wholly owned property development manager, Cbus Property. Major commercial property developments underway include 700 Bourke Street and 171 Collins Street in Melbourne, and 1 Bligh Street in Sydney.

These projects created thousands of jobs in the construction industry.

The Port of Brisbane was added to Cbus' infrastructure investments in Australia through infrastructure manager Industry Funds Management. The Port of Brisbane is Australia's fastest-growing container port and Queensland's largest general cargo port. Cbus also contributed to funding infrastructure developments through debt investments, including developing gas pipelines and roads.

Since the end of the financial year, investment markets have been experiencing high levels of volatility. Investors are concerned about the high level of public debt in Europe and the United States and the impact this may have on economic growth in these countries and the global economy. Investors are also concerned about signs that economic growth in the United States has slowed significantly. While growth in the developed economies has slowed over recent months, the emerging market economies (including China) remain strong, which continues to underpin strong demand for Australia's resources.

Most Cbus members are invested in our Growth (Cbus Choice) option. This option holds investments in shares, because over the longer term we expect that they will contribute higher returns to our members, despite periods of market volatility.

661,663
members



Asset classes are the building blocks of Cbus' investment options.

Understanding investment risk and return

Two major risks for members to consider when investing for retirement are investment risk and the risk of not having enough money to last the number of years in retirement.

Investment risk is often defined as the risk an investment will drop in value. It is crucial to consider investment risk in context with investment return. Investments with higher levels of risk are expected over the medium to longer term to have higher levels of return.

This is reflected in the objectives of Cbus' investment options. For example, the Growth (Cbus Choice) option targets a return of at least 3.5% above inflation over a rolling five-year period and to have 2.5 negative return years in every 20 years. In contrast, the Cash Savings option targets a return of at least 1% above inflation over a rolling five-year period and that the number of negative return years in every 20 years will be negligible.

Cbus invests across a broad range of asset classes, such as cash, fixed interest, property and shares. Each of these has a different level of return and risk of loss. Shares, property and some alternative investments have the potential for high returns but also have more risk of a loss in the short term. Cash and fixed-interest investments generally have lower, but more stable, returns.

These asset classes are the building blocks of Cbus' investment options. The amount allocated to each asset class largely determines the overall risk and return objectives for each option. The investment strategy also takes into account the positive impact of diversification.

By investing across a range of asset classes, the overall risk of loss is reduced. This works because not all asset classes perform in the same way at the same time – when one investment is performing poorly another may be performing well.

To build wealth, we usually need to take some risk to get the extra return. This means that returns will be more volatile (more ups and downs). So, if you select a high risk/return option, you must be comfortable riding out any bad years. Low risk usually comes with a low return.

To learn more about risk and return, go to www.cbussuper.com.au/investments

Applying investment earnings

Cbus applies earnings to member accounts at 30 June each year. Although interest is applied to member accounts yearly, it is calculated from the day contributions are received.

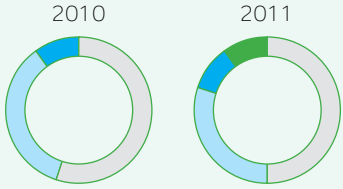
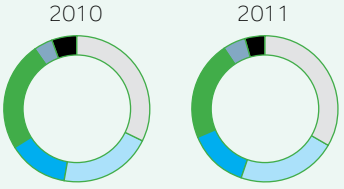
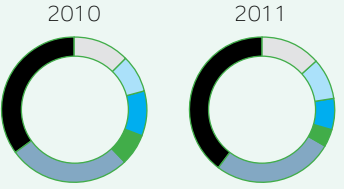
The crediting rates for the investment options are reviewed on a weekly basis. If members switch investment options, roll money out of the Fund or receive a benefit payment during the year, a year-to-date crediting rate is used. This represents the accumulation of monthly crediting rates along with an interim weekly rate for the month-to-date.

The rates for the investment options may vary during the year and may be negative for some months.

The exception to this is the Capital Guaranteed option. As a capital guaranteed investment, it cannot record a negative rate.



Cbus superannuation investment performance

	DEFAULT OPTION																																																											
	HIGH GROWTH	GROWTH (CBUS CHOICE)	CONSERVATIVE																																																									
Risk/return	High risk, high growth	Medium risk, medium growth	Low risk, low growth																																																									
Description	The long-term high-growth option for those members able to take a longer-term view of their superannuation savings and who are willing to accept higher risk and more volatile returns.	Well-diversified investments with the potential for real growth against the risk of market fluctuations. For members who would like the value of their investments to stay well ahead of inflation and produce medium growth over the long term with medium risk.	This option limits the risk of market fluctuations. For members who are prepared to sacrifice high returns over the long term in exchange for lower risk in the short term.																																																									
Objectives	To deliver an after-tax return of at least:																																																											
	Inflation plus 4.0% p.a. Over 12-year rolling periods, expected to be achieved 75% of the time.	Inflation plus 3.5% p.a. Over rolling five-year periods, expected to be achieved 75% of the time.	Inflation plus 2.0% p.a. Over rolling five-year periods, expected to be achieved 75% of the time.																																																									
	To limit the likelihood of negative annual returns to:																																																											
	1 in 5 years (4 in 20 years)	1 in 8 years (2.5 in 20 years)	1 in 30 years (less than 1 in 20 years)																																																									
	To achieve an above-average return against comparable funds as measured over five-year periods.																																																											
Past performance²	Crediting rate % (p.a.) after taxes and fees. <table border="1"> <tr><td>19.5</td><td>-11.1</td><td>-15.0</td><td>11.0</td><td>9.4</td></tr> <tr><td>30/6/07</td><td>30/6/08</td><td>30/6/09</td><td>30/6/10</td><td>30/6/11</td></tr> </table> Compound average over five years 1.9% p.a. Compound average since inception (1/1/98) 5.9% p.a.	19.5	-11.1	-15.0	11.0	9.4	30/6/07	30/6/08	30/6/09	30/6/10	30/6/11	Crediting rate % (p.a.) after taxes and fees. <table border="1"> <tr><td>17.6</td><td>-4.5</td><td>-12.4</td><td>9.0</td><td>8.7</td></tr> <tr><td>30/6/07</td><td>30/6/08</td><td>30/6/09</td><td>30/6/10</td><td>30/6/11</td></tr> </table> Compound average over five years 3.1% p.a. Compound average since inception (1/7/84) 9.1% p.a.	17.6	-4.5	-12.4	9.0	8.7	30/6/07	30/6/08	30/6/09	30/6/10	30/6/11	Crediting rate % (p.a.) after taxes and fees. <table border="1"> <tr><td>10.4</td><td>2.3</td><td>-1.9</td><td>7.7</td><td>6.4</td></tr> <tr><td>30/6/07</td><td>30/6/08</td><td>30/6/09</td><td>30/6/10</td><td>30/6/11</td></tr> </table> Compound average over five years 4.9% p.a. Compound average since inception (1/10/99) 6.0% p.a.	10.4	2.3	-1.9	7.7	6.4	30/6/07	30/6/08	30/6/09	30/6/10	30/6/11																											
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30/6/07	30/6/08	30/6/09	30/6/10	30/6/11																																																								
Actual asset allocation as at 30 June	 <table border="1"> <tr><th></th><th>30/6/10</th><th>30/6/11</th></tr> <tr><td>Australian shares</td><td>55%</td><td>50%</td></tr> <tr><td>International shares</td><td>35%</td><td>30%</td></tr> <tr><td>Property</td><td>10%</td><td>10%</td></tr> <tr><td>Alternative assets</td><td>—</td><td>10%</td></tr> </table>		30/6/10	30/6/11	Australian shares	55%	50%	International shares	35%	30%	Property	10%	10%	Alternative assets	—	10%	 <table border="1"> <tr><th></th><th>30/6/10</th><th>30/6/11</th></tr> <tr><td>Australian shares</td><td>32.5%</td><td>33.4%</td></tr> <tr><td>International shares</td><td>20.4%</td><td>21.9%</td></tr> <tr><td>Property</td><td>13.4%</td><td>13.5%</td></tr> <tr><td>Alternative assets</td><td>24.1%</td><td>21.9%</td></tr> <tr><td>Fixed interest</td><td>4.2%</td><td>5.1%</td></tr> <tr><td>Cash</td><td>5.4%</td><td>4.2%</td></tr> </table>		30/6/10	30/6/11	Australian shares	32.5%	33.4%	International shares	20.4%	21.9%	Property	13.4%	13.5%	Alternative assets	24.1%	21.9%	Fixed interest	4.2%	5.1%	Cash	5.4%	4.2%	 <table border="1"> <tr><th></th><th>30/6/10</th><th>30/6/11</th></tr> <tr><td>Australian shares</td><td>12.5%</td><td>13.5%</td></tr> <tr><td>International shares</td><td>8.5%</td><td>9.0%</td></tr> <tr><td>Property</td><td>10.0%</td><td>7.0%</td></tr> <tr><td>Alternative assets</td><td>7.0%</td><td>4.0%</td></tr> <tr><td>Fixed interest</td><td>27.0%</td><td>27.0%</td></tr> <tr><td>Cash</td><td>35.0%</td><td>39.5%</td></tr> </table>		30/6/10	30/6/11	Australian shares	12.5%	13.5%	International shares	8.5%	9.0%	Property	10.0%	7.0%	Alternative assets	7.0%	4.0%	Fixed interest	27.0%	27.0%	Cash	35.0%	39.5%
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Strategic³ asset allocation ranges as at 30 June 2011	<table border="1"> <tr><td>Australian shares</td><td>44-55%</td></tr> <tr><td>International shares</td><td>25-35%</td></tr> <tr><td>Property</td><td>5-15%</td></tr> <tr><td>Alternative assets</td><td>5-15%</td></tr> </table>	Australian shares	44-55%	International shares	25-35%	Property	5-15%	Alternative assets	5-15%	<table border="1"> <tr><td>Australian shares</td><td>22-42%</td></tr> <tr><td>International shares</td><td>10-30%</td></tr> <tr><td>Property</td><td>5-25%</td></tr> <tr><td>Alternative assets</td><td>13-33%</td></tr> <tr><td>Fixed Interest</td><td>0-20%</td></tr> <tr><td>Cash</td><td>0-10%</td></tr> </table>	Australian shares	22-42%	International shares	10-30%	Property	5-25%	Alternative assets	13-33%	Fixed Interest	0-20%	Cash	0-10%	<table border="1"> <tr><td>Australian shares</td><td>7-20%</td></tr> <tr><td>International shares</td><td>2-13%</td></tr> <tr><td>Property</td><td>2-12%</td></tr> <tr><td>Alternative assets</td><td>0-10%</td></tr> <tr><td>Fixed Interest</td><td>16-44%</td></tr> <tr><td>Cash</td><td>30-50%</td></tr> </table>	Australian shares	7-20%	International shares	2-13%	Property	2-12%	Alternative assets	0-10%	Fixed Interest	16-44%	Cash	30-50%																									
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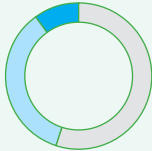
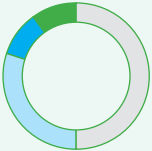
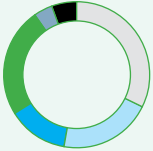
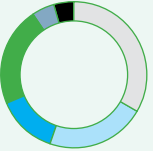


	CASH SAVINGS	CAPITAL GUARANTEED ¹																		
Risk/return	Very low risk, very low growth	Very low risk, very low growth																		
Description	For members who want a cash-like return (net of tax and fees).	For members who would like a capital guaranteed option with maximum protection but limited growth opportunities. Capital guaranteed by AXA Australia.																		
Objectives	To deliver an after-tax return of at least:																			
	Inflation plus 1.0% p.a. Over rolling five-year periods, expected to be achieved 75% of the time.	Inflation plus 1.0% p.a. Over rolling five-year periods, expected to be achieved 75% of the time.																		
	To limit the likelihood of negative annual returns to:																			
	1 in 50 years (negligible in 20 years)	Guarantee that no member's investment will suffer a capital loss.																		
	To achieve an above-average return against comparable funds as measured over five-year periods.																			
Past performance²	Crediting rate % (p.a.) after taxes and fees. ⁴ <table border="1"><tr><td>0.6</td><td>3.2</td><td>4.2</td></tr><tr><td>30/6/09</td><td>30/6/10</td><td>30/6/11</td></tr></table> Compound average since inception (1/4/09) 3.6% p.a.	0.6	3.2	4.2	30/6/09	30/6/10	30/6/11	Crediting rate % (p.a.) after taxes and fees. <table border="1"><tr><td>5.2</td><td>5.1</td><td>4.0</td><td>2.9</td><td>4.8</td></tr><tr><td>30/6/07</td><td>30/6/08</td><td>30/6/09</td><td>30/6/10</td><td>30/6/11</td></tr></table> Compound average over five years 4.4% p.a. Compound average since inception (1/1/98) 4.5% p.a.	5.2	5.1	4.0	2.9	4.8	30/6/07	30/6/08	30/6/09	30/6/10	30/6/11		
0.6	3.2	4.2																		
30/6/09	30/6/10	30/6/11																		
5.2	5.1	4.0	2.9	4.8																
30/6/07	30/6/08	30/6/09	30/6/10	30/6/11																
Actual asset allocation as at 30 June	<table border="1"><tr><th></th><th>2010</th><th>2011</th></tr><tr><td>30/6/10</td><td>100%</td><td>100%</td></tr><tr><td>30/6/11</td><td>100%</td><td>100%</td></tr></table> ■ Cash		2010	2011	30/6/10	100%	100%	30/6/11	100%	100%	<table border="1"><tr><th></th><th>2010</th><th>2011</th></tr><tr><td>30/6/10</td><td>39% Fixed interest, 61% Cash</td><td>40% Fixed interest, 60% Cash</td></tr><tr><td>30/6/11</td><td>39% Fixed interest, 61% Cash</td><td>40% Fixed interest, 60% Cash</td></tr></table> ■ Fixed interest ■ Cash		2010	2011	30/6/10	39% Fixed interest, 61% Cash	40% Fixed interest, 60% Cash	30/6/11	39% Fixed interest, 61% Cash	40% Fixed interest, 60% Cash
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1. This option was closed to new members and contributions on 1 January 2011 and will be completely closed to all members on 31 December 2011.
2. Refer to Cbus website in case these figures have been superseded since publication.
3. Effective from 1 July 2011 strategic asset allocation and ranges have changed. For updated information go to www.cbussuper.com/investments
4. The Cash Savings option was introduced on 1/4/09. The 30/6/09 return is unannualised and represents the three months to 30/6/09.

Investment warning: investment returns can go up and down. Past performance is not necessarily indicative of future performance.

Income stream investment performance

	HIGH GROWTH	GROWTH (CBUS CHOICE)	CONSERVATIVE																																																									
Risk/return	High risk, high growth	Medium risk, medium growth	Low risk, low growth																																																									
Description	The long-term high-growth option for those members able to take a longer-term view of their savings and who are willing to accept higher risk and more volatile returns.	Well-diversified investments with the potential for real growth against the risk of market fluctuations. For members who would like the value of their investments to stay well ahead of inflation and produce medium-to-high growth over the long term with medium-to-high risk.	This option offers the potential for low to moderate growth and limits the risk of market fluctuations. For members who are prepared to sacrifice high returns over the long term in exchange for low risk in the short term.																																																									
Objectives	To deliver an after-tax return of at least:																																																											
	Inflation plus 4.0% p.a.	Inflation plus 3.75% p.a.	Inflation plus 2.5% p.a.																																																									
	Over 12-year rolling periods, expected to be achieved 75% of the time.	Over rolling five-year periods, expected to be achieved 75% of the time.	Over rolling five-year periods, expected to be achieved 75% of the time.																																																									
	To limit the likelihood of negative annual returns to:																																																											
	1 in 5 years (4 in 20 years)	1 in 8 years (2.5 in 20 years)	1 in 30 years (less than 1 in 20 years)																																																									
Past performance²	Crediting rate % (p.a.) after taxes and fees. <table border="1"> <tr> <td>12.3</td> <td>10.3</td> </tr> <tr> <td>30/6/10</td> <td>30/6/11</td> </tr> </table> Compound average since inception (1/7/09) 11.3% p.a.	12.3	10.3	30/6/10	30/6/11	Crediting rate % (p.a.) after taxes and fees. <table border="1"> <tr> <td>10.0</td> <td>9.5</td> </tr> <tr> <td>30/6/10</td> <td>30/6/11</td> </tr> </table> Compound average since inception (1/7/09) 9.8% p.a.	10.0	9.5	30/6/10	30/6/11	Crediting rate % (p.a.) after taxes and fees. <table border="1"> <tr> <td>8.7</td> <td>7.1</td> </tr> <tr> <td>30/6/10</td> <td>30/6/11</td> </tr> </table> Compound average since inception (1/7/09) 7.9% p.a.	8.7	7.1	30/6/10	30/6/11																																													
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	CASH SAVINGS	CAPITAL GUARANTEED ¹																		
Risk/return	Very low risk, very low growth	Very low risk, very low growth																		
Description	For members who want a cash-like return (net of tax and fees).	For members who would like a capital guaranteed option with maximum protection but limited growth opportunities. Capital guaranteed by AXA Australia.																		
Objectives	To deliver an after-tax return of at least:																			
	Inflation plus 1.5% p.a.	Inflation plus 1.5% p.a.																		
	Over rolling five-year periods, expected to be achieved 75% of the time.	Over rolling five-year periods, expected to be achieved 75% of the time.																		
	To limit the likelihood of negative annual returns to:																			
	1 in 50 years (negligible in 20 years)	Guarantee that no member's investment will suffer a capital loss.																		
Past performance²	Crediting rate % (p.a.) after taxes and fees.	Crediting rate % (p.a.) after taxes and fees.																		
	<table border="1"> <tr> <td>3.8</td> <td>4.9</td> </tr> <tr> <td>30/6/10</td> <td>30/6/11</td> </tr> </table> <p>Compound average since inception (1/7/09) 4.4% p.a.</p>	3.8	4.9	30/6/10	30/6/11	<table border="1"> <tr> <td>3.4</td> <td>5.7</td> </tr> <tr> <td>30/6/10</td> <td>30/6/11</td> </tr> </table> <p>Compound average since inception (1/7/09) 4.5% p.a.</p>	3.4	5.7	30/6/10	30/6/11										
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Asset allocation as at 30 June	<table border="1"> <tr> <td>2010</td> <td>2011</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>30/6/10</td> <td>30/6/11</td> </tr> <tr> <td>■ Cash</td> <td>100% 100%</td> </tr> </table>	2010	2011			30/6/10	30/6/11	■ Cash	100% 100%	<table border="1"> <tr> <td>2010</td> <td>2011</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>30/6/10</td> <td>30/6/11</td> </tr> <tr> <td>■ Fixed interest</td> <td>39% 40%</td> </tr> <tr> <td>■ Cash</td> <td>61% 60%</td> </tr> </table>	2010	2011			30/6/10	30/6/11	■ Fixed interest	39% 40%	■ Cash	61% 60%
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Cbus investment managers

Cbus investment managers are carefully selected for their ability to add value to the Fund.



INVESTMENT MANAGERS MANAGING 5% OR ABOVE OF THE TOTAL FUND'S ASSETS 2010/2011

Industry Funds Management	20.8%
BlackRock Investment Management Australia	6.3%
Perpetual Investment Management	6.0%
Paradise Investment Management	6.0%
Cbus Property	6.0%

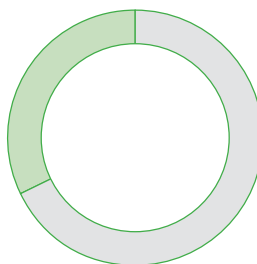
Investment managers

Cbus uses Australian and international investment managers. Each investment manager is responsible for a specified amount of the Fund's assets. They are managed in accordance with a mandate as agreed between the manager and the Trustee in consultation with the Fund's investment advisor. The Trustee monitors the performance of each investment manager closely throughout the year and compares it with industry benchmarks.

The 20.8% allocation to Industry Funds Management incorporates a 9.3% holding in Australian equities, which is managed on a passive enhanced basis, and also includes investment in infrastructure, private equity and fixed interest.

Total Fund geographic exposure as at 30 June 2011

- International 32%
- Australia 68%



Derivatives

Cbus allows some of its investment managers to use derivatives, such as futures and options. Use of derivatives is primarily to reduce risk and enhance investment returns. However, managers must use derivatives within strict constraints, including that they are not to be used to gear the Fund and that there are sufficient cash assets to back any derivatives exposure at all times. The derivatives charge ratio was less than 5% during the financial year. This ratio is the percentage of the Fund being used as security for derivative investments.

Currency

Holding an exposure to currency can lower risk for the Fund by providing diversification. Cbus' exposure to currency is maintained between a range of 10% and 20% of the Fund. Cbus' currency hedging is outsourced to external investment managers.

Cbus employs 50 Investment Managers to manage funds for members.



CBUS INVESTMENT MANAGERS AS AT 30 JUNE 2011

	(\$'000s)	(%)			
Australian equities					
Industry Funds Management	1,611,545	9.3	LGT Capital Partners	82,603	0.5
Paradise Investment Management	1,037,284	6.0	ING Investment Management	78,089	0.5
Perpetual Investment Management	1,018,437	5.9	Lee Overlay Partners	68,357	0.4
Ausbil Dexia	819,663	4.7	Bridgewater Associates	66,850	0.4
Hyperion Asset Management	615,126	3.6	Adveq Management	41,897	0.2
Orbis Investment Management	361,719	2.1	Performance Equity Management	37,919	0.2
Kinetic Investment Partners	120,801	0.7	Superpartners	33,228	0.2
Kosmos Asset Management	78,021	0.5	Perpetual Investment Management	25,641	0.1
Citigroup Global Markets Australia	14,200	0.1	Wilshire Private Markets Group	23,757	0.1
Total Australian equities	5,676,796	32.8	Greenspring Associates	21,654	0.1
International equities			VenCap International	20,533	0.1
BlackRock Investment Management Australia	900,791	5.2	Colonial First State Asset Management	16,296	0.1
Trilogy Global Advisors	369,534	2.1	Weathergag Venture Capital	15,316	0.1
Orbis Investment Management	356,035	2.1	Newbury Associates	11,484	0.1
Baillie Gifford Overseas	341,549	2.0	Oaktree Capital Management	9,635	0.1
MFS Institutional Advisors	336,011	1.9	Artwork	7,261	0.0
Wellington Management Company	299,068	1.7	Frontier Investment Consulting	1,321	0.0
Lazard Asset Management	291,392	1.7	Total alternatives	3,535,751	20.4
T. Rowe Price Global Investment Services	268,908	1.6	Fixed interest		
Walter Scott and Partners	231,602	1.3	ME Portfolio Management	382,017	2.2
Genesis Emerging Markets Investment Company	94,948	0.5	Industry Funds Management	323,836	1.9
Platinum Investment Management	94,339	0.5	BlackRock Investment Management Australia	195,435	1.1
First State Investment Management	93,273	0.5	Total fixed interest	901,288	5.2
Lee Overlay Partners	27,837	0.2	Property		
Warakirri Asset Management	1,911	0.0	Cbus Property	1,036,261	6.0
Citigroup Global Markets Australia	16	0.0	ISPT	681,150	3.9
Total international equities	3,707,214	21.4	AMP Capital Investors	398,775	2.3
Alternative assets			Fortius Funds Management	96,966	0.6
Industry Funds Management	1,657,658	9.6	MGPA	21,252	0.1
Hastings Funds Management	452,760	2.6	Franklin Templeton Investments Australia	6,699	0.0
Quay Partners	140,649	0.8	Lee Overlay Partners	1,916	0.0
ME Portfolio Management	136,739	0.8	Total property	2,243,019	13.0
Siguler Guff & Company	132,277	0.8	Cash		
Mesirow Financial Private Equity Advisors	131,177	0.8	Colonial First State Asset Management	844,855	4.9
Macquarie Investment Management	119,578	0.7	AXA Australia	246,779	1.4
Access Capital Advisors	117,669	0.7	Members Equity Bank	136,625	0.8
Lexington Partners	85,403	0.5	Total cash	1,228,259	7.1
			Total investments	17,292,327	100

Totals may differ slightly due to the impact of rounding.

\$4.26 Billion

Cbus' investment
in Property and
Infrastructure



Cbus investment holdings

CBUS TOTAL FUND TOP 10 HOLDINGS, 30 JUNE 2011

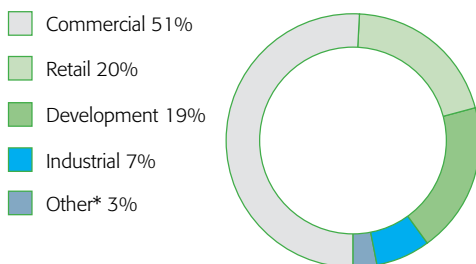
Rank	Asset Type	(%)	
1	BHP Billiton Limited	Australian shares	3.5
2	Commonwealth Bank of Australia	Australian shares	2.0
3	Pacific Hydro	Infrastructure	1.8
4	Westpac Banking Corporation	Australian shares	1.8
5	Australia and New Zealand Banking Group	Australian shares	1.6
6	CBW 181 William Street, 550 Bourke Street	Property	1.3
7	National Australia Bank	Australian shares	1.2
8	Melbourne and Launceston Airports	Infrastructure	1.2
9	1 Bligh Street, Sydney, NSW	Property	1.1
10	Rio Tinto Ltd	Australian shares	1.1
Total Top 10 holdings as % of Total Fund		16.6	



TOP 10 PROPERTY INVESTMENTS

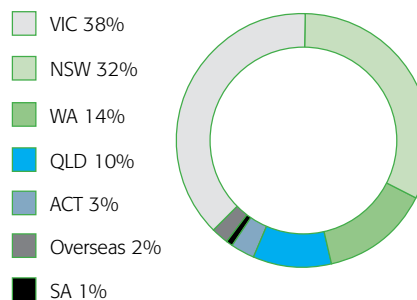
Rank	Manager	(%)	
1	CBW 181 William Street, 550 Bourke Street, Melbourne, VIC	Cbus Property	9.9
2	1 Bligh Street, Sydney, NSW	Cbus Property	8.5
3	140 William Street, Perth, WA	Cbus Property	6.6
4	Ernst and Young Building, 8 Exhibition Street, Melbourne, VIC	Cbus Property	5.5
5	Estate One, 81-125 Princes Highway, Dandenong, VIC	Cbus Property	4.6
6	Garden City, Booragoon, WA	AMP	2.9
7	700 Bourke Street, Docklands, VIC	Cbus Property	2.8
8	Warringah Mall, Pittwater Rd, Brookvale, NSW	AMP	2.1
9	45 Spring Street, Melbourne, VIC	Cbus Property	2.1
10	Breakfast Point, Canada Bay, NSW	Cbus Property	2.0
Total Top 10 as % of Property		47.0	

Types of Property Cbus invests in



* Includes holdings in overseas property

Where Cbus invests in Property



Cbus investment holdings

TOP 10 INFRASTRUCTURE INVESTMENTS

Rank	Type of Infrastructure	Country	Manager	(%)
1	Pacific Hydro	Australia	Industry Funds Management	15.7
2	Melbourne and Launceston Airports	Australia	Hastings Funds Management, Industry Funds Management	10.0
3	Perth Airport	Australia	Hastings Funds Management, Industry Funds Management	8.8
4	Brisbane Airport	Australia	Industry Funds Management	6.0
5	Thames Water	UK	Access Capital Advisors	5.3
6	North American Energy Alliance	US	Industry Funds Management	5.0
7	Anglian Water	UK	Industry Funds Management	4.6
8	South East Water	UK	Hastings Funds Management	3.8
9	Colonial Pipeline Company	US	Industry Funds Management	3.7
10	Port of Brisbane	Australia	Industry Funds Management	3.4
Total Top 10 as % of Total Infrastructure				66.3

TOP 10 AUSTRALIAN SHARES

Rank	(%)
1	BHP Billiton Limited 10.5
2	Commonwealth Bank of Australia 6.2
3	Westpac Banking Corporation 5.6
4	Australia and New Zealand Banking Group 5.0
5	National Australia Bank 3.7
6	Rio Tinto Ltd 3.3
7	Telstra Corporation Ltd 2.7
8	Woolworths Limited 2.6
9	Wesfarmers Limited 2.1
10	Woodside Petroleum Limited 1.8
Total Top 10 as % of Australian Shares 43.5	



TOP 10 INTERNATIONAL SHARES

Rank	(%)
1	Samsung Electronics Co Ltd 1.2
2	Amazon Dotcom Inc 1.1
3	Google Inc 1.0
4	Apple Inc 1.0
5	Baidu Inc 0.9
6	Vale SA-SP 0.7
7	Petrpleo Brasileiro SA 0.7
8	Nestle SA 0.6
9	Oracle Corp 0.6
10	Cisco Systems Inc 0.6
Total Top 10 as % of International Shares 8.4	

Investment management costs

Cbus believes that members should be informed of the total investment costs of their superannuation.

|| Investment costs for the Growth (Cbus choice) option fell to 0.83% for the financial year, compared to 0.91% for the previous year. ||

Cbus investment management costs

Cbus deducts investment management costs from the investment return before declaring its crediting rates. These costs are the Trustee operating cost and the investment management cost.

The table below shows investment management costs by investment option for the 2010/11 financial year.

Over the past year, the investment fees for the Growth (Cbus Choice) investment option has fallen from 0.91% to 0.83%. This is largely due to a reduction in property and private equity costs. The rise in cost for the High Growth option from 0.56% to 0.66% mainly reflects the introduction of a 10% asset allocation to the alternative asset class, effective from the beginning of the 2010/11 financial year. Adding alternative assets improves the risk profile of the option through increased diversification. The fall in the Conservative option cost from 0.66% to 0.41% is mainly due to lower costs for the fixed interest asset class.



Where Cbus differs to other super funds

Cbus believes that members should be informed of the total investment cost of their superannuation. Unlike many funds, Cbus incorporates all underlying trust and 'fund of fund' investment management fees into its total investment cost. 'Fund of fund' managers select and invest through other fund managers in order to get specialised exposure to a wider range of investments. The 'fund of fund' manager and the underlying managers both charge investment management fees. The contribution to the Growth (Cbus Choice) option's cost from these underlying managers was 0.20% for 2010/11, down from 0.25% for 2009/10.

INVESTMENT MANAGEMENT COSTS BY INVESTMENT OPTION FOR 2010/11

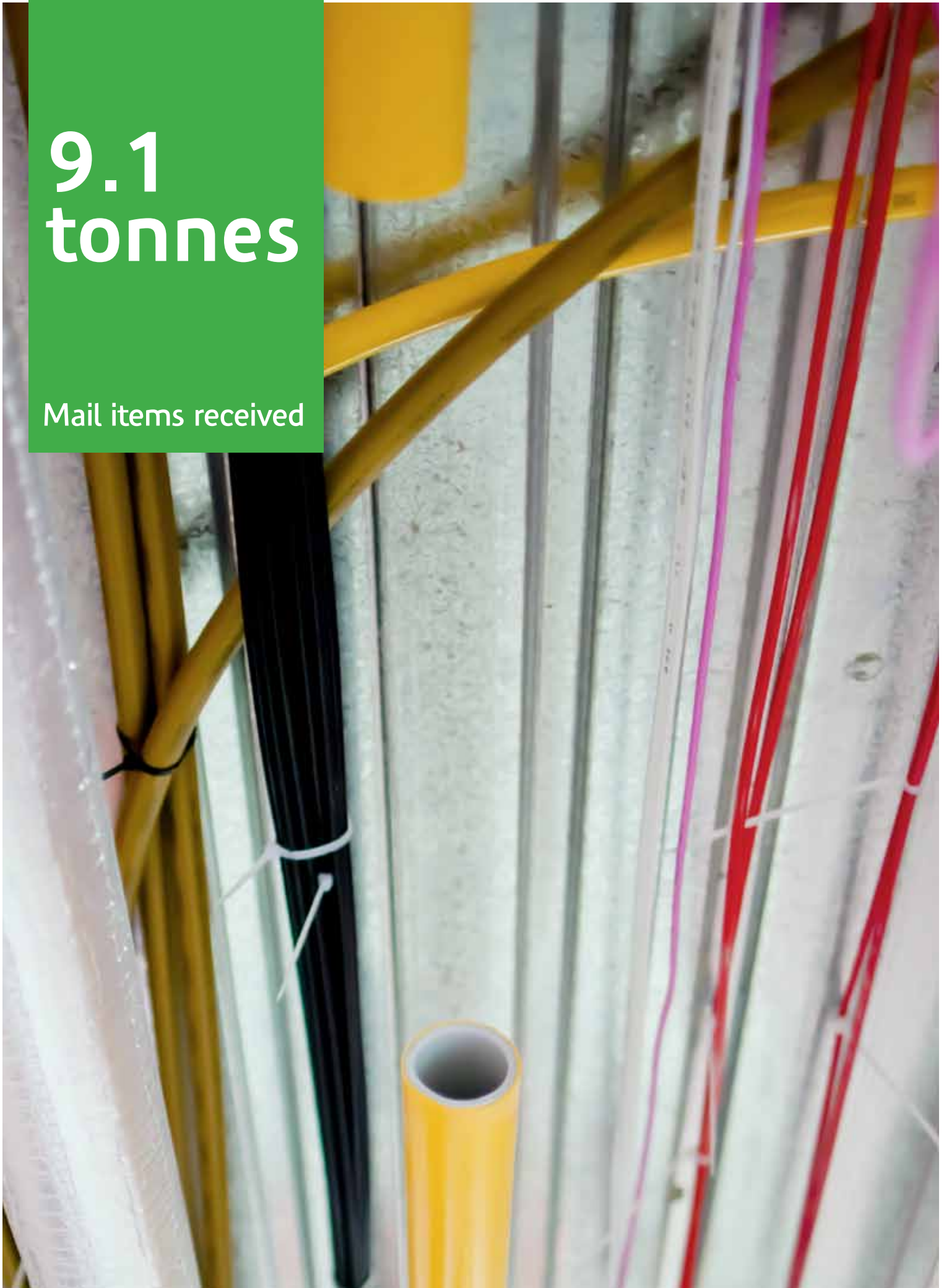
	High Growth	Growth (Cbus Choice)	Conservative	Capital Guaranteed	Cash Savings
Total earnings (gross of investment fees, net of investment taxes)	10.17%	9.61%	6.86%	5.38%	4.37%
Less total investment fees	-0.66%	-0.83%	-0.41%	-0.50%	-0.13%
Net earning rate (net of investment fees, net of investment taxes)	9.51%	8.78%	6.45%	4.88%	4.24%
Less Trustee operating costs	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%
Final crediting rate	9.43%	8.70%	6.37%	4.80%	4.16%

Investment management costs include the fees paid to external and internal managers, custodians and asset consultants, property management related expenses, bank fees and internal investment management costs on a net of GST basis.

The Trustee operating cost covers the costs incurred by the Trustee in operating the Fund and includes unrecouped administration costs and member protection costs.

9.1
tonnes

Mail items received



Environmental and social governance

Cbus believes companies that act in a responsible way will perform better over the longer term.

Superannuation is a long-term investment, therefore it makes sense for Cbus, and our investment managers, to consider environmental, social and corporate governance (ESG) issues before we invest in a company. We consider these issues alongside traditional financial factors when we make investment decisions.

Cbus' ESG Policy directs Cbus to integrate ESG considerations into the Fund's investment processes and progress is monitored by the Cbus Investment Committee. The integration of ESG into the investment process does not mean the exclusion of particular companies on ethical grounds. Instead, integration of ESG requires that the impact of any ESG issues on the value of a company is included in the valuation process.

As part of our ESG responsibilities, Cbus actively engages with companies through voting at their Annual General Meetings and, in Australia, meeting with them to discuss particular issues.

In Australia, Cbus voted on 1,674 resolutions at 324 company meetings over the financial year. Of these, we voted against 205 resolutions across 101 companies. Around 67% of resolutions we voted against were to do with remuneration (salary, bonuses and shares). These resolutions included company remuneration reports and executive and director remuneration. A further 25% were votes against the election (or re-election) of directors.

Members can access Cbus' ESG Policy, Corporate Governance Policy and half-yearly Corporate Governance Voting reports on the Cbus website.

Principles of Responsible Investment

Cbus is an active signatory to the United Nations Principles of Responsible Investment (UNPRI). The principles were developed to provide a framework for the investment community to achieve better long-term returns and more sustainable markets by considering environmental, social and governance (ESG) issues in their investment decision making. There are more than 900 signatories across 36 countries representing more than US\$25 trillion in assets, including more than 100 Australian superannuation funds and fund managers.

The CEO of Cbus, David Atkin, has been elected as the Australian asset owner representative on the global PRI Board.

|| Cbus voted on 1,674 resolutions at 324 company meetings over the financial year. ||



Cbus Property

Creating thousands of jobs for building and construction workers.



Cbus Property is Cbus' wholly owned property development company. There are seven Directors on the Cbus Property Board. Three of these are independent Directors and four are appointed by Cbus.

Over the 2010/11 financial year the Directors were:

- Mark Ford (Chair), Ian Costley and Allan Davison (Independent Directors).
- Steve Bracks, Ron Doubikin, John Murray and Dave Noonan (Cbus-appointed Directors).



Cbus directly invests \$1.04 Billion through Cbus Property.

Investment philosophy

Cbus Property aims to be recognised as one of Australia's leading property companies, developing premium property assets to provide superior returns to Cbus members. It has a strong focus on sustainability and job creation for the construction industry through property development across Australia. For the 2010/11 year, much of this focus was on commercial and residential developments.

Cbus Property takes a proactive approach and has the flexibility to take advantage of rewarding investment opportunities as they arise. It also places emphasis on creating durable relationships with partners and customers.

Key highlights over 2010/11

Cbus Property has created thousands of jobs for building and construction workers over the financial year across a range of commercial and residential development projects in Melbourne and Sydney.

Key commercial development achievements, all targeting 6 Green Star Rating/5 Star NABERS Energy Rating, include:

- 1 Bligh Street, Sydney. This is Cbus Property's new flagship office development in Sydney's business and financial services precinct. A joint venture with Dexus Property and the Dexus Wholesale Fund, the tower provides spectacular views of Sydney Harbour. A leading law practice, Clayton Utz, has signed as lead tenant.
- 171 Collins Street, Melbourne. This is a 50% joint venture with Charter Hall to develop 171 Collins Street into a 30,000 square metre office tower. BHP Billiton has signed as lead tenant and will relocate its headquarters to the building on completion.
- 700 Bourke Street, Melbourne. Cbus is developing a 14-level commercial office that will be solely tenanted by National Australia Bank.

Key residential developments include:

- Dominion, Forbes Street, Darlinghurst, Sydney. Cbus Property has a 50% interest in a 110-apartment development in a joint venture with St Hilliers Property.
- Breakfast Point, NSW. This is a harbour-front village development comprising 2,065 residences and a range of community facilities, developed in partnership with Rose Group. The project has achieved its \$1 billion sales milestone and the Village Centre was completed and sold in May 2011. The project is expected to be completed in 2016.
- Warleigh Grove, Brighton, Victoria. Cbus Property has purchase a site for the development of approximately 110 high-quality residential dwellings. Construction is scheduled to start in 2012.

Risk management

Risk is the chance of something happening that will have an impact on Cbus' strategic objectives.

Elements of the Cbus Risk Management Framework

The Cbus Risk Management Framework is comprised of the following elements:

- A combined Risk Management Plan and Strategy which includes a register of material risks, risk ratings and mitigating controls in place
- Automated procedures for monitoring and reporting compliance with the Risk Management Plan
- Ongoing review of risk
- An Audit and Risk Management Committee to oversee the Risk Management Framework.

Material Risks

The trustee has identified the following as the material risks of the Fund:

- Investment risk-failure to achieve investment objectives
- Outsourcing risk-failure of an outsourced provider who provides a material service to the Fund for eg Administrator or Custodian
- Accounting and Financial risk-the risk the Fund may make decisions based on inaccurate or inappropriate financial information which may detrimentally impact members, misinform members and/or regulators, detrimentally impact the Trustee
- Adverse Publicity risk-reputation damage to the Cbus brand
- Direct property investment risk-failure of a direct property investment
- Legal and compliance risk-material failure of the Fund's legal and compliance process
- Fund governance risk-failure of the Trustee to identify or manage governance issues that may impact adversely on member benefits



- Business strategic risk-failure of the Fund's business strategic planning
- Operational risk-failure of business continuity planning, inappropriate resourcing, loss of key staff, lack of appropriate insurance cover
- Fraud risk-the intentional misstatement or misuse of information to obtain financial benefits through improper, unauthorised or illegal actions, including the dishonest appropriation of Cbus property with the intention to permanently deprive the Fund of that property.

Risk ratings are calculated for each risk based on an assessment of the likelihood of the risk occurring and its potential impact and includes an assessment of the effectiveness of the controls in place to mitigate the risk.

Auditor Attestation

An approved auditor must audit the Risk Management Plan and strategy annually and attest that the Framework adopted by the Trustee to identify, assess, control, report and review the risks of the Fund has been implemented and is operating effectively.

The audit reports for Risk Management for the 2010/11 year will be available online from 20 October 2011 at www.cbussuper.com.au/AnnualReport

8.7%

Default investment option return

Complaints reporting

Our complaints process aims to deliver solutions that respect all participants and the integrity of the Fund.

|| Superannuation Complaints Tribunal (SCT) – An independent dispute resolution body that offers a free 'user-friendly' alternative to the court system. ||



deal quickly and fairly with the complaint. We are committed to finding a resolution to the complaint within the prescribed period of no more than 90 days.

For convenience, complaints can be received via telephone, email or in writing. Once the Trustee has investigated the complaint, the complainant will receive a written reply explaining the Trustee's decision.

Complaints procedure

The Trustee places a great deal of emphasis on providing the best level of service to members and focuses on dealing with enquiries in an efficient and respectful manner.

Should a member not be satisfied about the service or a response that has been provided by the Fund, members are able to make a formal complaint to the Fund. Once a complaint is received, the matter is investigated through our internal complaints procedure, with the aim to

If a member is unhappy with the outcome of the complaint, or if the Fund response was not sent within 90 days, members are able to contact the Superannuation Complaints Tribunal (the SCT). If the SCT agrees to investigate the complaint, an attempt will be made to resolve the matter through conciliation, which involves the SCT assisting the complainant and the Fund to come to an agreement. Should this conciliation process be unsuccessful, the complaint will be referred to its Review Panel for a final determination, which is binding on all parties.

12,706

Outbound advice calls made

COMPLAINT NUMBERS FOR THE 2010/11 YEAR

Total number of complaints:	456, with 154 related to administration matters and 302 related to insurance and claims
Total number of SCT complaints lodged:	32, with 15 related to administration matters and 17 related to insurance and claims
Total number of SCT complaints conciliated:	18
Total number of SCT complaints resolved:	15 (83%)
Total number of SCT complaints outstanding:	3 (17%)

Financial management and integration with strategy

Prudent management and allocation of financial resources in support of our strategy.

Maintaining our low cost focus

Prudent financial management underpins the Fund's efforts to achieve its strategic objectives, in particular, maintaining our low cost (value) focus. Continuous review of financial controls and procedures forms part of the Fund's commitment to risk management and keeping costs low and within budget.

Planning through our budget

The annual budgeting process integrates with the annual business planning cycle by establishing expenditure and financial frameworks, which define the Fund's commitment of its financial resources towards its business-as-usual activities and its strategic initiatives. The Annual Budget is reviewed by the Fund's Audit and Risk Management Committee and endorsed by the Fund Board.

Supporting service improvement

We are constantly challenged to keep improving our fund and member services whilst maintaining our low cost focus. We achieve this through our disciplined budgeting and business planning process which demands efficiency in the allocation of our financial resources.



76,750
Employers

Cbus annual financial report

Fund stability and strength.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	2011 \$'000	2010 \$'000
Assets		
Investments	17,292,327	14,200,737
Current assets	243,796	257,278
Non current assets	3,852	3,938
Total assets	17,539,975	14,461,953
Liabilities		
Tax payable	64,291	134,343
Benefits payable	21,278	13,383
Other liabilities	60,077	61,584
Total liabilities	145,646	209,310
Net assets available to pay benefits	17,394,329	14,252,643
Represented by		
Members' funds:		
Growth (Cbus Choice)	15,672,605	12,894,670
High Growth	681,205	460,033
Capital Guaranteed	221,705	291,704
Conservative	261,207	147,194
Moderate Growth	-	110,552
Cbus Super Income Stream	338,437	224,604
Cash Savings	130,315	40,349
Total members' funds	17,305,474	14,169,106
Group life administration fund	59,923	50,106
Contingency fund	28,932	33,431
Liability for accrued benefits	17,394,329	14,252,643

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
Revenue		
Contributions by employers	1,821,467	1,524,142
Contributions by members	137,251	150,746
Transfers from other funds	1,116,329	323,670
Investment income (net of investment expenses)	1,293,094	1,156,612
Proceeds on insurance claims	132,202	108,208
Other revenue	1,426	970
Total revenue	4,501,769	3,264,348
Expenditure		
Administration and management costs	71,910	62,404
Insurance costs	148,025	130,654
Taxation expense	246,420	277,610
Total expenditure	466,355	470,668
Benefits accrued after tax	4,035,414	2,793,680

Cbus annual financial report

The Cbus annual financial report is prepared by Superpartners Finance in conjunction with Cbus Finance. The report is based on the Fund's general ledger balances and custodian investment and taxation reports, together with members' funds information sourced from Superpartners' administration systems.

The report is prepared in accordance with Australian Accounting Standards, legislative requirements and the requirements of the Trust Deed.

The report includes the Fund's Financial Statements, which comprise a Statement of Financial Position, Operating Statement and Statement of Cash Flows, and Notes to these Financial Statements. The report also includes a Trustee Declaration, Auditor's Independence Declaration and Auditor's Report.

The report will be available on the Cbus website from 20 October 2011 at www.cbussuper.com.au/AnnualReport

An extract from the report, which is unaudited, is provided on the left.

Eligible Rollover Fund

Cbus transfers accounts to an eligible rollover fund if no contributions have been received for 12 months; and the account balance is less than \$1,000. As a result, any insurance cover will cease and you may be charged fees by AUSfund (the ERF chosen by Cbus). During 2010/11, 16,931 Cbus accounts worth a total of \$4,367,314 were transferred to AUSfund. Cbus' ERF is AUSfund (Australia's Unclaimed Super Fund), ABN 17 006 883 227. AUSfund's contact details are:

PO Box 2468
Kent Town SA 5071
Or call 1 300 361 798.

Members' funds and reserves

The fund's net assets provide for members superannuation benefits.

Members' Funds

Members' funds represent benefits accrued to members at 30 June 2011. The majority of the Fund's net assets support members' funds, with the balance supporting the group life and contingency funds.

Group life administration fund

All insurance contributions deducted from insured members plus any profit share rebate received from the insurer is paid into the group life administration fund.

From this Cbus:

- pays the insurer (Hannover) its premiums
- pays the costs to administer insurance and claims (Superpartners)
- funds its insurance claims reduction strategies aimed at generating a long-term improvement in the claims ratios
- funds development and implementation costs associated with the delivery of improved insurance offerings
- pays for insurance consulting services (Industry Fund Services Insurance Broking).

Any surplus is retained within the Fund.

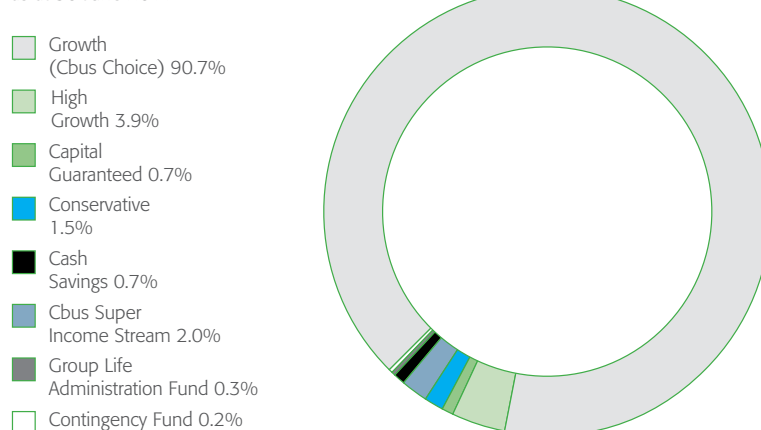
Contingency fund

The contingency fund is used to cover unforeseen or unrecouped costs in relation to the running of the Fund. Cbus targets a contingency fund of no more than 0.5% of total Fund assets.

The table below details the contingency fund as a percentage of assets for the past five years:

YEAR	CONTINGENCY FUND AS A PERCENTAGE
30/06/2007	0.40%
30/06/2008	0.30%
30/06/2009	0.20%
30/06/2010	0.20%
30/06/2011	0.20%

Members' Funds and Reserves as at 30 June 2011



305,717

Cheques processed

454,007

Calls made
to Cbus



Inputs into the financial statement process

Obtaining independent assurance over accuracy.

|| *Independent review of key controls and risks support the accuracy and fair presentation of the financial statements.* ||

Inputs into the financial statement process

There are several different inputs that support the completeness and accuracy of the Financial Statements. These include:

- existence and valuations of investments. An independent audit of the Fund's investments held in the name of the Custodian and reflected in the Statement of Financial Position and Notes to the Financial Statements is completed.
- investment administration controls. An independent audit of the internal controls and procedures the Custodian has over custody, investment administration, unit registry and related information technology services is completed. The internal controls and procedures audited support investment-related information reflected in the Financial Statements and Notes to the Financial Statements.
- member administration controls. An independent audit of the internal controls and procedures the Administrator has over superannuation member administration is completed. The internal controls and procedures audited support information reflected in the Financial Statements and Notes to the Financial Statements.

Tax review

A tax review over the key tax numbers in the Statement of Financial Position and Operating Statement is completed by the Fund's tax specialist in conjunction with its External Auditor and Tax Advisor to provide assurance over these numbers. In-house tax expertise assists in maintaining comprehensive tax management and accuracy of tax expense within the Fund.

External audit clearance

The Fund's External Auditor conducts an independent audit of the Financial Statements and Notes to the Financial Statements to provide an opinion as to whether the Financial Statements are presented fairly.

Internal audit

The Fund's Internal Auditor completes reviews of internal controls and procedures over key Fund transactions, which are represented in the Financial Statements and Notes to the Financial Statements.

Management representation letter

The Fund's Chief Executive Officer and Executive Manager Finance provide a letter to Fund Directors confirming their responsibility in ensuring that the Financial Statements are fairly presented.



Service provider listing

Our service providers are fundamental in helping us obtain the best outcomes for our members.

SERVICE	PROVIDER
Fund Administrator	Superpartners
Archiving of Trustee files and warehousing of publications	BlueStar WaiveStar Group
Advisory Services	Milliman Consulting Rice Warner Ernst & Young Right Lane FBG Group
Custodian	National Australia Bank
Tax Advisor	Ernst & Young Deloitte
Insurer	Hannover Life Re
Insurance broking services	IFS Insurance Broking
Arrears Collection Agent	Industry Funds Credit Control
Investment Advisor	Frontier Investment Consulting
Legal Advisors	IFS Legal Holding Redlich DLA Piper Clarendon Lawyers Dwyers Madgwicks Lawyers
Professional Indemnity Insurer	Chubb
Auditor (Internal)	KPMG
Auditor (External)	PwC
Quality Review Auditor	Ernst & Young
Payroll	Symarco
People & Culture/Leadership Development Program	National Leadership Institute
Member Research and Advice	Forethought Research
Ongoing technical support and hosting of Cbus website	Squiz
Advertising and Marketing Services	The Shannon Company
Design and Marketing Services	Salt Marketing The Blue Group





\$199,453

Average account balance
(Super Income Stream)

More information?

Call our Service Centre on **1300 361 784**,
Monday to Friday, 8am – 8pm (EST),
visit www.cbussuper.com.au or write to
Locked Bag 999, Carlton South, Victoria 3053.

*Copies of this Annual Report can be downloaded
at www.cbussuper.com.au/AnnualReport*



Past performance is not a reliable indicator of future performance. All care has been taken to ensure that the information contained herein is correct, but neither the Trustee nor its advisers accept responsibility for the content, any error or misprint, or for any person who acts on this information.

Any advice is of a general nature and does not take into account your specific needs. You should consider your own financial position, objectives and requirements before making any financial decisions. You should read the appropriate Product Disclosure Statement (PDS) to decide whether Cbus is right for you. Call Cbus on **1300 361 784** or visit www.cbussuper.com.au for a copy. The Cbus Annual Report is issued by United Super Pty Ltd ABN 46 006 261 623 AFSL 233792 as Trustee for Cbus ABN 75 493 363 262.