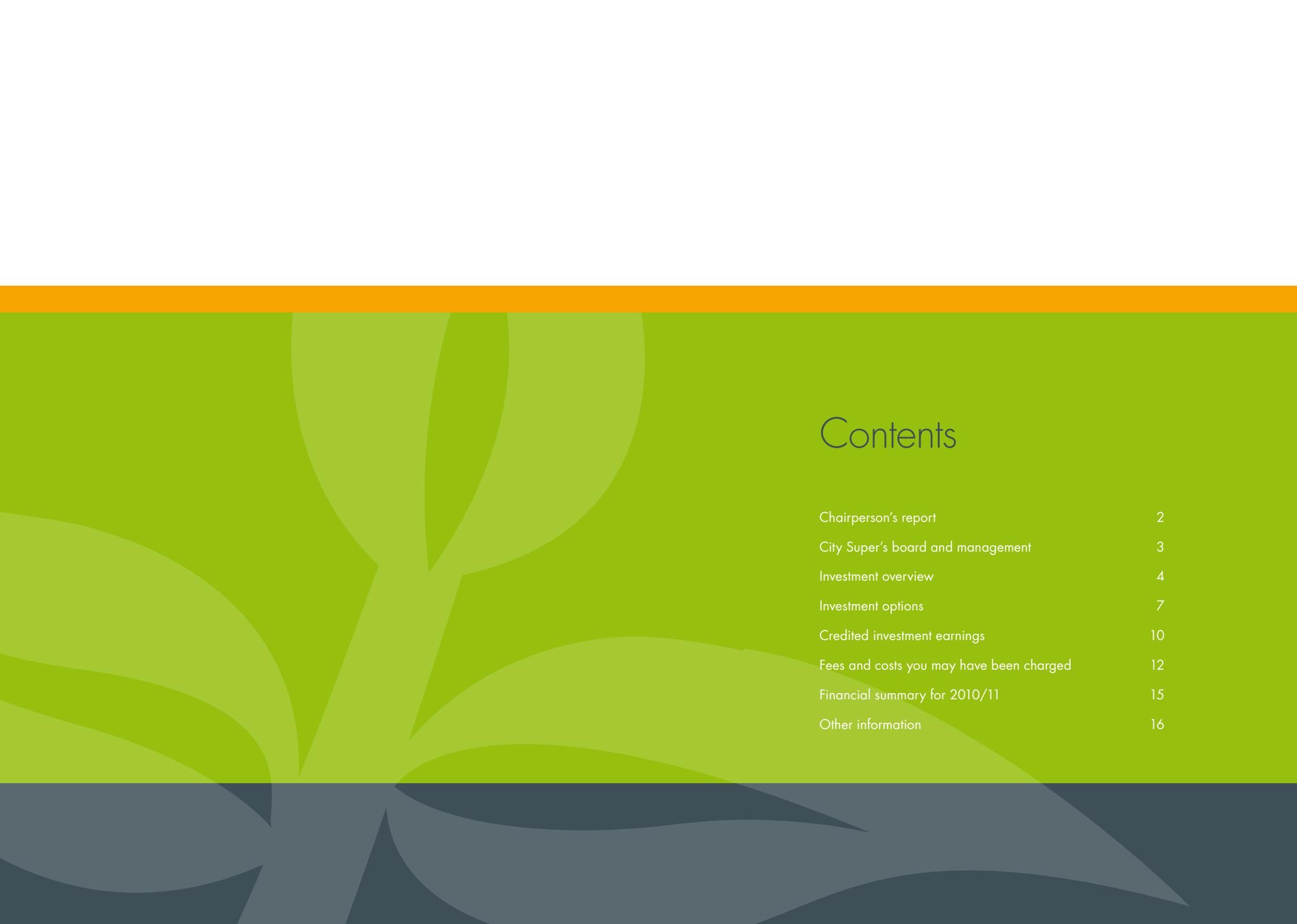




Annual Report 2011



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Chairperson's report 2011

The past year has certainly been a busy and eventful one for the Board and staff of City Super, with the proposed, and now completed, merger of City Super with LGsuper.

As such, this will be last Chairman's report for City Super. By the time this Annual Report is published much change and progress will have been made.

- The merger with LG Super is now completed.
- City Super employees are now employed by the new merged fund — a number in key management positions.
- The transitional Board of LGsuper, which includes Louise Dudley and myself as Directors, has begun their regular meeting schedule and decision making.
- All City Super accounts have been recreated in LGsuper's membership system, and
- Member Transfer Statements have been mailed to all members detailing your superannuation balance and benefits as at 30 June 2011.

The closing amount on your Member Transfer Statement is the opening balance of your new LGsuper account at 1 July 2011.

The merger with LGsuper was not a decision taken lightly by your Board and the final resolution carried by the Board on 23 June 2011 was a historic occasion. In recognition of this, I invited all previous directors of City Super to attend and witness the resolution. It was pleasing that a number of these former directors were able to attend and appreciated being involved in this significant undertaking.

Every step was taken to keep members informed of the merger decision and progress. Numerous briefing sessions were held, a number of letters and newsletters were posted to members' home addresses and information was sent through Brisbane City Council's GroupWise system.

To summarise, the major reasons why the merger was considered and agreed by your Board are:

- Various recommendations of the Cooper Report which are to be implemented by the Federal Government meant that a number of very costly changes would be required by all super funds to comply. Smaller funds, such as City Super, would be overwhelmed by these costs and would need to pass on cost increases to City Super members. By merging with LGsuper these costs could be shared across a larger membership and have less impact on individuals.
- The Federal Government was offering substantial tax savings to any super funds that merged before 1 July 2011.
- LGsuper was a logical choice, with our shared emphasis on the retirement savings for Queensland local government employees. In my opinion, there is no better match in terms of objectives and values.
- Being a larger, internally administered fund, LGsuper's costs are lower than City Super's. By merging, the larger combined fund is able to deliver fee savings to members through an ability to negotiate better fees from Investment Managers and providers. City Super members are already enjoying lower fees.

Former City Super members can be assured that their interests are being protected by having representation on the new merged Board and legislation in place (including Trust Deed protection) by the State Government to ensure your previous benefits are maintained.

In conclusion, I would like to thank all the directors and City Super staff for the enormous amount of work and dedication over the last twelve months and look forward to being able to continue to represent you in LGsuper.

Ron Curtis

Chairperson of the Board of Directors

City Super's Board and Management

City Super (Brisbane City Council Superannuation Plan ABN 32 864 248 795, RSE Registration Number R1004212) is managed by the Trustee City Super Pty Ltd (ABN 84 068 044 182; RSE Licence Number L0001199) in accordance with the Trust Deed and superannuation law.

The Trustee's registered address is now Level 17, 333 Ann Street, Brisbane Qld 4000.

References to 'City Super' or 'the Fund' are used throughout this Annual Report to refer to the Trustee and the Brisbane City Council Superannuation Plan.

There are six directors on the Board of the Trustee – three appointed by the members of City Super in accordance with the Company's Constitution, and three are appointed by Brisbane City Council.

Directors of the Trustee at 30 June 2011 were:

Member representatives	Appointment date
Ron Curtis	1 December 2004
Sterling Bonython	14 January 2009
Peter Hancock	10 March 2009
Appointed by Council	Appointment date
Louise Dudley	1 January 2007
Sue Rickerby	24 June 2008
Greg Evans	22 January 2010

City Super has a specific set of rules applying to the appointment and removal of member representatives and the filling of casual vacancies. All eligible members of City Super could stand, nominate others and vote in City Super elections for member representative directors.

Board committees

To ensure that City Super operates at a high standard, the Board established five sub-committees. Membership of the Committees consisted of the following persons at 30 June 2011:

Investment Committee	Claims Committee	Administration & Contracts Committee	Communication & Marketing Committee	Audit, Risk & Compliance Committee
All Directors	Ron Curtis	Sue Rickerby	Sue Rickerby	Louise Dudley
	Sterling Bonython	Ron Curtis	Peter Hancock	Greg Evans
	Karen Gibson (CEO)	Karen Gibson (CEO)	Karen Gibson (CEO)	Sterling Bonython
		(Committee dissolved August 2010)		Karen Gibson (CEO)
				Stuart Meekin (Fund Secretary)

Management of City Super

City Super's day to day operation was managed for and on behalf of the Board by Karen Gibson, the Chief Executive Officer who was supported by a team of eight professionals.

Investment overview

Market Summary

With the global economy looking to emerge from the anguish of the GFC and its related debt problems, the 2010/11 financial year started off remarkably positively, with the ASX300 index returning +4.5% for July (remembering that the market had lost 11% the previous quarter) and the broader global market up 5.8%.

This seemingly positive attitude in global markets continued until April when the issue of Greece's debt problems and a slowdown in both US and Chinese economic growth again caught investors' attention. The financial year ended on a weaker note with equity markets falling around the world on the continuing concerns of the widening Euro-zone sovereign debt crisis and the early murmurs of the US debt ceiling not being increased.

In Australia our markets fell 4.3% for the June quarter to post a 12 month return of 11.9%. The mining boom had a continuing positive influence on the share market and the broader economy, with the ASX300 Resources index up 18%.

Global equity markets fared much better, with the US S&P500 up 28%, the UK FTSE up 21% and German DAX up 24% all in local currency terms. The Japanese Nikkei rose just 5% following the devastating effects of the earthquake and tsunami in late March.

Interest rates remained fairly subdued in Australia with the Reserve Bank of Australia increasing official interest rates only once this year at its November meeting to 4.75%. While there was much talk throughout this period to increase interest rates, a series of natural disasters, (Qld floods in January, NZ earthquake in February and Japan's earthquake in March) coerced the RBA to adopt a 'wait and see' approach, with their general rhetoric being to closely monitor the outlook for growth and inflation with a general bias towards tightening in the future, ie higher interest rates.

Asset class returns 2010 / 2011 (% p.a.)

Australian shares	11.9
International shares (Hedged)	22.3
International shares (Unhedged)	2.7
Unlisted Property	10.6
Fixed interest	5.5
Cash	5.0

Outlook

The global economy will continue to face the same pressures as were present in 2010/11. Euro-zone sovereign debt issues and the accompanying austerity measures, a potential slowdown in the Chinese economy as the government tries to reign in the prospect of higher inflation and the US debt issues – while the US government will be able to borrow more money from overseas, they will also have to cut spending, which will dampen local growth.

In Australia, although the economic difficulties in Europe will have some influence, we will continue to benefit from Asia and in particular China's economic growth and their on-going demand for our natural resources.

Investment overview (cont.)

Where is your money invested?

In preparation for the merger with LGsuper on 1 July 2011 the Boards of both funds reviewed their respective investment manager structures. The outcome of this review was to rationalise the investment managers and retain the best of both super funds for the merged entity. As a result a number of changes were made to City Super's investment managers to prepare for a smooth transition to the new structure.

During the year, the Board made the following changes to Fund's investment managers:

Terminations	Additions
Ausbil Dexia	Independent Asset Management
Northward	JCP Investment Partners
Solaris	Macquarie Pure Index Equities Fund
Deutsche Global	Merlon Capital Partners
Wellington Global	Northcape Capital
Platinum	BlackRock Indexed International Fund
GMO Hedge Fund	QIC Property Fund
Principle Global	CFS Fixed Interest
Vanguard	PIMCO Global Credit
	QIC Fixed Interest
	Vianova Fixed Interest
	Wellington Global Total Return

AUSTRALIAN SHARES

Manager	Actual % of total fund
AMP Socially Responsible	2.0
Independent Asset Management	5.5
JCP Investment Partners	3.2
Macquarie Index Equities Fund	6.5
Merlon Capital Partners	4.5
Northcape Capital	5.1
Paradice Small Cap Fund	2.8
Perpetual Ethical SRI Fund	2.1
Total	31.7

INTERNATIONAL SHARES

Manager	Actual % of total fund
BlackRock Indexed Equity Fund	6.7
Brandes Investment Partners	7.5
CFS Emerging Markets	2.6
MFS Fully Hedged	7.7
Total	24.5

PROPERTY

Manager	Actual % of total fund
AMP Income Fund	1.8
Dexus	4.5
QIC	3.5
Total	9.8

INFRASTRUCTURE

Manager	Actual % of total fund
AMP Infrastructure	1.6
AMP SITES	1.0
Hastings	3.9
Total	6.5

DIVERSIFIED FIXED INTEREST

Manager	Actual % of total fund
CFS Fixed Interest	2.0
PIMCO Global Credit	2.6
QIC Fixed Interest	8.6
Vianova Fixed Interest	1.3
Wellington Global Total Return	4.9
Total	19.4

CASH

Manager	Actual % of total fund
City Super	1.0
JP Morgan	7.0
Members Equity	0.1
Total	8.1

Investment options

City Super – Ready-made investment options

Balanced

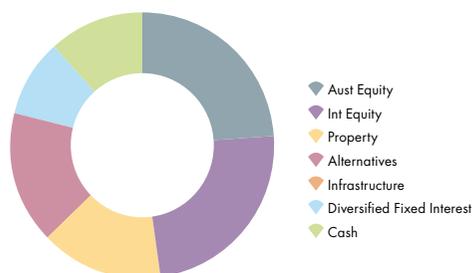
Investment Objective

To achieve a return net of tax and fees that is higher than the Consumer Price Index (inflation) plus 3% p.a. over 5 rolling year periods.

Risk Profile

Moderate risk / moderate return

Investment Mix



Asset Class	Benchmark %	Range %
Australian Equities	23.9	20–50
International Equities	23.9	15–35
Property	15.0	0–20
Alternatives	16.2	0–20
Infrastructure	9.5	0–15
Diversified Fixed Interest	11.5	0–30
Cash	–	0–20

Annualised Returns

2011	7.6
2010	10.0
2009	–14.3
2008	–8.4
2007	16.0
5 year compounded average	1.5

Growth

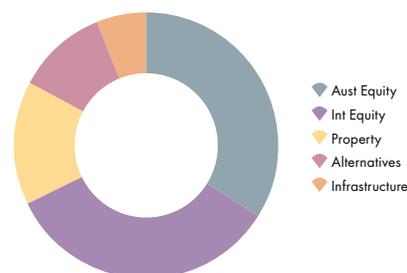
Investment Objective

To achieve a return net of tax that is higher than the Consumer Price Index (inflation) plus 4% p.a. over 5 rolling year periods.

Risk Profile

High risk / high return

Investment Mix



Asset Class	Benchmark %	Range %
Australian Equities	34.0	30–60
International Equities	34.0	20–50
Property	15.0	5–25
Alternatives	11.0	0–20
Infrastructure	6.0	2–20
Diversified Fixed Interest	–	–
Cash	–	0–5

Annualised Returns

2011	8.4
2010	9.9
2009	–17.4
2008	–11.1
2007	18.8
5 year compounded average	0.8

Stable

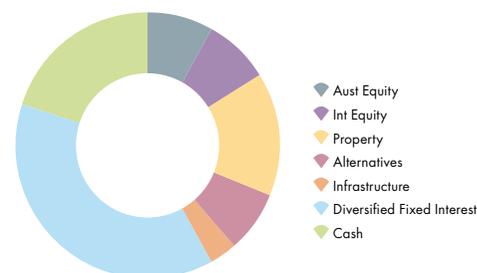
Investment Objective

To achieve a return net of tax that is higher than the Consumer Price Index (inflation) plus 2% p.a. over 5 rolling year periods.

Risk Profile

Lower risk / lower return

Investment Mix



Asset Class	Benchmark %	Range %
Australian Equities	8.1	5–20
International Equities	8.1	5–20
Property	15.0	0–15
Alternatives	7.5	0–15
Infrastructure	3.5	0–15
Diversified Fixed Interest	37.8	10–50
Cash	20.0	0–30

Annualised Returns

2011	6.2
2010	7.7
2009	0.0
2008	1.2
2007	8.4
5 year compounded average	4.6

Secure

Investment Objective

To achieve a return net of tax that is higher than the Consumer Price Index (inflation) over 5 rolling year periods.

Risk Profile

Lower risk / lower return

Investment Mix



Asset Class	Benchmark %	Range %
Australian Equities	0	–
International Equities	0	–
Property	0	–
Alternatives	0	–
Infrastructure	0	–
Diversified Fixed Interest	20.0	15–25
Cash	80.0	0–85

Annualised Returns

2011	4.5
2010	3.9
2009	5.5
2008	3.4
2007	5.2
5 year compounded average	4.5

Investment options

City Super – Single asset class options

Cash

Investment Objective

To achieve a return before tax and fees that matches the RBA's official cash rate.

Risk Profile

Low risk / low return

Investment Mix



Asset Class	Benchmark %	Range %
Cash	100	100

Annualised Returns

2011	4.5
2010	3.1
2009	n/a
2008	n/a
2007	n/a
5 year compounded average (or since inception)	3.5

Australian shares

Investment Objective

To achieve a return before tax and after fees that exceeds the S&P/ASX300 Accumulation Index over rolling 3 year periods.

Risk Profile

High risk / high return

Investment Mix



Asset Class	Benchmark %	Range %
Australian Equities	100	95–100
Cash	0	0–5

Annualised Returns

2011	9.5
2010	11.5
2009	-21.8
2008	-11.7
2007	25.9
5 year compounded average (or since inception)	1.2 (or since inception)

International Shares

Investment Objective

To achieve a return before tax and after fees that exceeds the MSCI World ex Australia Index in \$A over rolling 3 year periods.

Risk Profile

High risk / high return

Investment Mix



Asset Class	Benchmark %	Range %
International Equities	100	95–100
Cash	0	0–5

Annualised Returns

2011	7.7
2010	8.9
2009	-15.0
2008	-17.8
2007	13.9
5 year compounded average (or since inception)	-1.4

Socially Responsible

Investment Objective

To achieve a return before tax and after fees that exceeds the S&P/ASX300 Accumulation Index over rolling 3 year periods.

Risk Profile

High risk / high return

Investment Mix



Asset Class	Benchmark %	Range %
Australian Equities	100	90–100
Cash	0	0–10

Annualised Returns

2011	10.7
2010	23.4
2009	-14.1
2008	-16.5
2007	22.6
5 year compounded average (or since inception)	3.7

Investment options

City Super – Single asset class options

Fixed Interest

Investment Objective

To achieve a return before tax and after fees that exceeds the 60% UBSA Composite Bond Index, 40% Lehman Global Agg. Hedged over 3 rolling periods.

Risk Profile

Moderate risk / moderate return

Investment Mix



Asset Class	Benchmark %	Range %
Diversified Fixed Interest	100	90–100
Cash	0	0–10

Annualised Returns

2011	4.9
2010	7.0
2009	9.3
2008	4.1
2007	5.2
5 year compounded average	6.1

Property

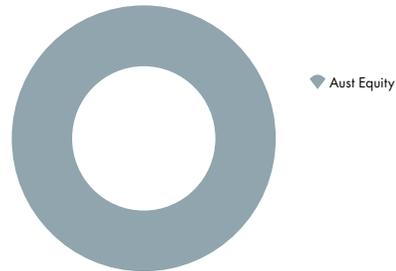
Investment Objective

To achieve a return before tax and after fees that exceeds the Mercer Unlisted Property Unit (pre-tax) over rolling 3 year periods.

Risk Profile

Medium risk / medium return

Investment Mix



Asset Class	Benchmark %	Range %
Property	100	70–100
Cash	0	0–30

Annualised Returns

2011	10.2
2010	2.4
2009	-12.1
2008	11.8
2007	13.6
5 year compounded average	4.7

Credited investment earnings

Accumulation accounts

Credited investment earnings since the introduction of the relevant investment options – Accumulation accounts

Option	Annual crediting rates for year ending 30 June % p.a. ¹					Five year compound average
	2007	2008	2009	2010	2011	
City Super Balanced option	16.3	-9.1	-14.8	9.8	7.3	1.2
City Super Growth option	18.9	-11.7	-17.9	9.7	8.0	0.4
City Super Stable option	9.1	0.4	-0.2	7.5	5.8	4.5
City Super Secure option	6.2	2.7	5.4	3.7	4.3	4.4
City Super Cash option	n.a	n.a	1.0 ²	2.9	4.2	3.1 ³
City Super Australian shares option	26.1	-12.4	-22.4	11.3	9.2	0.8
City Super International shares option	13.8	-18.5	-15.6	8.7	7.5	-1.7
City Super Socially Responsible Investment option	22.4	-17.2	-14.7	23.1	10.5	3.3
City Super Property option	13.4	10.9	-12.4	2.2	8.4	4.1
City Super Fixed Interest option	5.2	3.3	9.2	6.8	4.7	5.8

Past credited investment earnings are not an indication of future credited investment earnings.

¹ Where the option has not been available for the full year, rates are shown for the relevant part of the year.

² Rates for period 1/01/09 to 30/06/09.

³ Compound average for the period 1/01/09 to 30/06/11.

Credited investment earnings (cont.)

Pension accounts

For Pension accounts, the earnings for each investment option were calculated in the same way as for Accumulation accounts, except an allowance was made for the tax exemption on investment returns on the investments deemed to back the pension liabilities. This means that Pension accounts usually achieve higher credited investment earnings than Accumulation accounts when investment returns are positive.

Credited investment earnings since the introduction of the relevant investment options — Pension accounts

Option	Annual credited investment earnings for year ending 30 June % p.a. ¹					
	2007	2008	2009	2010	2011	Five year compound average
City Super Balanced option	18.3	-10.0	-15.7	11.4	8.7	1.7
City Super Growth option	20.3	-12.5	-17.9	11.4	8.8	0.9
City Super Stable option	10.6	0.6	-1.3	8.7	6.7	4.9
City Super Secure option	7.4	3.3	5.3	4.3	5.0	5.0
City Super Cash option	n.a	n.a	1.1 ²	3.5	5.0	3.6 ³
City Super Australian shares option	27.3	-12.8	-20.2	13.0	9.6	1.9
City Super International shares option	16.5	-21.4	-17.7	10.6	8.6	-2.0
City Super Socially Responsible Investment option	23.5	-17.9	-15.0	25.4	11.0	3.7
City Super Property option	15.1	12.3	-12.3	2.6	9.7	5.0
City Super Fixed Interest option	6.2	4.1	10.6	8.0	5.3	6.8

Past credited investment earnings are not an indication of future credited investment earnings.

¹ Where the option has not been available for the full year, rates are shown for the relevant part of the year.

² Rates for period 1/01/09 to 30/06/09.

³ Compound average for the period 1/01/09 to 30/06/11.

Defined benefit accounts

The Defined Benefit section is closed to new members and only applies to certain employees. The Defined Benefit fund, after the merger with LGsuper, will remain separate from the LGsuper Defined Benefits Fund and will operate as it did under City Super.

As in previous years the investment objectives and strategy for Defined Benefit accounts was the same as for the Balanced option for Accumulation accounts.

The retirement benefit for Defined Benefit scheme members consists of a defined benefit component plus an accumulation component. The defined benefit component is calculated using the following formula:

Years of fund membership x final average salary* x 17.5%

*Average salary over your last three years of employment based on salary at review date

Employers contribute to the defined benefit component at an amount determined by City Super's Actuary as necessary to fund all benefits of the Defined Benefit section. Your compulsory contributions (5%) are also added to the defined benefit component. There is not separate account for these contributions for each member. The defined benefit component is invested in a common pool using the same strategy as the Balanced option for Accumulation accounts and used as required to pay benefits. Your Defined Benefit component is not affected by investment returns, as the employers bear the investment risk.

Any additional contributions such as member voluntary contributions, 3% occupational contributions and rollovers are added to the accumulation component and invested according to the member's choice of investment option/s. Different investment options can be chosen for your current accumulation account balances and for future contributions.

If Defined Benefit members do not exercise investment choice on the accumulation component, these funds will be invested in the defined benefit pool and the crediting rate will be determined in the same way as for the Defined Benefit component.

The crediting rate for the Defined Benefit component is determined at the end of each year as the average return (net of tax and investment fees) on the Fund's defined benefit investments over the three years to the end of that year.

The Fund also determines an interim crediting rate based on recommendations from its Actuary. This rate is used in the calculation of any benefits payable prior to the determination of the final defined benefit crediting rate at 30 June each year. The interim crediting rate is reviewed regularly to take account of the investment performance to the end of the previous period. The interim crediting rate is also calculated as a three-year average; however the rate is based on forecast returns to the end of the current year rather than the actual return to the end of the current year.

The table below shows the crediting rates for the Defined Benefit component for the last five years.

CREDITING RATES FOR FIVE YEARS

DEFINED BENEFIT

Year ending 30 June	Defined Benefit % p.a.
2007	15.3
2008	7.3
2009	-2.3
2010	-3.9
2011	1.5
Five year compound average	3.3

Past crediting rates are not an indication of future crediting rates.

INVESTMENT RETURNS FOR FIVE YEARS

DEFINED BENEFIT

Year ending 30 June	Return % p.a.
2007	16.1
2008	-8.0
2009	-12.6
2010	9.9
2011	8.3
Five year compound average	2.1

Past investment returns are not an indication of future investment returns.

Fees and costs you may have been charged

This section of the Annual Report is designed to be read in conjunction with your Member Transfer Statement for 2011.

It may help you to understand the fees and charges that may appear on your statement as deductions from your superannuation balance. Some of the charges shown here will not appear in the transaction section of your statement because they are deducted from the returns on your investment before they are applied to your account or paid from the Fund as a whole.

A number of the fees below have been abolished upon the merger with LGsuper but may still appear on your 2011 Member Transfer Statement as they applied during the 2010/11 year. For a full explanation of fees which may apply to your account in the future please visit www.lgsuper.org/pds to view the Product Disclosure Statement that applies to you.

Please note that a single fee structure applied to all members. Fees were negotiated with providers to achieve the best outcome for all members. Therefore, our fees are not negotiable.

Fees and costs you may have been charged (cont.)

Type of fee or cost	Amount	How and when it is charged
Fees for when your money moved in or out of the fund		
Establishment fee The fee to open your account.	Nil	n/a
Contribution fee The fee on each amount contributed to your account – either by you or your employer.	Nil	n/a
Withdrawal fee The fee on each amount you took out of your account.	\$111.38	The fee is charged each time you elect to have a payment directed to another fund or withdraw a cash benefit. The fee will be deducted from your account balance.
Termination fee The fee to close your account.	Nil	n/a
Management costs¹ The fees and costs for managing your investment. The amount you paid for specific investment options is shown in the Management costs for investment options table overpage. These fees do not apply to the defined benefit scheme.	\$5.10 per month plus Range from 0.23% to 0.92% per annum	The dollar fee amount is deducted directly from your account each month, regardless of your balance. The fee percentage amount is deducted from investment earnings prior to the unit price for the investment options being determined. It is not charged directly to your account. The fee percentage amount may change from year-to-year ¹ .
Service fees²		
Investment switching fee² The fee to change your investment option on either your current account balance or your future contributions.	The first change in a financial year is free. Subsequent changes within the same financial year incur a fee of \$39.82 each.	The fee is charged to your account at the time of the second or subsequent change.

¹ Percentage Management Costs are derived from the costs and expenses of the Fund identified in the financial statements for the 2010/2011 financial year. ² Refer to “Additional explanation of Fees and Costs” below for information about Incidental fees and Financial advice fees.

Fees and costs you may have been charged (cont.)

MANAGEMENT COSTS FOR INVESTMENT OPTIONS

Option	Total percentage fees for Option ¹
City Super Balanced option	0.78%
City Super Growth option	0.88%
City Super Stable option	0.57%
City Super Secure option	0.26%
City Super Australian Shares option	0.69%
City Super International Shares option	0.92%
City Super Socially Responsible Investment option (Australian Shares)	0.97%
City Super Property option	0.86%
City Super Fixed Interest option	0.39%
City Super Cash option	0.23%

¹ Percentage Management Costs are derived from the costs and expenses of the Fund identified in the financial statements for the 2010/2011 financial year.

Additional explanation of fees and costs

Management costs

Management costs of the Fund included fees to cover the costs of investing and managing investments for members. These management costs included fees paid to the Fund's administrator and the cost of operating the Fund, and specialist and administrative services including the City Super office, Helpline, member services and website.

Management costs also included investment fees charged by investment managers for managing the assets under their control. The fee is charged by the investment manager before they issued the unit price for the particular managed investment. It was not a cost charged directly to the Fund. Investment fees include custody fees, and could include Performance fees (see below).

The percentage Management costs in the Fees and Costs table are derived from the actual costs and expenses of the Fund for the 2010/2011 financial year. These costs and expenses vary from year to year and are expected to be lower in the year ahead due to better negotiating power of the larger combined fund (LGsuper).

Performance fees

The Management costs include performance fees. Performance fees are charged by some investment managers when the investment return achieved by that manager outperforms an agreed benchmark. The level of performance fees varies, as the level of out-performance achieved by the investment managers varies.

The Performance fees paid to the relevant investment managers for the 2010/11 financial year ranged between 0.0% and 0.05% in the investment options.

It is worth noting that if the Performance fee exceeds our estimates, this means the investment manager has achieved greater performance above the agreed benchmark.

Incidental fees

These fees will only appear on your Member Transfer Statement if you have taken advantage of certain services of City Super throughout the year.

Family Law splitting fee

A fee of \$400 (\$200 for each spouse) applies to splitting superannuation accounts in accordance with Family Law directives. The fee will be deducted equally from each account, when the split occurs. This fee will no longer apply after the merger with LGsuper.

Binding death nomination administration fee

A fee of \$0.11 per week (including part of a week) is charged while you have a binding death nomination in force and is deducted directly from your account. This fee will no longer apply after the merger with LGsuper.

Financial advice fees

Limited financial advice was available in person by City Super's Member Education Manager and will continue to be offered to former City Super members after the merger. A fee is charged if you request limited financial planning advice. There is no fee charged for the initial meeting. If a Statement of Advice is required a fee of \$220 per hour will be charged for an in person meeting plus \$130 per hour will be charged for the preparation of a Statement of Advice. The total fee charged depends on the type of advice you require and the time it takes our advisers to prepare your Statement of Advice (if required).

The portion of the Financial advice fee charged for advice directly related to your City Super account could be deducted from your City Super account on request, however this incurred a direct debit administration fee of \$66. This direct debit administration fee will no longer apply after the merger with LGsuper. The Financial advice fee remains in place.

The fees for advice, if they apply, will be explained to you in detail if you ask for financial planning advice.

Additional explanation of fees and costs (cont.)

Fee changes

The Withdrawal and Investment Switching fees were indexed annually to Average Weekly Ordinary Time Earnings (AWOTE). This meant that a 5% annual increase in AWOTE would result in a 5% increase in these fees. Increases in fees as a result of indexation were applied annually at 1 January. Note, these fees were abolished upon the merger with LGsuper on 1 July 2011.

The Insurer may alter insurance premiums on each renewal of the Fund's insurance policy. Former City Super members have retained the same insurance arrangements (and insurer) after the merger.

Member Benefit Protection

The Member Protection rules were in place to protect small super balances from erosion due to administrative fees and charges. Member benefit protection applied to City Super members who had an Accumulation account of less than \$1,000.

The amount of administration costs charged to a protected account during a financial year generally could not exceed the investment return credited to the member's minimum benefits for that period. However, the Member Protection rules did not apply during a period of poor investment returns (when administration costs exceeded investment returns), and in this case a small fee may have been charged

This arrangement will discontinue upon the merger with LGsuper.

Financial summary for 2010/11

The financial summary provided here is extracted from the Fund's full financial statements for the year ended 30 June 2011. At the time of publication of this Annual Report, the audit of the financial statements had not yet completed by the Fund's auditors, the Queensland Audit Office.

City Super expects the audited financial statements to be available by 31 October 2011 and do not expect any qualifications in the audit report.

	2011	2010
	\$'000	\$'000
Net Assets at beginning of financial year	1,355,300	1,155,649
<i>Plus income</i>		
Contribution revenue	163,117	150,723
Investment revenue	115,399	124,111
Other revenue	4,392	3,330
Total Revenue	282,908	278,164
<i>Less Expenses</i>		
General Administration Expenses	4,161	3,493
Group Life premiums	4,583	2,974
Contribution surcharge	4	-2
Benefits paid	76,667	51,881
Income tax expense/(benefit)	22,727	20,167
Total Expenses	108,142	78,513
Net Assets as at 30 June	1,530,066	1,355,300
Assets and Liabilities		
<i>Assets</i>		
Cash at bank	13,084	3,279
Receivables	64	11,513
Investments	1,511,268	1,328,115
Other assets	14,980	20,396
Total Assets	1,539,396	1,363,303
<i>Less Liabilities</i>		
Benefits payable	2,085	1,137
Creditors and accruals	1,872	1,143
Current tax liabilities	5,116	5,411
Deferred tax liabilities	257	312
Total Liabilities	9,330	8,003
Net assets at 30 June	1,530,066	1,355,300

Contributions funding

City Super confirms that it has received all Superannuation Guarantee employer contributions from participating employers for the year ended 30 June 2010 in accordance with the legislation.

As reported last year, a valuation by the Actuary at 1 July 2008 showed that the defined benefit section was in an unsatisfactory financial position. Subsequently the defined benefits section of the Fund was declared technically insolvent by the Actuary on 27 November 2008 due to the significant downturn in investment markets after 1 July 2008.

A special funding and solvency program, recommended by the Fund's Actuary due to technical insolvency in November 2008, remains in place and requires the sponsoring employers to contribute an additional \$295,000 per month to the Fund with an objective to return the defined benefit section to a satisfactory financial position by February 2012.

The Actuary confirmed that the Defined Benefit section was in a satisfactory financial position by December 2010. The Defined Benefit section remained in a satisfactory financial position at 30 June 2011.

City Super believes that the risk of being unable to meet benefit payments is very low as City Super had Deed of Guarantee in place with Brisbane City Council to fund any defined benefits as they fall due.

The Deed of Guarantee was novated to LGsuper on merger at 1 July 2011

Other information

Risk management

City Super was active in the management risks to its operations, to ensure that at all times the best interests of its members are looked after.

City Super holds a licence to operate a superannuation fund under the Superannuation Industry (Supervision) Act 1993 (the SIS Act). As part of its obligations as a Licensee, it must prepare a Risk Management Strategy and a Risk Management Plan that details how the Licensee identifies, monitors and manages the material risks to the Fund.

You are welcome to view a copy of the Risk Management Plan to assist you in understanding the risks associated with investing in the Fund. Contact us for a copy.

Trustee Indemnity Insurance

Throughout the year, Trustee Indemnity Insurance cover was in place to cover losses for which City Super may be liable while carrying out its normal duties. The Trustee has taken out run-off Trustee Indemnity Insurance to cover potential claims over the next seven years. The Directors are not insured for dishonest, wilful or reckless acts.

There were no penalties imposed on the Trustee under the SIS Act during the reporting period.

Changes to the Trust Deed

The Trust Deed was amended on 15 June 2011 to enable the Trustee to terminate the Fund and transfer all entitlements to another superannuation fund.

Financial services licence provider

City Super provided financial advice to members as a Corporate Authorised Representative (No. 280266) of Financial Planning Services Australia Pty Ltd ABN 55 010 521 810, Australian Financial Services Licence No 225982.

City Super Pty Ltd was authorised under this licence to provide general financial product advice in relation to the Fund and superannuation.

Certain City Super staff were also authorised under this licence to provide personal financial product advice limited to the following areas relating specifically to City Super:

- salary sacrifice;
- member investment choice;
- pensions;
- voluntary contributions and Co-contributions; and
- Centrelink.

The licence arrangements with FPSA were dissolved at the date of the merger with LGsuper.

Service providers

The following service providers assisted City Super in the management of the Fund.

Administrator

Mercer (Australia) Pty Ltd

Custodian

JP Morgan

Asset consultant

Towers Watson

Group Life insurer

OnePath Life Limited

Actuary

Julian Hotz

FIAA

Mercer (Australia) Pty Ltd

Auditor

Queensland Audit Office

Legal advisers

Corrs Chambers Westgarth

Tax adviser

Ernst & Young

Australian Financial Services Licence provider

Financial Planning Services

Australia Pty Ltd

These external service providers are independent of City Super, Brisbane City Council and each other.

Concerns and complaints

Internal procedure

City Super, and now LGsuper, has an internal procedure in place to deal with your concerns and complaints. Regardless of whether a complaint relates to City Super prior to the merger, or LGsuper after the merger, complaints should be lodged in writing to:

The Complaints Officer
LGsuper
GPO Box 264
BRISBANE QLD 4001

The Complaints Officer will attempt to resolve your complaint and will advise you of the decision. If the complaint is not resolved, the Trustee will consider it at the earliest practical time (either at the next Board or Committee meeting, or at a special meeting if required).

The Trustee is obliged to consider and deal with the complaint within 90 days of the date the complaint was first lodged. Depending on the nature of the complaint, the Trustee may resolve the matter to your satisfaction within a shorter period. However, in some cases (such as insurance related complaints) a final decision may be made beyond 90 days.

The Trustee is obliged to advise you of its decision within 30 days of its decision being made.

External procedure

If your complaint remains unresolved, the matter may be referred to the Superannuation Complaints Tribunal (SCT). This is an independent body set up by the Government to help resolve superannuation disputes. If the SCT accepts your complaint it will attempt to resolve the matter through conciliation (i.e. mutual agreement between you and City Super). If conciliation is unsuccessful, the complaint is referred to the SCT for a determination, which is binding.

The SCT can be contacted by phoning 1300 884 114 or by writing to:

The Secretariat
Superannuation Complaints Tribunal
Locked Bag 3060
GPO MELBOURNE VIC 3001

The SCT can only review complaints relating to a Total and Permanent Disablement claim where:

- the TPD claim was lodged within two years from you ceasing employment due to the disability;
- the complaint is lodged within two years of City Super's original decision on your TPD claim; and
- an attempt has been made to resolve the complaint through City Super's internal procedure.

You can find more information on the operation of the SCT by visiting their website www.sct.gov.au

Changing employment and keeping in contact

You can leave your super with City Super (now LGsuper) even if you have left the employment of a participating employer. Your super will be transferred to a Retained Benefit account. Your new employer can make contributions to your account and you can continue to make personal contributions, even if you are self-employed.

Prior to 30 June 2011 if your balance was less than \$1,500 we would have asked the member to nominate another super fund to which we can rollover (transfer) your super. If after 30 days you had not responded to us, your super was transferred to Australia's Unclaimed Super Fund (AUSfund).

We may also have transferred super balances to AUSfund if we received two pieces of returned mail from the address we have recorded, and your account balance was less than \$1,500.

A Withdrawal fee may have been charged when member benefits were transferred to AUSfund, subject to the Member Benefit Protection rules.

AUSfund is designed to protect the value of super accounts with small balances. Although you would continue to receive investment returns on your super, the investment strategy is different to City Super's and may not suit your individual preference. Also, AUSfund does not offer insurance cover in the event of death or disablement. Of course, you would still be able to access your super subject to preservation rules.

You can view a copy of AUSfund's Product Disclosure Statement at www.unclaimedsuper.com.au.

Note: After the merger with LGsuper on 1 July 2011, small balances are no longer transferred to AUSfund. They are retained in LGsuper.

However, if during the past year or previous years, this situation applied to you, the contact details for AUSfund are as follows:

Mailing address

AUSfund
PO Box 2468
Kent Town SA 5071

Telephone

1300 361 798

E-mail

admin@ausfund.net.au



For all enquiries contact
LGsuper on 1800 444 396

Postal address

GPO Box 264 Brisbane 4001

Office

Level 17, 333 Ann Street, Brisbane 4000

Email

info@LGsuper.org

Fax

07 3244 4344

Website

www.LGsuper.org

The Report has been prepared by City Super Pty Ltd ABN 84 068 044 182, RSE L0001199, the Trustee of the Brisbane City Council Superannuation Plan ABN 32 864 248 795, RSE R1004212. During the reporting period, City Super was a Corporate Authorised Representative (No. 280266) of Financial Planning Services Australia Pty Ltd ABN 55 010 521 810, Australian Financial Services Licence No 225982.

The information in this Report is of a general nature and does not take into account the objectives, financial situation or specific needs of individuals.