

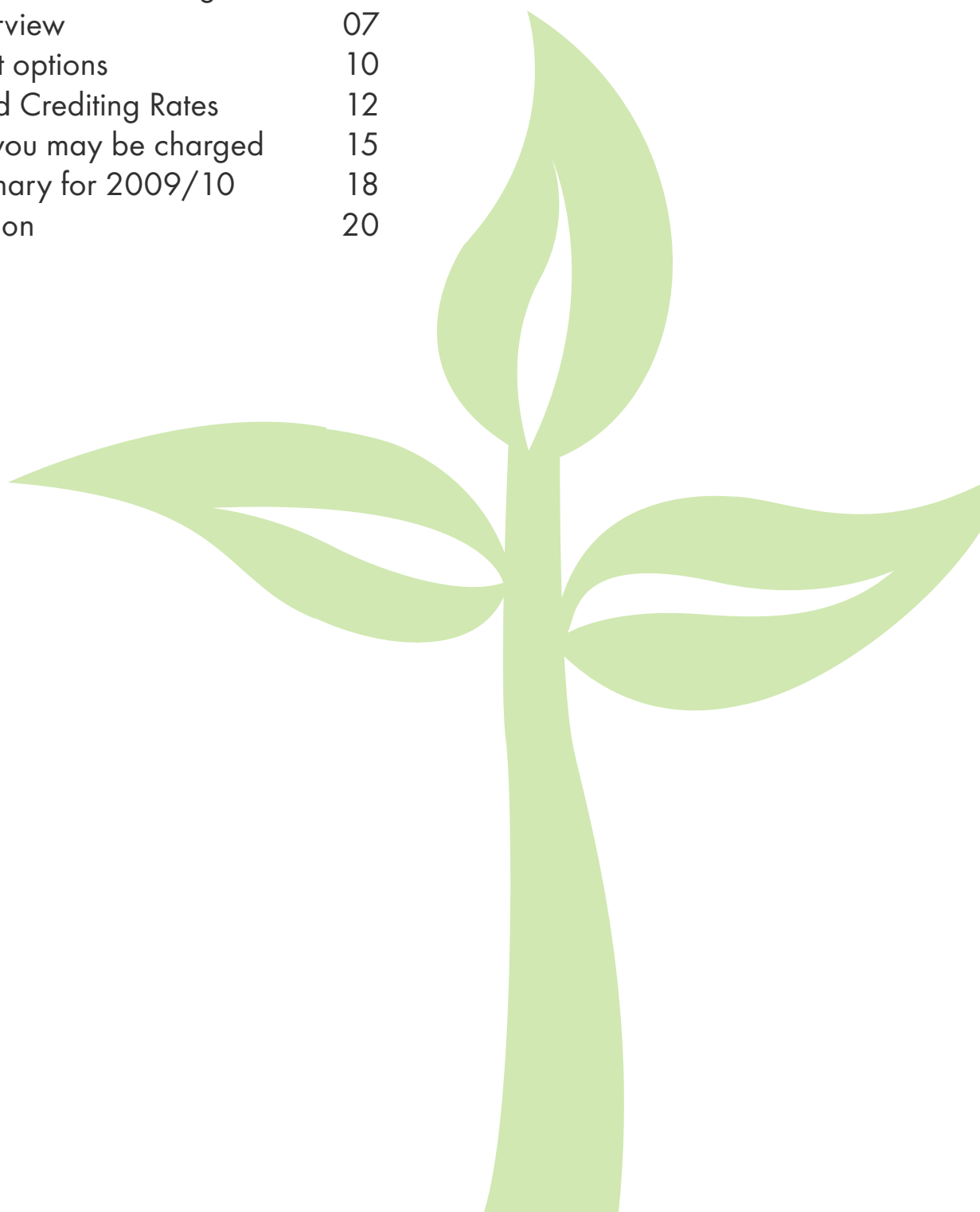


City Super Helpline 1300 133 751
www.citysuper.com.au

ANNUAL REPORT
2010

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CHAIRPERSON'S REPORT

Looking back the Chairperson's report I wrote for the last year's Annual Report, I recall that we thought that the 2008/2009 year was a difficult and challenging one and were looking to the year ahead for the markets and economy to return to some semblance of normalcy.

However, the past year has shown us the ups and downs that come from living in a global economy that's still suffering the medium term fall out from the GFC storm.

The past year certainly had its challenges for the Board, management and staff of City Super, with the resignation of the CEO, Ian Prowse, due to ill health. On behalf of the Board, I'd like to sincerely thank Stuart Meekin, Fund Secretary and the staff of City Super for their efforts while Ian was away.

The Board is very pleased to welcome Karen Gibson as the new CEO of City Super. Karen was acting in the role for much of the year until her permanent appointment in April. With her extensive superannuation experience at Mercer, Suncorp and as CEO of ESI Super the Board have every confidence that Karen's appointment will bring positive change to the management of the Fund. Her pragmatic approach and focus on member satisfaction will be much appreciated.

Despite the roller coaster ride, the Board is pleased with where the year has ended for City Super and its members. All investment options have bounced back to achieve positive returns with a number of options achieving over 9% net of tax. Membership has grown to over 14,000 and member balances at the close of the 2009/10 financial year have generally increased over the previous year as a result of improved global economic conditions.

Member Statements for the 2009/10 year will soon be available. You should read your statement in conjunction with this Annual Report. As an additional service to you, from this year you will be able to view your Annual Member Statement at any time when you log into your account at www.citysuper.com.au. Future years' Member Statements will also be stored in this secure area of the website as an ongoing reference.

I would like to thank the other Directors for their efforts over the past year. With the membership of the Board this year being quite stable, I feel we have gained significant momentum. My first full year as Chairperson has been a pleasure and I look forward to the year ahead.

In coming months, myself and the Board will be undertaking an extensive investigation to consider the proposal of a merger with LGsuper, the super fund for all other local government employees. The decision to enter in to a merger isn't being taken lightly as our role as Board members is to make decisions in the best interest of members. Our objective will be to make sure that the current level of service and quality products are continued or improved in the new merged entity. As part of the process, I, together with Karen, will be meeting with Council and other employers to advise them formally of the merger consideration.

Ron Curtis

Chairperson of the Board of Directors

THE YEAR PAST AND THE YEAR AHEAD

In what has been an eventful year on the investment front, City Super has maintained its focus on delivering cost effective and quality products and services to members.

Perhaps the most notable change to the way the fund has operated this year is the introduction of weekly unit pricing. From 1 July 2009, City Super began to value your investments using weekly unit prices rather than the previous method of declaring monthly crediting rates. The more frequent valuation of investments is more equitable and enables you to see up-to-date account balances and make investment switches on a weekly basis.

City Super's Member Education team continued to be very active within the City Super membership. Over 275 members received personal advice regarding their superannuation and over 2,800 members attended more than 90 seminars during the year.

We have implemented improvements to our insurance arrangement for members who leave the employment of a participating employer. Previously, you were required to specifically nominate if you wished to continue your Death, TPD and Salary Continuance insurance arrangements after resignation.

From 1 July 2010, your Death, TPD and Salary Continuance insurance will automatically remain in place after you leave employment of the participating employer. City Super believes this will benefit you by allowing unlimited time to consider your insurance requirements, and allowing you to continue to take advantage of the relatively low insurance premiums City Super is able to offer on an ongoing basis.

As you may be aware, in the coming months the Boards of City Super and LGsuper (the superannuation fund for other local government employees in Queensland) will be considering the prospect of a merger between the two funds to take advantage of economies of scale. The due diligence to determine whether a merger is in the best interest of members will take some time and we will keep members informed of progress via our website.



SUPER NEWS

CO-CONTRIBUTION MATCHING RATE REDUCTION NOW PERMANENT

After introducing what was to be a temporary reduction in Superannuation Co-contributions for 2009/10, the Government has now made the reduced payments permanent. They will not be implementing the gradual increases proposed in the previous year's Budget.

The payments are available to low and some middle income Australians and provide a Super Co-contribution of \$1 for each \$1 contributed by the individual from after tax income. The maximum Super Co-contribution continues to be \$1,000 per year for those with an income* less than \$31,920 pa. The amount of Super Co-contribution then reduces gradually for those earning up to a maximum of \$61,920.

* Income includes assessable income, reportable fringe benefits and reportable employer superannuation contributions.

MINIMUM PENSION DRAW-DOWNS

In the 2009/10 financial year the Government provided relief to pensioners by halving the **minimum** pension drawdown requirement.

The Government has recently decided to continue this relief for the 2010/11 financial year. If you wish to take advantage of the relief this year, please contact us.

SUPERANNUATION GUARANTEE NEWS

The Government has proposed to increase the Superannuation Guarantee rate from 9% to 12% over a number of years beginning July 2013.

The first tranche of the change will see the rate increase to 9.25% for the 2013/14 financial year, followed by 9.5% the following year. The full 12% is expected to be in place in 2019/20.

In addition, from 1 July 2013, the age limit for Superannuation Guarantee contributions is proposed to increase from 70 to 75. This change will bring Superannuation Guarantee contributions in line with age limit for voluntary and self employed contributions.

CONCESSIONAL CONTRIBUTIONS CAP RETAINED

The Government has continued the \$50,000 cap on concessional contributions for pre-retirees aged over 50 with super balances less than \$500,000. The transitional limit of \$50,000 for those aged 50 and over and have super account balances in excess of \$500,000 will end on 30 June 2012. The concessional cap remains at \$25,000 for those under 50 years of age.

The concessional contribution cap is in place to limit the amount that super members and their employers can contribute at the concessional tax rate of 15%. After the cap has been exceeded, additional tax may be charged.

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 Level 12, 95 North Quay, 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 2010 were:

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

The only change in the Board during the year is the resignation of Ian Maynard as Director on 1 January 2010, who was replaced by Greg Evans by appointment by Brisbane City Council.

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 can stand, nominate others and vote in City Super elections for member representative directors. For a copy of these rules, call the Helpline on 1300 133 751.

BOARD COMMITTEES

To ensure that City Super operates at a high standard, the Board has established five sub-committees. Membership of the Committees consisted of the following persons at 30 June 2010:

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

MANAGEMENT OF CITY SUPER

City Super's day to day operations are managed for and on behalf of the Board by Karen Gibson, the Chief Executive Officer, following the resignation of Ian Prowse as CEO & Plan Secretary in April 2010. Karen was formally appointed as CEO on 24 April 2010. Stuart Meekin was appointed as Fund Secretary on 24 April 2010 also.

A team of eight professionals, under the stewardship of the CEO, drive the day to day operation of the Fund to deliver quality services to you.

INVESTMENT OVERVIEW

MARKET SUMMARY

The 2009/10 financial year was a difficult period for global financial markets. With the corporate world managing to survive the Global Financial Crisis ('GFC'), focus turned to sovereign debt and in particular Greece, Spain and Portugal. Throughout the GFC many countries borrowed large sums of money to support their economies in a bid to avoid recession. Naturally this money has to be repaid with interest, at some time in the future. That time has quickly come and the concern continues to be whether Greece and several other European countries borrowed too much during the GFC and will not be able to repay their debt.

The Australian share market had a very volatile year with a 36% variance between its highs and lows. The ASX200 Accumulation Index was up 13.1% for the year, however over the last 3 months the index dropped some 11%, on the back of sovereign debt concerns and China's slowing economy.

Global markets were a little mixed throughout the year with US S&P500 up 12%, the UK FTSE up 15% while the Japanese and Chinese markets both fell 5% and 19% respectively. The last three months were particularly brutal for most developed regions with the loss of confidence in financial markets, doubts over the sustainability of America's recovery, European debt issues and China's monetary policy intentions all of which will continue to be a recurring theme throughout 2010/11.

Australia is one of the only developed nations to increase interest rates during the 2009/10 year. The Reserve Bank of Australia (RBA) increased official rates on six occasions, from 3% at the start of the year to 4.5% at the end of June. This is in contrast to many developed nations which kept their official interest rates at 'emergency' levels, with the US, UK and Euro zone holding steady throughout the year at less than 1%.

Asset class returns 2009 / 2010 (% p.a.)

Australian shares	13.1
International shares	11.5
Unlisted Property	3.9
Fixed interest	7.9
Cash	3.9

CITY SUPER'S PERFORMANCE

After two years of negative returns in the equity markets (and in several of our investment options) it is particularly pleasing that both the Balanced and Growth Options have produced near double-digit returns for the year, 9.8% and 9.7% respectively. All of the underlying asset classes that make up these options produced positive returns.

At the underlying manager level it is pleasing to note that most of our managers out-performed their respective benchmarks throughout this volatile period.

OUTLOOK

The roller-coaster ride of the past 12 months is expected to continue into 2010/11. Concerns over European debt and doubts about the resilience of a global recovery continue to linger. Many European governments (including the UK) have introduced austerity measures aimed at reducing their massive government debt - they have slashed government spending and frozen public sector wages. These measures, while aiming to reduce budget deficits are not conducive to economic growth and consumer confidence.

There are concerns too that the Chinese economy (which has helped many countries, particularly Australia, with their insatiable demand for resources) will slow their economic growth and therefore suppress their demand for the world's natural resources.

On the interest rates front, the RBA is expected to take a cautionary stance, weighing up high inflationary pressures against the threat of a very shaky global economy. The RBA needs to tread a fine line between what is happening in Australia and the threats posed by a weak global economy. If the RBA increase interest rates and the global economy falters, then Australia potentially suffers. Conversely, if they do nothing and the global economy moves forward then inflation in Australia is likely to rise.

City Super's long held investment strategy has not changed greatly, however we continue to keep an eye on the short-term risks inherent in financial markets while investing for the long-term to build member wealth.

INVESTMENT OVERVIEW CONTINUED.

WHERE IS YOUR MONEY INVESTED?

During the year, the Board made some changes to the Fund's investment managers. These changes were:

Terminations:	
MIR Australian Equities	Dec-09
SSgA Australian Equities 100 leaders	Dec-09
SSgA Australian Equities long/short	Dec-09
AMP Property	May-10

Additions:	
Solaris Australian Equities	Dec-09
Platinum International Equities	Jun-10

Investment in MIR and SSgA Australian Equities were redeemed and the proceeds were invested with Solaris and two of our existing managers Ausbil and Northward, a move which the Board believes will provide the Fund with improved performance in Australian shares. AMP Property was terminated to provide the Fund with greater flexibility in its liquidity position within the property sector and to enable investment into a forthcoming opportunity.

In June, the Board invested in the Platinum International Equities fund to provide the Fund with exposure to a growth alternatives style of investment that has the ability to undertake various trading strategies that help in producing strong positive returns.

The tables below details each manager for each asset class and the relative proportion of the total Fund assets held on behalf of City Super as at 30 June 2010.

AUSTRALIAN SHARES

Manager	Actual % of total fund
AMP SRI	1.7
Ausbil Dexia	8.1
Northward	7.7
Paradice Investments	4.2
Perpetual SRI	1.8
Solaris	9.2
Total	32.7

INTERNATIONAL SHARES

Manager	Actual % of total fund
Brandes	3.4
CFS Emerging Mkts	2.9
Deutsche Global	3.6
MFS (100% hedged)	5.8
Wellington	4.2
Total	19.9

PROPERTY

Manager	Actual % of total fund
AMP Income Fund	2.1
Dexus	4.5
Total	6.6

INVESTMENT OVERVIEW CONTINUED.

INFRASTRUCTURE

Manager	Actual % of total fund
AMP Infrastructure	1.7
AMP SITES	1.1
Hastings	3.8
Total	6.6

GROWTH ALTERNATIVES

Manager	Actual % of total fund
Platinum Global	3.0

DEFENSIVE ALTERNATIVES

Manager	Actual % of total fund
BGI Multi Opps	1.7
GMO Hedge Fund	2.3
Principal Global	2.3
Total	6.3

DIVERSIFIED FIXED INTEREST

Manager	Actual % of total fund
Vanguard Australia	7.2
Vanguard Global	4.9
Total	12.1

CASH

Manager	Actual % of total fund
Aberdeen	3.6
NAB	9.1
Members Equity	0.1
Total	12.8



YOUR INVESTMENT OPTIONS

READY MADE – DIVERSIFIED INVESTMENT OPTIONS

	City Super Balanced Option	City Super Growth Option	City Super Stable Option	City Super Secure Option																																																																																										
Investment objective	To achieve a return net of tax and fees that is higher than the Consumer Price Inflation index plus 3% p.a. over rolling 5 year periods.	To achieve a return net of tax and fees that is higher than the Consumer Price Inflation index plus 4% p.a. over rolling 5 year periods.	To achieve a return net of tax and fees that is higher than the Consumer Price Inflation index plus 2% p.a. over rolling 5 year periods.	To achieve a return net of tax and fees that is higher than the Consumer Price Inflation index over rolling 5 year periods.																																																																																										
Investment mix	 <table border="1"> <thead> <tr> <th>Asset sector</th> <th>Benchmark%</th> <th>Range%</th> </tr> </thead> <tbody> <tr><td>Aust Equity</td><td>33</td><td>20-50</td></tr> <tr><td>Int Equity</td><td>23</td><td>15-35</td></tr> <tr><td>Property</td><td>8</td><td>0-20</td></tr> <tr><td>Growth Alternatives</td><td>3</td><td>0-20</td></tr> <tr><td>Defensive Alternatives</td><td>12</td><td>0-20</td></tr> <tr><td>Infrastructure</td><td>5</td><td>0-15</td></tr> <tr><td>Diversified Fixed Interest</td><td>11</td><td>0-30</td></tr> <tr><td>Cash</td><td>5</td><td>0-10</td></tr> </tbody> </table>	Asset sector	Benchmark%	Range%	Aust Equity	33	20-50	Int Equity	23	15-35	Property	8	0-20	Growth Alternatives	3	0-20	Defensive Alternatives	12	0-20	Infrastructure	5	0-15	Diversified Fixed Interest	11	0-30	Cash	5	0-10	 <table border="1"> <thead> <tr> <th>Asset sector</th> <th>Benchmark%</th> <th>Range%</th> </tr> </thead> <tbody> <tr><td>Aust Equity</td><td>40</td><td>30-60</td></tr> <tr><td>Int Equity</td><td>33</td><td>20-50</td></tr> <tr><td>Property</td><td>10</td><td>5-25</td></tr> <tr><td>Growth Alternatives</td><td>5</td><td>0-20</td></tr> <tr><td>Defensive Alternatives</td><td>5</td><td>0-10</td></tr> <tr><td>Infrastructure</td><td>7</td><td>2-20</td></tr> <tr><td>Diversified Fixed Interest</td><td>0</td><td>0-5</td></tr> <tr><td>Cash</td><td>0</td><td>0-5</td></tr> </tbody> </table>	Asset sector	Benchmark%	Range%	Aust Equity	40	30-60	Int Equity	33	20-50	Property	10	5-25	Growth Alternatives	5	0-20	Defensive Alternatives	5	0-10	Infrastructure	7	2-20	Diversified Fixed Interest	0	0-5	Cash	0	0-5	 <table border="1"> <thead> <tr> <th>Asset sector</th> <th>Benchmark%</th> <th>Range%</th> </tr> </thead> <tbody> <tr><td>Aust Equity</td><td>10</td><td>5-20</td></tr> <tr><td>Int Equity</td><td>10</td><td>5-20</td></tr> <tr><td>Property</td><td>8</td><td>0-10</td></tr> <tr><td>Growth Alternatives</td><td>2</td><td>0-15</td></tr> <tr><td>Defensive Alternatives</td><td>7</td><td>0-20</td></tr> <tr><td>Infrastructure</td><td>3</td><td>0-15</td></tr> <tr><td>Diversified Fixed Interest</td><td>40</td><td>10-50</td></tr> <tr><td>Cash</td><td>20</td><td>0-30</td></tr> </tbody> </table>	Asset sector	Benchmark%	Range%	Aust Equity	10	5-20	Int Equity	10	5-20	Property	8	0-10	Growth Alternatives	2	0-15	Defensive Alternatives	7	0-20	Infrastructure	3	0-15	Diversified Fixed Interest	40	10-50	Cash	20	0-30	 <table border="1"> <thead> <tr> <th>Asset sector</th> <th>Benchmark%</th> <th>Range%</th> </tr> </thead> <tbody> <tr><td>Diversified Fixed Interest</td><td>20</td><td>15-25</td></tr> <tr><td>Cash</td><td>80</td><td>75-85</td></tr> </tbody> </table>	Asset sector	Benchmark%	Range%	Diversified Fixed Interest	20	15-25	Cash	80	75-85
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Minimum suggested investment period	Minimum recommended investment time period is 5 years.	Minimum recommended investment time period is 5 years.	Minimum recommended investment time period is 3-5 years.	Minimum recommended investment time period is 1-3 years.																																																																																										
Risk profile	Moderate risk / moderate return	High risk/ high return	Lower risk/ lower return	Lower risk/ lower return																																																																																										
Annualised Returns %	2006 15.8 2007 16.0 2008 -8.4 2009 -14.3 2010 10.0	2006 20.7 2007 18.8 2008 -11.1 2009 -17.4 2010 9.9	2006 7.8 2007 8.4 2008 1.2 2009 0.0 2010 7.7	2006 5.1 2007 5.2 2008 3.4 2009 5.5 2010 3.9																																																																																										
5 year, or since inception compounded average	3.0%	3.0%	5.0%	4.6%																																																																																										
Probability of negative return	Long-term probability of negative returns is 1 in 4 years.	Long-term probability of negative returns is 1 in 3.5 years.	Long-term probability of negative returns is 1 in 12 years.	Long-term probability of negative returns is 1 in 17.5 years.																																																																																										

Past performance is not a reliable indicator of future performance.

YOUR INVESTMENT OPTIONS CONTINUED.

DIY – ASSET SPECIFIC INVESTMENT OPTIONS

	City Super Cash Option	City Super Australian Shares Option	City Super International Shares Option	City Super Socially Responsible Investment Option [#]	City Super Fixed Interest Option	City Super Property Option
Investment objective	To achieve a return before tax and fees that matches the RBA's official cash rate.	To achieve a return before tax and after fees that exceeds the S&P/ASX300 Accumulation Index over rolling 3 year periods.	To achieve a return before tax and after fees that exceeds the MSCI World ex Australia Index in \$A over rolling 3 year periods.	To achieve a return before tax and after fees that exceeds the S&P/ASX300 Accumulation Index over rolling 3 year periods.	To achieve a return before tax and after fees that exceeds the 60% UBSA Composite Bond Index, 40% Lehman Global Agg. Hedged over rolling 3 year periods.	To achieve a return before tax and after fees that exceeds the Mercer Unlisted Property Unit (pre tax) over rolling 3 year periods.
Investment mix						
Minimum suggested investment period	Minimum recommended investment time period is less than 1 year.	Minimum recommended investment time period is 5-7 years.	Minimum recommended investment time period is 5-7 years.	Minimum recommended investment time period is 5-7 years.	Minimum recommended investment time period is 1-2 years.	Minimum recommended investment time period is 3-5 years.
Risk profile	Low risk/ low return	High risk/ high return	High risk/ high return	High risk/ high return	Moderate risk /moderate return	Medium risk /medium return
Annualised Returns %	2006 n/a 2007 n/a 2008 n/a 2009 n/a 2010 3.1	2006 26.1 2007 25.9 2008 -11.7 2009 -21.8 2010 11.5	2006 18.5 2007 13.9 2008 -17.8 2009 -15.0 2010 8.9	2006 27.9 2007 22.6 2008 -16.5 2009 -14.1 2010 23.4	2006 n/a ^{##} 2007 5.2 2008 4.1 2009 9.3 2010 7.0	2006 n/a ^{##} 2007 13.6 2008 11.8 2009 -12.1 2010 2.4
5 year, or since inception compounded average	2.9%	4.1%	0.5%	6.8%	6.3%	4.3%
Probability of negative return	Longterm probability of negative returns is 1 to 2.7 years.	Longterm probability of negative returns is 1 to 2.7 years.	Longterm probability of negative returns is 1 to 2.6 years.	Longterm probability of negative returns is 1 in 2.7 years.	Longterm probability of negative returns is 1 in 8 years.	Longterm probability of negative returns is 1 in 6 years.

Past performance is not a reliable indicator of future performance.

* Property may include listed property trusts and Australian and International property. [#] To invest in Australian listed companies based on assessments of financials, sustainability, and corporate responsibility. The managers avoid investing in companies with a material exposure to gambling, alcohol, tobacco, pornography, uranium and armaments. ^{##} These options were funded from 1/6/06, therefore, no annualised returns have been calculated. *** Stocks listed on Australian and New Zealand stock exchange.

UNIT PRICES AND CREDITING RATES

From 1 July 2009, City Super moved from using monthly crediting rates to weekly unit pricing to determine the value of your accumulation account and to allocate earnings of the Fund. Defined Benefit accounts continue to use a smoothed crediting rate.

Unit pricing is a more transparent and equitable way of valuing your investments since the investments are valued more frequently. For more information about unit pricing, see the Member Guide relevant to you available on the City Super website, www.citysuper.com.au.

ACCUMULATION ACCOUNTS

Credited investment earnings for the last five years – Accumulation accounts

Option	Annual crediting rates for year ending 30 June % p.a. ¹					Five year compound average
	2006	2007	2008	2009	2010	
City Super Balanced option	16.0	16.3	-9.1	-14.8	9.8	2.8
City Super Growth option	20.8	18.9	-11.7	-17.9	9.7	2.7
City Super Stable option	7.9	9.1	0.4	-0.2	7.5	4.9
City Super Secure option	5.2	6.2	2.7	5.4	3.7	4.6
City Super Cash option	n/a	n/a	n/a	1.0 ²	2.9	2.3 ³
City Super Australian shares option	26.6	26.1	-12.4	-22.4	11.3	3.9
City Super International shares option	18.9	13.8	-18.5	-15.6	8.7	0.3
City Super Socially Responsible Investment option	28.4	22.4	-17.2	-14.7	23.1	6.4
City Super Property option	4.0 ⁴	13.4	10.9	-12.4	2.2	4.0 ⁵
City Super Fixed Interest option	0.2 ⁴	5.2	3.3	9.2	6.8	6.0 ⁵

Past performance is not an indication of future performance.

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 Rates for period 1/02/09 to 30/06/10.

⁴ Rates for the period 1/06/06 to 30/06/06.

⁵ Compound average for the period 1/06/06 to 30/06/10.

UNIT PRICES AND CREDITING RATES CONTINUED.

PENSION ACCOUNTS

For Pension accounts, the earnings for each investment option are calculated in the same way as for Accumulation accounts, except an allowance is 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 for the last five years - Pension accounts

Annual crediting rates for year ending 30 June % p.a. ¹						
Option	2006	2007	2008	2009	2010	Five year compound average
City Super Balanced option	17.9	18.3	-10.0	-15.7	11.4	3.3
City Super Growth option	22.3	20.3	-12.5	-17.9	11.4	3.3
City Super Stable option	9.1	10.6	0.6	-1.3	8.7	5.4
City Super Secure option	6.2	7.4	3.3	5.3	4.3	5.3
City Super Cash option	n/a	n/a	n/a	1.1 ²	3.5	2.7 ³
City Super Australian shares option	27.8	27.3	-12.8	-20.2	13.0	5.0
City Super International shares option	22.5	16.5	-21.4	-17.7	10.6	0.4
City Super Socially Responsible Investment option	29.7	23.5	-17.9	-15.0	25.4	7.0
City Super Property option	4.4 ⁴	15.1	12.3	-12.3	2.6	4.9 ⁵
City Super Fixed Interest option	0.2 ⁴	6.2	4.1	10.6	8.0	7.1 ⁵

Past performance is not an indication of future performance.

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

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

³ Rates for period 1/02/09 to 30/06/10.

⁴ Rates for the period 1/06/06 to 30/06/06.

⁵ Compound average for the period 1/06/06 to 30/06/10.

DEFINED BENEFIT ACCOUNTS

The Defined Benefit section is closed to new members and only applies to certain employees. The investment objectives and strategy for Defined Benefit accounts is 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

Employers contribute to the defined benefit component at a rate 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. City Super does not keep a 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 your accumulation component and invested according to your choice of investment option/s. You can choose investment options for your current accumulation account balances and different investment options for your future contributions.

If you do not exercise investment choice on your 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.

If you have exercised investment choice on the accumulation component of your account, up to 30 June 2010, the crediting rate was calculated in the same way as for Accumulation accounts. From 1 July 2009, the unit price/s for your chosen investment option/s apply.

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.

City Super 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 monthly to take account of the investment performance to the end of the previous month. 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 LAST FIVE YEARS – DEFINED BENEFIT ACCOUNTS

Year ending 30 June	Crediting Rate % p.a.
2006	14.8
2007	15.3
2008	7.3
2009	-2.3
2010	-3.9
Five year compound average	5.9%

Past performance is not an indication of future performance.

INVESTMENT RETURNS FOR LAST FIVE YEARS FOR DEFINED BENEFIT ACCOUNTS:

Year ending 30 June	Return % p.a.
2006	15.8
2007	16.1
2008	-8.0
2009	-12.6
2010	9.9
Five year compound average	3.5

Past performance is not an indication of future performance.

FEES AND COSTS YOU MAY BE CHARGED

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

It may help you to understand the fees and charges that may appear on your Member 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 full explanation of all fees and costs that apply to the type of account that you have is available in the Member Guide for your account type or online at www.citysuper.com.au.

Please note that a single fee structure applies to all City Super members. We negotiate our fees to achieve the best outcome for all members. Therefore, our fees are not negotiable.

Type of fee or cost	Amount	How and when it is charged
Fees for when your money moves 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 take out of your account.	\$107.10	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 pay for specific investment options is shown in the Management costs for investment options table below. These fees do not apply to the defined benefit scheme	\$5.10 per month plus Estimated range from 0.22% to 1.02% 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 \$38.29 each.	The fee is charged to your account at the time of the second or subsequent change.

FEES AND COSTS YOU MAY BE CHARGED CONTINUED.

MANAGEMENT COSTS FOR INVESTMENT OPTIONS

Option	Total percentage fees for Option ¹
City Super Balanced option	0.78%
City Super Growth option	0.94%
City Super Stable option	0.58%
City Super Secure option	0.24%
City Super Australian Shares option	0.74%
City Super International Shares option	1.02%
City Super Socially Responsible Investment option (Australian Shares)	0.98%
City Super Property option	0.89%
City Super Fixed interest option	0.29%
City Super Cash option	0.22%

¹ Percentage Management Costs are derived from the costs and expenses of the Fund identified in the financial statements for the 2009/2010 financial year.

ADDITIONAL EXPLANATION OF FEES AND COSTS

MANAGEMENT COSTS

Management costs of the Fund include fees to cover the costs of investing and managing investments for members. These management costs include 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 include Investment fees charged by investment managers for managing the assets under their control. The fee is charged by the investment manager before they issue the unit price for the particular managed investment. It is not a cost charged directly to the Fund. Investment fees include custody fees, and can 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 2009/2010 financial year. These costs and expenses may vary from year to year.

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 2009/10 financial year ranged between 0% and 0.11% 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 annual Member 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.

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.

Financial advice fees

Limited financial advice can be provided in person by City Super's Member Education Manager. 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 will depend on the type of advice you require and the time it takes our advisers to prepare your Statement of Advice.

The portion of the Financial advice fee charged for advice directly related to your City Super account may be deducted from your City Super account on request, however this will incur a direct debit administration fee of \$66.

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

FEE CHANGES

The Withdrawal and Investment Switching fees are indexed annually to Average Weekly Ordinary Time Earnings (AWOTE). This means that a 5% annual increase in AWOTE will result in a 5% increase in these fees. Increases in fees as a result of indexation are applied annually at 1 January.

Normally you will be given 30 days notice of any increase in charges. However, expenses of operating the Fund may change at any time without notice, and any changes in expenses may affect the estimated Management Costs.

The Insurer may alter insurance premiums on each renewal of the Fund's insurance policy.

MEMBER BENEFIT PROTECTION

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

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

FINANCIAL SUMMARY FOR 2009/10

The financial summary provided here is extracted from the Fund's full financial statements for the year ended 30 June 2010. At the time of publication of this Annual Report, the audit of the financial statements had not yet been completed by the Fund's auditors, the Queensland Audit Office.

City Super expects the audited financial statements to be available by 31 October 2010 and do not expect any qualifications in the audit report.

FINANCIAL SUMMARY FOR 2009/10

	2010	2009
	\$'000	\$'000
Net Assets at beginning of financial year	1,155,649	1,267,925
<i>Plus income</i>		
Contribution revenue	150,723	138,385
Investment revenue	124,111	(192,875)
Other revenue	3,330	2,912
Total Revenue	278,164	(51,578)
<i>Less Expenses</i>		
General Administration Expenses	3,493	3,028
Group Life premiums	2,974	2,554
Contribution surcharge	(2)	(2)
Benefits paid	51,881	65,385
Income tax expense/(benefit)	20,167	(10,267)
Total Expenses	78,513	60,698
Net Assets as at 30 June	1,355,300	1,155,649
Assets and Liabilities		
<i>Assets</i>		
Cash and cash equivalents	3,279	8,976
Receivables	11,513	13,312
Investments	1,328,115	1,113,232
Other assets	20,396	28,557
Total Assets	1,363,303	1,164,077
<i>Less Liabilities</i>		
Benefits payable	1,137	1,416
Creditors and accruals	1,143	1,149
Current tax liabilities	5,411	5,636
Deferred tax liabilities	312	227
Total Liabilities	8,003	8,428
Net assets at 30 June	1,355,300	1,155,649

FINANCIAL SUMMARY FOR 2009/10 CONTINUED.

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, is in place which requires the sponsoring employers to contribute an additional \$590,000 per month to the Fund to ensure the defined benefit section returns to a satisfactory financial position by February 2012.

The Actuary confirmed in February 2010 that the defined benefit section scheme returned to technical solvency, however, it was still in an unsatisfactory financial position as at 30 June 2010.

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



OTHER INFORMATION

RISK MANAGEMENT

City Super actively manages the risks to its operations, to ensure that at all times it is looking after the best interests of its members.

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 has been in place to cover losses for which City Super may be liable while carrying out its normal duties. However, 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

There were no changes made to the Trust Deed during the 2009/2010 financial year.

AUSTRALIAN FINANCIAL SERVICES LICENCE PROVIDER

City Super provides 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 is authorised under this licence to provide general financial product advice in relation to the Fund and superannuation.

Certain City Super staff are 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.

SERVICE PROVIDERS

The following service providers assist City Super in the management of the Fund:

Administrator	Mercer (Australia) Pty Ltd
Custodian	NAB Asset Services Limited
Asset consultant	JANA Investment Advisers
Group Life insurer	ING Life Limited (rebranding as OnePath Dec 2010)
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, except for NAB Asset Services Limited and JANA Investment Advisers, which are both wholly owned subsidiaries of the National Australia Bank.

OTHER INFORMATION CONTINUED.

CONCERNS AND COMPLAINTS

Internal procedure

City Super has an internal procedure in place to deal with your concerns and complaints. Complaints should be lodged in writing to:

The Complaints Officer
City Super
PO Box 13106
GEORGE STREET QLD 4003

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
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

Provided you have an account balance of \$1,500 or more, you can leave your super with City Super even if you have left the employment of a City Super participating employer. Your super will be transferred to a City Super Retained Benefit account. City Super can accept employer contributions from your new employer, and you can continue to make personal contributions, even if you are self-employed.

For more information on City Super's Retained Benefit account, download a copy of the Leaving your super with City Super booklet from www.citysuper.com.au or phone us for a copy.

If your account balance is less than \$1,500 we will ask you to nominate another super fund to which we can rollover (transfer) your super. If after 30 days you have not responded to us, we will transfer your super to Australia's Unclaimed Super Fund (AUSfund). This means you will no longer be a member of City Super.

We may also transfer your super to AUSfund if we receive two pieces of returned mail from the address we have recorded for you, and your account balance is less than \$1,500.

A Withdrawal fee will be charged when your benefit is 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 will 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 will still be able to access your super subject to preservation rules.

OTHER INFORMATION CONTINUED.

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

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

If you would like to provide feedback or comments on the content of the Report, please contact the City Super office on 07 3403 6447.

FOR ALL ENQUIRIES CONTACT THE CITY SUPER HELPLINE ON 1300 133 751

Postal address	PO Box 13106 George Street
City Super office	Level 12, 95 North Quay Brisbane
Email	helpline@citysuper.superfacts.com.au
Fax	07 3403 9925
Website	www.citysuper.com.au

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. City Super is 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.

City Super Pty Limited ABN 84 068 044 182, RSE L0001199 as trustee for the Brisbane City Council Superannuation Plan ABN 32 864 248 795, RSE R1004212. City Super is a Corporate Authorised Representative (No. 280266) of Financial Planning Services Australia Pty Ltd ABN 55 010 521 810, Australian Financial Services Licence No 225982.

