



MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

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MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated		Fund	
		30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Investments					
Market Linked Portfolio					
Cash		756,218	701,605	756,900	702,237
Fixed interest - Australian		508,244	411,502	508,244	411,502
Fixed interest - International		147,432	139,986	147,432	139,986
Australian Shares		1,304,697	1,317,829	1,304,697	1,317,829
International Shares		930,081	799,444	930,081	799,444
Target Return Portfolio					
High Yield Debt		181,280	55,435	181,280	55,435
Property - Australian		682,337	932,893	487,422	624,520
Property - International		218,654	186,054	218,654	186,043
Infrastructure - Australian		554,543	709,695	538,920	691,724
Infrastructure - International		412,897	547,966	412,897	547,946
Private Equity - Australian		132,342	142,786	132,342	142,776
Private Equity - International		285,814	318,876	286,409	319,909
Other Unlisted Assets		24,123	23,683	24,123	23,685
Inventories		416,086	0	0	0
Total Investments		6,554,748	6,287,754	5,929,401	5,963,036
Other Assets					
Cash at bank		32,413	59,488	17,395	16,203
Receivables - contributions		42,446	44,172	42,446	44,172
Other Receivables	3	9,076	98,712	1,402	1,092
Derivatives		20,409	35,344	20,409	35,344
Deferred Tax Asset	12(c)	162,173	122,225	130,540	118,376
Current Tax Assets	12(b)	11	469	0	0
Furniture and Fittings		250	175	91	111
Prepayments		333	317	244	208
Security bonds and deposits		764	765	0	0
Total Other Assets		267,875	361,667	212,527	215,506
Total Assets		6,822,623	6,649,421	6,141,928	6,178,542
Liabilities					
Benefits Payable		10,906	10,090	10,906	10,090
Accounts Payable	4	50,083	47,502	24,677	15,757
Derivatives Liabilities		31,216	16,818	15,633	10,192
Income received in Advance		1,792	1,908	0	0
Short Term Borrowings	15	179,902	275,948	0	0
Long Term Borrowings	15	349,831	130,126	0	0
Employee Entitlements - Current	5	963	1,038	0	0
Employee Entitlements - Non-Current	5	232	184	0	0
Current Tax Liabilities	12(b)	33,636	69,468	13,279	69,051
Deferred Tax Liabilities	12(c)	41,317	50,191	18,665	27,304
Total Liabilities		699,878	603,273	83,160	132,394
Net Assets		6,122,745	6,046,148	6,058,768	6,046,148
Net Assets Attributable to Minority Interests		(63,977)	0	0	0
Net Assets Available to Pay Benefits		6,058,768	6,046,148	6,058,768	6,046,148
Represented by:					
Liability for Accrued Benefits					
Members funds	6,7	6,018,762	6,021,611	6,018,762	6,021,611
Administration Reserve		31,089	21,108	31,089	21,108
Investment Reserve		8,817	3,329	8,817	3,329
RSE Reserve		100	100	100	100
Total Reserves		40,008	24,537	40,008	24,537
Total Members' Funds and Reserves		6,058,768	6,046,148	6,058,768	6,046,148

The above statement of financial position should be read in conjunction with the accompanying notes.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated		Fund	
		30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Investment revenue					
Interest		5,037	7,257	6,151	15,374
Dividends and Distributions		191,587	248,918	194,999	251,482
Rent		52,816	52,475	0	0
Other income		3,451	3,222	2,451	2,335
Health services		84,815	81,497	0	0
Changes in net market value of investments	9	(281,706)	28,230	(244,069)	48,082
Net Property Sales		3,965	74,474	0	0
Less : Direct investment expenses		(118,503)	(114,994)	(13,134)	(23,124)
Other investment expenses	10	(12,853)	(13,156)	(12,853)	(13,156)
Lease Procurement expenses		21,918	(31,256)	0	0
Net investment revenue		(49,473)	336,667	(66,455)	280,993
Contribution revenue					
Employer contributions		639,795	626,195	639,795	626,195
Members' contributions		36,355	43,565	36,355	43,565
Government co-contributions		5,547	6,481	5,547	6,481
Transfers from other Superannuation Funds		75,589	89,656	75,589	89,656
Allocated Pension Deposits (internal)		40,329	39,674	40,329	39,674
Allocated Pension Deposits (external)		14,601	20,241	14,601	20,241
Total Contribution Revenue		812,216	825,812	812,216	825,812
Other revenue					
Proceeds from insurance		29,204	34,787	29,204	34,787
Insurance premium rebates from insurer		7,703	1,468	7,703	1,468
Sundry income		101	203	101	203
Unclaimed benefits		0	165	0	165
Interest on cash at bank		673	712	673	712
Total Other revenue		37,681	37,335	37,681	37,335
Total Revenue		800,424	1,199,814	783,442	1,144,140
Expenses					
Interest on borrowings		22,610	27,524	0	0
Administration and other expenses	11	35,413	32,530	35,413	32,530
Group Life Insurance Expenses		54,988	43,505	54,988	43,505
Superannuation Contributions Surcharge		2	17	2	17
Depreciation		16	8,193	18	19
Total Expenses		113,029	111,769	90,421	76,071
Benefits accrued as a result of operations before income tax					
		687,395	1,088,045	693,021	1,068,069
Income tax expense	12(a)	57,521	130,103	61,434	110,127
Benefits accrued as a result of operations		629,874	957,942	631,587	957,942
Changes in Net Assets attributable to Minority Interests		(1,713)	0	0	0
Net benefits accrued as a result of operations		631,587	957,942	631,587	957,942

The above operating statement should be read in conjunction with the accompanying notes.

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated		Fund	
		30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Cash flows from operating activities	14(ii)				
Contributions and transfers received		813,942	819,002	813,942	819,002
Interest received		2,368	278	673	712
Insurance Premium rebates received		7,703	1,468	7,703	1,468
Death and disablement claims received from insurer		29,204	34,787	29,204	34,787
Other receipts		1,503	1,943	101	203
Insurance premiums paid to insurer		(54,988)	(43,505)	(54,988)	(43,505)
Administration expenses paid		(21,728)	(34,383)	(28,084)	(34,384)
Benefits paid		(618,152)	(587,840)	(618,152)	(587,840)
Surcharge Paid		(2)	(17)	(2)	(17)
Income tax paid		30,185	(856)	(1,352)	(367)
Receipts from Customers		242,497	153,532	0	0
Payments to suppliers and employees		(162,504)	(157,763)	0	0
Net cash inflow from operating activities		270,028	186,646	149,045	190,059
Cash flows from investing activities					
Investment expenses paid		(12,853)	(13,720)	(12,853)	(9,039)
Payments for investments		(1,608,309)	(4,230,457)	(1,615,158)	(4,240,408)
Proceeds from the redemption of investments		1,415,205	4,052,221	1,480,158	4,042,908
Payments for property, plant & equipment		25,179	(1,044)	0	0
Contribution from Minority Interest		3,481	0	0	0
Net cash (outflow) from investing activities		(177,297)	(193,000)	(147,853)	(206,539)
Cash flows from finance activities					
Borrowings		123,584	50,000	0	0
Interest paid on borrowings		(43,355)	(26,651)	0	0
Repayment of borrowings		(200,035)	(7,159)	0	0
Other		0	(264)	0	0
Net cash inflow/(outflows) from financing activities		(119,806)	15,926	0	0
Net increase /(decrease) in cash		(27,075)	9,572	1,192	(16,480)
Cash at the beginning of the financial year		59,488	49,916	16,203	32,683
Cash at the end of the financial year	14(i)	32,413	59,488	17,395	16,203

The above statement of cash flows should be read in conjunction with the accompanying notes.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 1. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AAS 25 "Financial Reporting by Superannuation Plans" ("AAS 25") as amended by AASB 2005-13 "Amendments to Australian Accounting Standards [AAS25]", the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed. The Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS") to the extent that they are not inconsistent with AAS 25.

The financial statements were authorised for issue by the Directors on 26 October 2012. The Directors of the MTAA Superannuation Fund ("the Fund") have the power to amend and re-issue the financial reports.

The consolidated financial statements comprise the financial statements of MTAA Superannuation Fund and its subsidiaries (together referred to as the "Group" or the "Consolidated Entity").

(b) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional currency of the Fund and the functional currency of the majority of the Group.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Group invests in unlisted assets including high yield debt, property, infrastructure, private equity and other assets such as natural resources. The valuation of these investments will generally require an assessment of their specific cash flows and investment terms, the financial performance of the investment, comparable market sales and purchases and an assessment of the relevant risk adjusted discount rates. The Trustee engages independent accredited valuers to undertake this process and provide an estimate of the market value for these investments on an annual or more frequent basis. Rather than a point estimate value, an independent valuer will often provide a valuation range including low and high point across a variety of reasonable assumptions. The Trustee, with its knowledge of the investment and relevant factors and with advice from its asset consultant, will determine the most appropriate value for the investment within the provided range. An analysis of valuation ranges is provided in Note 16 (b).

The Group's tax policy limits its Deferred Tax Assets to an amount that would be expected to be recoverable in a normal three year investment period. The recoverability of Deferred Tax Assets is supported by the best and most current forecasts available to Management.

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New accounting standards and interpretations

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. These standards, amendments to standards and interpretations have been adopted for the preparation of financial statements.

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The entity has elected not to early adopt the following accounting standards and amendments:

The following standards, amendments to standards and interpretations are available for adoption at 30 June 2012, but have not been applied in preparing this financial report (because they do not have any impact on the Group or are not applicable to superannuation funds):

- AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australia Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).
- AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interest in Other Entities, revised AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013).
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective from 1 January 2013).
- AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from the AASB 119 (2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013).
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013).
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets is effective for accounting periods beginning on or after 1 January 2012.

(b) Basis of Consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial reports of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group has established a number of special purpose entities (SPEs) for trading and investment purposes. An SPE is consolidated if, based on the evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that results in the group receiving all of the benefits related to the SPE's operations and net assets.

In preparing the consolidated financial statements, all inter-economic entity balances and transactions, income and expenses and profit and losses resulting from inter-economic entity transactions have been eliminated in full.

A list of controlled entities is disclosed in Note 19(d).

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investments and derivatives

Investments and derivatives of the Group are initially recognised at cost, being the fair value of the consideration given, excluding transaction cost.

After initial recognition, investments and derivatives are measured in the Statement of Financial Position at net market value as at reporting date. Gains or losses on the investments and derivatives are recognised in the Operating Statement in the periods in which they occur.

Net market values of investments and derivatives have been determined as follows:

(i) Shares in listed securities quoted on a recognised stock exchange:

Stated at the last quoted sales price as at year end less an allowance for the estimated costs of disposal.

(ii) Government and other fixed interest securities:

Stated at last trade quotations at year end.

(iii) Shares in unlisted securities and unit trusts:

Unlisted securities in the Target Return Portfolio are stated at the Trustee's valuation based on the advice of the Fund's investment managers and external valuers at the balance date. Unlisted unit trusts are valued on the basis of the redemption prices as determined by the managers of the trusts at the balance date.

(iv) Pooled superannuation trusts and unit trusts:

Stated at redemption price at 30 June 2012 as quoted by the investment managers.

(v) Investment properties:

Investment properties comprise investment interests in land and buildings. Investment properties are initially recorded at cost of acquisition, less any estimated future disposal costs, at the date of acquisition.

The carrying amount of investment property is the net market value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Net market values were determined using the capitalisation of the net passing income and the discounted cash flow methods and also having regard to recent market transactions for similar properties in the same location as the fund's investment property.

(vi) Derivative financial instruments:

The Group uses derivative financial instruments to hedge its exposures to foreign exchange and interest rate risk arising from investment activities. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments including forward exchange contracts and fixed rate futures are recorded at market rates at close of business on the balance date.

Estimated costs of realisation have been deducted in determining net market value. Net market value is considered a reasonable approximation of fair value.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund or its subsidiaries commits to purchase the asset.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue

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

(i) Changes in net market value

Changes in the net market value of investments and derivatives are calculated as the difference between the net market value at sale, or at balance date, and the net market value at the previous valuation point and recognised in the Operating Statement in the periods in which they occur.

(ii) Contributions and Transfers In

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

(iii) Interest

Interest income is recognised in the Operating Statement on a time proportional basis, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(iv) Dividends

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at reporting date, is reflected in the statement of financial position as a receivable at net market value.

(v) Distributions

Distributions from managed investment schemes are recognised as at the date the unit value is quoted ex-dividend and if not received at reporting date, are reflected in the Statement of Financial Position as a receivable at net market value.

(vi) Rental Income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives are recognised as an integral part of total rental income over the lease term.

(vii) Group life insurance proceeds

Insurance claim amounts are recognised where the insurer has agreed to pay the claim lodged and has transferred the claim amount to the Fund.

(e) Income tax

The Fund is a complying superannuation fund for the purposes of the provisions of the Income Tax Assessment Act 1997. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income. Where subsidiaries are taxed as a corporate entity, the corporate entity rate of 30% has been applied. Where the subsidiary is a flow through entity, the net income of the flow-through subsidiary is treated as income of the Fund and tax is applied accordingly.

Income tax on the Operating Statement for the year comprises current and deferred tax. Income tax is reflected in the Operating Statement.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years.

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax (continued)

Deferred tax is provided using the balance sheet method providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in controlled entities to the extent that it is not probable they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of the asset/settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date to the extent it is no longer probable that the related tax benefit will be realised.

Income tax in the Fund has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is substantially deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income.

The expense (and any corresponding liability) is brought to account in the period in which the assessments are received from the Australian Taxation Office and are properly payable by the Fund, or its subsidiaries.

(f) Benefits payable

Benefits payable comprises the estimated entitlements of members who ceased employment with the employers sponsor prior to year end, but had not been paid by that date.

(g) Other receivables and payables

Other amounts receivable and payable are subject to normal trade terms. Other amounts receivable are carried at the amount due which approximated net fair value. Contributions receivable reflect employer and employee contributions received within 28 days after year end.

Other amounts payable are recognised when the Fund or its subsidiaries are obliged to make future payments for services received and are carried at the amount payable on demand which approximates net fair value.

(h) Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future discounted cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(i) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less that are readily convertible to cash.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, and excludes the cash investments held in the Market Linked portfolio.

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Fund and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

* exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 2 (c)(vi) for derivative financial instruments policies); and

* exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(k) Inventories - Property held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Costs include cost of acquisition (land), development costs and finance costs capitalised during development. When development is completed finance costs and other holding costs are expensed as incurred. Finance costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Finance costs incurred while active development is interrupted for extended periods are recognised as expenses.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. These estimates take into consideration fluctuations of price or cost directly related to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

(l) Superannuation contributions surcharge

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

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

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

(m) Liability for accrued benefits

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at the reporting date.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) No-TFN contribution tax

Where a member does not provide their tax file number to a fund, the Fund may be required to pay no-TFN contribution tax at a rate of 31.5% which is in addition to the concessional tax rate of 15% which applies to the Fund's taxable income.

The no-TFN contributions tax liability recognised by the Fund will be charged to the relevant members' accounts. Where a tax offset is obtained by the Fund in relation to members' no TFN contribution tax, the tax offset will be included in the relevant members' account.

(p) Comparative information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 3. OTHER RECEIVABLES

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
GST Receivable	1,415	924	1,274	921
Unsettled Investments	0	90,000	0	0
Other Receivables	7,661	7,788	128	171
	<u>9,076</u>	<u>98,712</u>	<u>1,402</u>	<u>1,092</u>

NOTE 4. ACCOUNTS PAYABLE

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Administration services	2,459	98	2,459	98
Audit / Tax Consulting / GST Review	304	309	304	309
Accrued interest	36	46	0	0
Custodian fees	152	106	152	106
Death & TPD payable	8,002	8,588	8,002	8,588
Debt collection	49	70	49	70
Directors fees	71	0	71	0
Financial Planning expenses	57	0	57	0
GST payable	1,566	1,120	0	0
Insurance premiums	7,133	3,214	7,133	3,214
Investment consulting	2,088	1,255	2,088	1,255
Investment performance fees	1,906	0	1,906	0
Legal Fees	143	0	143	0
Marketing	19	0	19	0
Property management costs	2,528	0	0	0
Provision for lease procurement expenses	0	26,729	0	0
Provision for land development costs	14,677	0	0	0
Regulatory fees	1,500	750	1,500	750
Secretariat / Trustee / BDM	320	889	320	889
Trade payables	3,403	0	0	0
Other payables	3,623	4,163	427	313
PAYG withholding tax	47	165	47	165
	<u>50,083</u>	<u>47,502</u>	<u>24,677</u>	<u>15,757</u>

NOTE 5. EMPLOYEE ENTITLEMENTS

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Employee Entitlements - Current	963	1,038	0	0
Employee Entitlements - Non-Current	232	184	0	0
	<u>1,195</u>	<u>1,222</u>	<u>0</u>	<u>0</u>

In the 2010 financial year the Trustee took a decision to employ those Secretariat staff members who had been dedicated to Fund business through MTAA Superannuation Fund (Secretariat Co.) Pty Ltd ("Secretariat Co."), a wholly owned subsidiary. These staff had been employed by Motor Trades Association of Australia ("MTAA Ltd") who provided secretariat and related support services to the Fund under a service agreement. M. Delaney resigned from MTAA Ltd on 13 May 2010 and was engaged by Secretariat Co at that date. On 31 December 2010 the remaining employees ceased employment with MTAA Ltd (at the cessation of its service agreement) and were engaged by Secretariat Co. In line with the transfer of employment provisions under the Fair Work Act 2009, MTAA Ltd ceased to be liable for the employees' leave entitlements and Secretariat Co assumed the obligations at transfer. MTAA Ltd paid Secretariat Co an agreed amount for the annual leave and long service leave entitlements of the transferred employees.

The provisions for employee entitlements represent annual leave and vested long service leave entitlements accrued and likely to be paid.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 6. LIABILITY FOR ACCRUED BENEFITS

The Liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries (including the Fund's reserves) and has been calculated as the difference between the carrying amount of the assets and the sum of sundry liabilities and income tax liabilities as at the reporting date.

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Members Funds'				
Opening balance	6,021,611	5,643,118	6,021,611	5,643,118
Revenue				
Contribution revenue	812,216	825,812	812,216	825,812
Income allocated to members' funds	(46,927)	265,354	(46,927)	265,354
Proceeds from insurance	29,204	34,787	29,204	34,787
Total Revenue	794,493	1,125,953	794,493	1,125,953
Expenditure				
Superannuation Contributions Surcharge	2	17	2	17
Insurance Premiums	54,988	43,505	54,988	43,505
Administration levies deducted from members accounts	29,653	29,862	29,653	29,862
Member protection	(5,061)	(3,895)	(5,061)	(3,895)
Bad Investment Period	621	(3)	621	(3)
Benefits paid during the year	618,968	582,113	618,968	582,113
Tax expense	98,171	95,861	98,171	95,861
Total Expenditure	797,342	747,460	797,342	747,460
Closing balance	6,018,762	6,021,611	6,018,762	6,021,611

Administration Reserve

The Administration Reserve represents that pool of funds required to meet the general operating and administration costs of the Fund and any unexpected or otherwise unforeseeable operating costs that may arise. Administration levies are deducted from members' accounts to fund the Reserve.

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Opening balance	21,108	14,699	21,108	14,699
Revenue				
Account keeping fees	29,653	29,862	29,653	29,862
Member protection	(5,061)	(3,895)	(5,061)	(3,895)
Bad Investment Period	621	(3)	621	(3)
Unclaimed Benefits	0	165	0	165
Sundry Income	101	203	101	203
Insurance Premium rebates	7,703	1,468	7,703	1,468
	33,017	27,800	33,017	27,800
Expenditure				
Administration - Superpartners	18,035	15,408	18,035	15,408
Trustee and Other Expenses	16,413	15,350	16,413	15,350
Insurance related expenses	982	1,790	982	1,790
Tax benefit	(12,394)	(11,157)	(12,394)	(11,157)
Total Expenditure	23,036	21,391	23,036	21,391
Closing balance	31,089	21,108	31,089	21,108

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 6. LIABILITY FOR ACCRUED BENEFITS (CONTINUED)

Investment Reserve

The Trustee maintains an Investment Reserve for the purposes of receiving and distributing net investment earnings (that is, income and capital gains from investments less tax and other relevant deductions). Investment related expenses, including investment related tax expenses, are met from this Reserve.

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Opening balance	3,329	12,402	3,329	12,402
Revenue				
Investment revenue	(40,469)	317,272	(40,469)	317,272
Interest on cash at bank	673	712	673	712
Total Revenue	(39,796)	317,984	(39,796)	317,984
Expenditure				
Interest allocated to members' funds	(46,927)	265,354	(46,927)	265,354
Direct Investment Expenses	13,134	23,124	13,134	23,124
Other Investment Expenses	12,853	13,156	12,853	13,156
Tax expense/(benefit)	(24,344)	25,423	(24,344)	25,423
Total Expenditure	(45,284)	327,057	(45,284)	327,057
Closing balance	8,817	3,329	8,817	3,329

RSE Reserve

	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Opening balance	100	100	100	100
Revenue				
Transfer from Investment Reserve	0	0	0	0
Net Movement	0	0	0	0
Closing balance	100	100	100	100

NOTE 7. VESTED BENEFITS

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

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Vested Benefits	6,018,762	6,021,611	6,018,762	6,021,611

NOTE 8. GUARANTEED BENEFITS

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

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9. REVENUE – INVESTMENT (CHANGES IN NET MARKET VALUE)

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Investments held at balance date				
<i>Market Linked Portfolio</i>				
Cash	0	0	0	0
Fixed interest - Australian	41,363	3,076	41,363	3,076
Fixed interest - International	14,206	(19,465)	14,205	(19,465)
Australian Shares	(101,520)	22,888	(101,520)	22,888
International Shares	(25,213)	14,882	(25,213)	14,882
<i>Target Return Portfolio</i>				
High Yield Debt	1,290	2,552	1,290	2,552
Property - Australian	(30,211)	(82,723)	7,451	(64,817)
Property - International	18,877	19,131	18,877	19,131
Infrastructure - Australian	(5,935)	22,913	(4,715)	23,860
Infrastructure - International	(33,192)	(91,707)	(33,192)	(91,707)
Private Equity - Australian	(8,713)	(12,629)	(8,713)	(12,629)
Private Equity - International	(28,520)	(55,225)	(29,765)	(54,226)
Other Unlisted Assets	438	(2,908)	438	(2,908)
Derivatives	4,776	23,112	4,776	23,112
	<u>(152,354)</u>	<u>(156,103)</u>	<u>(114,717)</u>	<u>(136,251)</u>
Investments realised during the year				
<i>Market Linked Portfolio</i>				
Cash	0	(5)	0	(5)
Fixed interest - Australian	1,584	(963)	1,584	(963)
Fixed interest - International	517	0	517	0
Australian Shares	(47,861)	1,415	(47,861)	1,415
International Shares	(2)	(9,428)	(2)	(9,428)
<i>Target Return Portfolio</i>				
High Yield Debt	(890)	7,861	(890)	7,861
Property - Australian	(2,759)	0	(2,759)	0
Property - International	1	(221)	1	(221)
Infrastructure - Australian	(26,272)	672	(26,272)	672
Infrastructure - International	4,121	(12,806)	4,121	(12,806)
Private Equity - Australian	(7,650)	(44)	(7,650)	(44)
Private Equity - International	(4,288)	(3,647)	(4,288)	(3,647)
Other Unlisted Assets	0	0	0	0
Derivatives	(45,853)	201,499	(45,853)	201,499
	<u>(129,352)</u>	<u>184,333</u>	<u>(129,351)</u>	<u>184,333</u>
Total revenue - investments (changes in net market value)	<u>(281,706)</u>	<u>28,230</u>	<u>(244,069)</u>	<u>48,082</u>

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 10. OTHER INVESTMENT EXPENSES

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Custodial expenses	1,133	1,262	1,133	1,262
Trustee expenses	519	508	519	508
Investment consulting expenses	8,672	8,900	8,672	8,900
Legal fees	238	208	238	208
Secretariat	2,291	2,278	2,291	2,278
Total Other Investment Expenses	12,853	13,156	12,853	13,156

NOTE 11. ADMINISTRATION AND OTHER EXPENSES

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Administration fees	18,035	15,408	18,035	15,408
Accounting expenses	1	49	1	49
Audit services	672	491	672	491
Bank charges	125	122	125	122
Debt collection	705	536	705	536
Education and advice	1,151	808	1,151	808
General consulting	239	354	239	354
Insurance related expenses	982	1,790	982	1,790
Legal fees	771	878	771	878
Marketing and communications	6,151	5,231	6,151	5,231
Membership and subscriptions	170	239	170	239
Regulatory fees	1,855	1,057	1,855	1,057
Secretariat	3,901	5,017	3,901	5,017
Sundry	0	63	0	63
Tax consulting	165	177	165	177
Trustee expenses	490	310	490	310
Total Administration Expenses	35,413	32,530	35,413	32,530

NOTE 12. INCOME TAX EXPENSE

Income tax expense in the operating statement represents the tax on the benefits accrued as a result of operations before income tax, adjusted for permanent differences. The tax effect of temporary differences, which occur where items are allowed for income tax purposes in a period different from that in which they are recognised in the accounts, is included in the provisions for deferred tax liability or deferred tax asset, as applicable, at current taxation rates.

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12. INCOME TAX EXPENSE (CONTINUED)

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
(a) Income tax reported in Operating Statement				
Operating Statement				
Current income tax expenses				
- Current income tax charge	87,364	98,780	86,426	97,781
- Adjustments in respect of current income tax of previous years	(4,293)	3,373	(4,293)	3,373
Deferred tax expenses / (income)				
- Relating to the originating and reversal of temporary difference	(25,550)	27,950	(20,699)	8,973
Income tax expense in operating statement	57,521	130,103	61,434	110,127

The prima facie income tax expense on benefits accrued as a result of operation before income tax reconciles to the income tax expenses in the financial statement as follows:

	687,395	1,088,045	693,021	1,068,069
Benefits accrued as a result of ordinary activities before tax				
Income tax expense calculated at 15%	103,109	163,207	103,953	160,210
No TFN Tax Deduction	2,459	2,204	2,459	2,204
Imputation credits and other tax credits	(22,297)	(36,678)	(22,297)	(39,674)
Investment income	8,429	35,750	11,498	21,767
Under / (Over) provision in prior years	(4,293)	3,373	(4,293)	3,373
Exempt pension income	657	(2,669)	657	(2,669)
Non taxable group life proceeds	(4,381)	(5,218)	(4,381)	(5,218)
Non taxable member contributions	(4,634)	(5,382)	(4,634)	(5,382)
Non taxable transfers from other funds	(19,529)	(22,369)	(19,529)	(22,369)
Non taxable Government Co-Contributions	(832)	(972)	(832)	(972)
Anti-detriment adjustment	(1,167)	(1,121)	(1,167)	(1,121)
Unclaimed benefits	0	(25)	0	(25)
Superannuation contributions surcharge	0	3	0	3
Income tax expense reported in Operating Statement	57,521	130,103	61,434	110,127

(b) Current tax assets and liabilities

Current tax payables:				
Income tax receivable	(11)	(469)	0	0
Income tax payable	33,636	69,468	13,279	69,051
Net current tax payable	33,625	68,999	13,279	69,051

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 12. INCOME TAX EXPENSE (CONTINUED)

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
(c) Deferred tax balances				
Deferred tax at 30 June relates to the following:				
Deferred Tax Liabilities				
Contributions Receivable	6,027	6,626	6,027	6,626
Unrealised gains in investments subject to CGT	12,638	20,678	12,638	20,678
Investment income receivable	0	0	0	0
Capitalised borrowing cost	0	21,453	0	0
Subordinate loan - amortised cost	22,333	1,029	0	0
	319	405	0	0
	41,317	50,191	18,665	27,304
Deferred Tax Assets				
Insurance premiums	1,070	482	1,070	482
Unrealised losses on investments subject to CGT	132,559	117,504	129,417	117,504
Property, plant and equipment	1,749	1,486	0	0
Company tax losses carried forward	22,173	0	0	0
Inventories	3,858	0	0	0
Other	764	2,753	53	390
	162,173	122,225	130,540	118,376

Taxable and deductible temporary difference arise from the following:

Consolidated 2012	Opening balance \$'000	Charged to income \$'000	Closing balance \$'000
Gross deferred tax liabilities			
Contribution Revenue	6,626	(599)	6,027
Unrealised gains in investment subject to CGT	20,678	(8,040)	12,638
Investment income receivable	21,453	(21,453)	0
Capitalised borrowing cost	1,029	21,304	22,333
Subordinate loan - amortised cost	405	(86)	319
	50,191	(8,874)	41,317
Gross deferred tax assets			
Insurance premiums	482	588	1,070
Unrealised losses on investments subject to CGT	117,504	15,055	132,559
Property, plant and equipment	1,486	263	1,749
Company tax losses carried forward	0	22,173	22,173
Inventories	0	3,858	3,858
Other	2,753	(1,989)	764
	122,225	39,948	162,173
Consolidated 2011			
	Opening balance \$'000	Charged to income \$'000	Closing balance \$'000
Gross deferred tax liabilities			
Contribution Revenue	5,604	1,022	6,626
Unrealised gains in investment subject to CGT	0	20,678	20,678
Investment income receivable	0	21,453	21,453
Capitalised borrowing cost	1,141	(112)	1,029
Subordinate loan - amortised cost	487	(82)	405
	7,232	42,959	50,191
Gross deferred tax assets			
Insurance premiums	497	(15)	482
Exempt Pension Income	(7,433)	7,433	0
Unrealised losses on investments subject to CGT	111,275	6,229	117,504
Property, plant and equipment	1,359	127	1,486
Other	1,519	1,234	2,753
	107,217	15,008	122,225

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12. INCOME TAX EXPENSE (CONTINUED)

Fund	Opening balance	Charged to income	Closing balance
2012	\$'000	\$'000	\$'000
Gross deferred income tax liabilities			
Contribution Revenue	6,626	(599)	6,027
Unrealised gains in investment subject to CGT	0	12,638	12,638
Investment income receivable	20,678	(20,678)	0
	<u>27,304</u>	<u>(8,639)</u>	<u>18,665</u>
Gross deferred income tax assets			
Insurance premiums	482	588	1,070
Unrealised losses on investments subject to CGT	117,504	11,913	129,417
Other	390	(337)	53
	<u>118,376</u>	<u>12,164</u>	<u>130,540</u>

Fund	Opening balance	Charged to income	Closing balance
2011	\$'000	\$'000	\$'000
Gross deferred income tax liabilities			
Contribution Revenue	5,604	1,022	6,626
Investment income receivable	0	20,678	20,678
	<u>5,604</u>	<u>21,700</u>	<u>27,304</u>

Gross deferred income tax assets			
Insurance premiums	497	(15)	482
Exempt Pension Income	(7,433)	7,433	0
Unrealised losses on investments subject to CGT	111,275	6,229	117,504
Other	1,310	(920)	390
	<u>105,649</u>	<u>12,727</u>	<u>118,376</u>

NOTE 13. BENEFITS PAID

	Consolidated		Fund	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Benefits paid and payable, by benefit type:				
Resignation	360,318	309,812	360,318	309,812
Retirement	116,176	108,120	116,176	108,120
Hardship	6,733	6,115	6,733	6,115
Death	12,459	11,552	12,459	11,552
Disability	4,879	3,910	4,879	3,910
Overseas	753	657	753	657
Insurance claims paid	29,204	34,787	29,204	34,787
Pension Payments	24,703	24,407	24,703	24,407
Commutations	63,743	82,753	63,743	82,753
	<u>618,968</u>	<u>582,113</u>	<u>618,968</u>	<u>582,113</u>

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 14. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
(i) Reconciliation of Cash				
The figure shown for cash in the Statement of Cash Flows consists of:				
Cash at bank	32,413	59,488	17,395	16,203
(ii) Reconciliation of Benefits Accrued as a Result of Operations to Net Cash Inflow from Operating Activities				
Benefits accrued as a result of operations	629,874	957,942	631,587	957,942
Benefits paid	(618,968)	(582,113)	(618,968)	(582,113)
Distributions received and reinvested	(650,510)	(493,428)	(203,601)	(269,190)
Change in Net Market Value of				
Investments	281,706	(28,230)	244,069	(48,082)
Direct Investment Expenses	118,503	168,901	13,134	27,242
Payments made indirectly	164,869	102,247	135,408	83,624
Investment expenses paid	12,853	13,720	12,853	9,039
Interest Expense	101,666	27,524	0	0
(Increase)/decrease in assets				
Receivables - contributions	1,726	(6,810)	1,726	(6,811)
Other Receivables	89,636	(85,048)	(309)	143
Furniture and Fittings	(75)	(6)	20	17
Prepayments	(16)	3	(36)	106
Deferred Tax Asset	(39,948)	(15,008)	(12,164)	(12,726)
Income Tax Asset	458	141	0	0
Security Bonds and Deposits	1	609	0	0
Increase/(decrease) in liabilities				
Benefits payable	816	(5,891)	816	(5,891)
Accounts payable	2,581	26,162	8,921	(2,969)
Income received in advance	(116)	95	0	0
Long Term Borrowings	219,705	114,838	0	0
Employee Entitlements - Current	(75)	(71,578)	0	0
Employee Entitlements - Non-Current	48	1,038	0	0
Current Tax Liabilities	(35,832)	184	0	0
Deferred tax liabilities	0	42,959	(8,639)	21,700
Income tax payable	(8,874)	18,396	(55,772)	18,028
Net cash inflow from operating activities	270,028	186,646	149,045	190,059

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 15. BORROWINGS

	Consolidated		Fund	
	30-Jun-12 \$'000	30-Jun-11 \$'000	30-Jun-12 \$'000	30-Jun-11 \$'000
Secured - at amortised cost				
<i>Current</i>				
Bonds Payable	3,008	2,748	0	0
Equity Bridge	8,600	0	0	0
Bank Loans*	168,294	273,200	0	0
	179,902	275,948	0	0
<i>Non Current</i>				
Bonds Payable	7,850	10,858	0	0
Bank Loans **	324,100	115,000	0	0
Subordinate Loan	17,881	4,268	0	0
	349,831	130,126	0	0
Total borrowings - secured	529,733	406,074	0	0

* MTAA Superannuation Fund (60 Margaret Street, Sydney) Property Pty Ltd, MTAA Superannuation Fund (121 Marcus Clarke Street) Property Pty Ltd, MTAA Superannuation Fund (RG Casey) Property Pty Ltd and Peet Alkimos Property Pty Ltd.

** MTAA Superannuation Fund (60 Margaret Street, Sydney) Property Pty Ltd, MTAA Superannuation Fund (121 Marcus Clarke Street) Property Pty Ltd, and Peet Alkimos Property Pty Ltd.

(a) Bonds

MTAA Superannuation Fund (Mildura Base Hospital) Facilities and Services Pty Ltd ("MBH"), a Special Purpose Entity of the Group, issued \$33,500,000 of fixed bonds on 15 December 2000 at a discount price of \$31,200,000. The bonds bear an interest of 7.94% per annum. Principal and interest are paid on a quarterly basis for the life of the bonds. The bonds are expected to mature on 15 September 2015.

The Bond principal and interest payment are fixed by the Bond and the Security Deed.

The bonds are secured by a fixed and floating mortgage charge over all assets and undertakings of MBH.

(b) Bank loans

MTAA Superannuation Fund (RG Casey) Property Pty Ltd

The MTAA Superannuation Fund (RG Casey) Property Pty Ltd ("RG Casey"), acts as trustee for the MTAA Superannuation Fund Property (RG Casey Building) Trust. The Trust was formerly in partnership with Sparad (No. 24) Pty Ltd (a subsidiary of Commonwealth Bank of Australia). The Partnership owned 100% of the RG Casey Building in Brisbane Ave, Barton, ACT. RG Casey entered into a 2 year Principal and Interest loan of \$158,600,000 as of 27 July 2009 at variable interest rates for the purchase of Sparad's 80% interest in the partnership and property, with a principal reduction of \$4,500,000 on the first anniversary of the facility, 27 July 2010. The Group entered into a two year fixed interest rate swap contract for the full amount of the RG Casey loan as of 27 July 2009. The fixed rate in the swap was 6.34%.

The bank loan of \$154,100,000 was extended on an interest only basis for a further twelve months on 28 July 2011. The security for the loan was unchanged. At the same time, the Group entered into a further one year fixed interest rate swap for the full amount of the RG Casey loan. The fixed rate in the swap was 6.01%. The average variable rate on the loan for the year ending 30 June 2012 was 5.77% (2011: 6.60%).

The facility and the swap matured on 27 July 2012. The Bank has agreed to extend the loan to 31 December 2012 at an interest rate of 6.79% to enable finalisation of a new long term lease with the tenant (the existing lease expires 28 February 2017). The Trustee is in ongoing correspondence with the Bank and considers it to be unlikely that the facility will not continue beyond 31 December 2012.

The bank loan is secured by the first mortgage over RG Casey's interest in the property at Brisbane Avenue, a letter of support from MTAA Superannuation Fund and a first registered company charge from RG Casey over all its assets and undertakings held as trustee of the MTAA Superannuation Fund (RG Casey) Property Trust. Refer to note 16 for details of the interest rate swap contracts in relation to the loan and the details of their exposure to interest rate changes.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 15. BORROWINGS (CONTINUED)

MTAA Superannuation Fund (60 Margaret Street, Sydney) Property Pty Ltd

MTAA Superannuation Fund (60 Margaret Street, Sydney) Property Pty Ltd ("60 Margaret St"), a Special Purpose Entity of the Group, entered into a 10 year interest only loan of \$115,000,000 as of 14 March 2006 at variable interest rates for the purchase of a 50% interest in the property at 60 Margaret St Sydney. The average variable rate on the loan for the year ending 30 June 2012 was 4.54% (2011: 4.92%).

The Group entered into a ten year fixed interest rate swap for the full amount of the 60 Margaret St loan as of 14 March 2006. The fixed rate in the swap is 5.865%. Interest is paid quarterly and in arrears. Refer to note 16 for details of the interest rate swap contract in relation to the loan and the details of its exposure to interest rate changes.

The 60 Margaret St bank loan is secured by the first mortgage over 60 Margaret St's interest in the property at 60 Margaret St Sydney, the mortgage of lease over the Group's interest as head lessor in the head lease from State Rail Authority, the mortgage of lease over the Group's interest as head lessor in the head lease from Sydney City Council and a first registered equitable mortgage from the 60 Margaret St over all its assets and undertakings including assets held as trustee of the MTAA Superannuation Fund (60 Margaret Street, Sydney) Property Trust.

MTAA Superannuation Fund (121 Marcus Clarke Street) Property Pty Ltd

MTAA Superannuation Fund (121 Marcus Clarke Street) Property Pty Ltd ("121 MC Street"), a Special Purpose Entity of the Group, entered into a 3 year interest loan with Bill Reliquification Option of \$69,100,000 on 29 September 2011 to secure debt finance of 121 MC Street. The average variable rate on the loan for the year ending 30 June 2012 was 6.08%.

The Group entered into a three year fixed interest rate swap for the full amount of the 121 Marcus Clarke Street loan as of 29 September 2011. The fixed rate in the swap is 5.45%. Refer to note 16 for details of the interest rate swap contract in relation to the loan and the details of its exposure to interest rate changes.

The 121 MC Street loan is secured by the registered first mortgage over 121 MC Street's property, first registered Company Charge from all of 121 MC Street's assets and undertaking held as trustee of the Trust.

MTAA Superannuation Fund (Alkimos) Property Pty Ltd

MTAA Superannuation Fund (Alkimos) Property Pty Ltd ("Alkimos"), a Special Purpose Entity of the Group, has a 65.2% ownership in Peet Alkimos Pty Limited ("Peet Alkimos").

In January 2012, a revised bank loan facility of \$178,600,000 (comprising of an Equity Bridge Facility, Senior Facility and GST Overdraft Facility) was received from the National Australia Bank to fund the development of the Peet Alkimos property and interest capitalisation.

Peet Alkimos' Senior Facility, at balance date, provided by the National Australia Bank is for a limit of \$170,000,000 with a step down on 30 June 2013 to \$140,000,000. The remaining Senior Facility is due to expire on 30 June 2014.

Peet Alkimos' Equity Bridge Facility provides a credit limit of \$8,600,000, funded by the National Australia Bank (\$7,140,000) and another key shareholder, the Myer Family Company Holdings Pty Ltd (\$1,460,000) which has been fully utilised and expires in December 2012.

At balance date, Peet Alkimos had \$43,418,217 Subordinated debt with its key shareholders. During the financial year, the loans from key shareholders of Peet Alkimos were amalgamated into one Subordinated Loan which is subordinated to the National Australia Bank. The Group provides part of this facility and at the balance sheet date, the value of the Group's portion was \$30,094,614 (2011: \$12,836,550). The fixed interest rate on the loan is 14.00% and is due to expire in December 2014, when full repayment is anticipated.

Peet Alkimos' total bank facility is secured by way of a first registered mortgage over the company's land and a debenture charge over the assets and undertakings of the company.

A bank guarantee facility is provided by Peet Alkimos for \$5,000,000 which expires 31 December 2012. At 30 June 2012 this was drawn to \$1,566,037.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 15. BORROWINGS (CONTINUED)

MTAA Superannuation Fund (Flagstone Creek & Spring Mountain Park) Property Pty Ltd

MTAA Superannuation Fund (Flagstone Creek & Spring Mountain Park) Property Pty Ltd, a Special Purpose Entity of the Group, entered into a 3 year bank loan of \$50,000,000 as of 30 July 2010.

On 1 June 2011 the Group announced an agreement to sell 50% of the interest in the 1,244-hectare Flagstone West landholding to Peet Ltd for \$45 million plus GST. The transaction settled on 28 July 2011. The CBA loan was repaid at that time.

MTAA Superannuation Fund (SXW) Property Pty Ltd

MTAA Superannuation Fund (SXW) Property Pty Ltd ("SXW"), a Special Purpose Entity of the Group, entered into a 3 year interest only loan of \$69,100,000 as of 22 September 2009 at variable interest rates for the purchase of a 50% interest in the Southern Cross West Tower at 111 Bourke Street, Melbourne.

In June 2011, the Group announced an agreement to sell its 50% interest in the Southern Cross West Tower to its co-investor Brookfield Capital Management Limited (BCML) for \$120,000,000. Settlement occurred on 15 July 2011. The CBA loan was repaid in full at that time.

NOTE 16. FINANCIAL RISK MANAGEMENT

(a) Investment Approach

The foundation of the Fund's investment approach is the premise that there are substantial differences between efficient and inefficient investment markets. The Fund uses a two portfolio investment strategy, whereby it invests in listed market assets (the Market Linked Portfolio), but also allocates substantial funds to less volatile, unlisted assets (the Target Return Portfolio) which are projected to provide the Fund with access to long term cash flows and capital growth.

The Market Linked Portfolio consists of asset classes such as listed equities (domestic and international), fixed interest and cash. Listed equities provide an important source of growth within the portfolio, while cash and fixed interest help to cushion performance against adverse investment environments and provide an important source of portfolio liquidity.

The Market Linked Portfolio is exposed to a number of risks. These risks include manager risks, market fluctuations, systemic risk (which refers to exposure to risk of the equity market and the economy as a whole), currency risk, liquidity risk and inflation risk. Diversification reduces the effect of asset-specific risks on the overall portfolio return. MTAA Super uses a combination of active and passive management approaches for its Market Linked Portfolio asset classes. In combining these two approaches, the Market Linked Portfolio seeks to modestly out-perform the key market indices return with minimal relative risk and cost.

The Target Return Portfolio consists of investments in unlisted assets. The five main asset classes are: high-yield debt (non traded debt securities such as corporate bonds and loans), infrastructure (such as airports, tollways, ports and power stations), property (such as landmark buildings), private equity and other assets (including natural resources). Many of these assets have long-term quality leases and income streams to the Fund and therefore provide a good cash flow and steady return. The assets are not directly linked to share markets, so they provide a buffer against the volatility of such markets. Unlisted assets are generally not as liquid and are expected to take on specific asset risks and hence are expected to provide a return above that of the Market Linked Portfolio assets. As there is no quoted trading or redemption value for some of these unlisted assets the Trustee has established a valuation program to ensure that independent valuations are regularly undertaken for those assets.

A member's share of the Target Return Portfolio asset classes or a Market Linked asset class will depend upon the Investment Option that the member selects. The actual asset allocations of the My Choice Investment Options (Australian Shares, International Shares, Diversified Fixed Interest Cash and the Target Return Portfolio Investment Option) are aligned with their respective strategic asset allocations (note that the Target Return Portfolio Investment Option was closed for new monies from 30 April 2011). The actual asset allocations for the Balanced, Conservative and Growth Investment Options can differ from the respective strategic asset allocations, however within the ranges that are determined by the Trustee.

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Investment Approach (continued)

As at 30 June 2012 the strategic asset allocation for the Balanced Investment Option, which is the default Investment Option for Superannuation members, was 60% to the Market Linked Portfolio (2011: 55%) and 40% to the Target Return Portfolio asset classes (2011: 45%). At 1 July 2012 the Trustee revised the strategic asset allocation to the Balanced Investment Option to 35% to the Target Return Portfolio and 65% to the Market Linked Portfolio.

The actual asset allocation for the Balanced Investment Option can vary within specific ranges from this strategic allocation because of the impact of investment fluctuations, timing of member transactions and the time involved in rebalancing the portfolios. As at 30 June 2012, the actual asset allocation for this option was 43.5% to the Target Return Portfolio asset classes (2011: 47.6%) and 56.5% to the Market Linked Portfolio (2011: 52.4%). The Trustee reviews the actual asset allocation between the two portfolios and across asset classes within those portfolios on a weekly basis.

(b) Financial Instruments Management

National Asset Servicing (NAS) acts as master custodian on behalf of the Trustee for the Group's investments and as such provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions.

The Market Linked Portfolio investments are managed on behalf of the Trustee by external managers. The Trustee conducts a separate due diligence and manager selection process to determine the ability and suitability of a manager prior to any appointment. The Trustee has determined that appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy. Each investment manager is required to invest the assets managed by it in accordance with the terms of a written mandate.

The Trustee obtains regular reports from each investment manager on the nature of the investments made on its behalf and the associated risks. Such reports include receipt of formal Derivative Risk Statements from each manager. Access Capital Advisers provides the Trustee with a quarterly review of each manager and investment performance is monitored monthly.

The Fund's investment managers may use derivative financial instruments to establish positions, reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets within pre-determined ranges. Leveraging of the portfolio is not allowed. Derivative financial instruments are included in the relevant asset category in the Statement of Financial Position.

The Trustee engages its external asset consultants, Access Capital Advisers and JG Service Pty Ltd, to monitor its unlisted assets and obtains regular reports from each consultant on the nature, performance and the specific factor risks associated with each of the assets.

Individual unlisted assets have substantial exposure to specific risk, which is managed through:

- * hurdle rates of return, to provide a framework in which to view the long-term risk-return relationship of assets and are formulated to maintain a disciplined approach to investment analysis.
- * appropriate allocation to low, moderate and higher risk investments.
- * asset class ranges to ensure that diversification among the asset classes is achieved, while controlling exposure to differing risks implicit in the asset classes.
- * factor risk analysis of each investment and for the total portfolio to ensure that an individual asset and the whole portfolio is not overly sensitive to any individual factor (such as discount rates, inflation, credit spreads, economic activity and regulation, currency, carbon tax, oil price and valuation method).
- * drawdown limits for each investment, which are a measure of the expected maximum potential non-recoverable capital loss for a particular investment. This measure focuses on the underlying investment attributes rather than daily price volatility. It is used to limit exposure to individual investments or groups of correlated assets in the unlisted asset classes.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Instruments Management (Continued)

The Trustee continuously monitors risk events that have the potential to affect the value of both its Target Return and Market Linked assets.

As highlighted in Note 1 (b) above, for many of the Group's direct unlisted investments where there is no observable price or market for an investment, the Trustee engages independent valuers to provide an estimate of the net market value at balance date. Valuers often provide a range of values for an investment across a variety of reasonable assumptions, including a point estimate within the range, and the Trustee, with advice from its asset consultant, will determine the most appropriate value within the provided range. The following table shows the high and low points of the independent valuation ranges for each investment class against the values adopted by the Trustee as at 30 June 2012 and 30 June 2011. The high and low points of the ranges represent reasonably possible alternatives to the Group and Fund values adopted at balance date.

30-June-2012	Consolidated and Fund		
Investment Class	Low Point Value	High Point Value	Adopted Value
	\$m	\$m	\$m
High Yield Debt	178	186	181
Property - Australian	487	488	487
Property - International	218	219	219
Infrastructure - Australian	500	568	539
Infrastructure - International	397	431	413
Private Equity - Australian	129	136	132
Private Equity - International	282	297	286
Total	2,191	2,325	2,258

30-June-2011	Consolidated and Fund		
Investment Class	Low Point Value	High Point Value	Adopted Value
	\$m	\$m	\$m
High Yield Debt	55	56	55
Property - Australian	624	625	625
Property - International	185	187	186
Infrastructure - Australian	651	725	692
Infrastructure - International	527	577	548
Private Equity - Australian	142	143	143
Private Equity - International	315	336	320
Total	2,499	2,649	2,568

(c) Capital risk management

The RSE license of the Trustee requires the Trustee to maintain a balance of at least \$100,000 at all times in an administration reserve account. This is required to be maintained in cash or cash equivalents. The Trustee complied with this requirement throughout the year.

The Fund has insurances in place and has existing reserves, mainly an investment reserve and an administration reserve to manage risks and meet operational and investment costs of the Fund. These reserves are reviewed frequently and at least on a quarterly basis. The Trustee's insurance coverage and policies are also reviewed at least annually to ensure they remain adequate and appropriate to meet the relevant risks for which the Trustee seeks indemnity.

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Financial risk management framework

Financial risk management is carried out by the Trustee through the Investment Committee with advice from its external asset consultants and internal management. The Investment Committee generally meets monthly and as required.

The Group's activities expose it to a variety of financial risks including market risk (such as price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group manages these risks as part of its overall risk management framework.

It is ultimately the Trustee's responsibility to ensure that the overall risk management framework is adequate, operational and robust. The Trustee has established and maintains a Risk Management Strategy and Plan (RMS&P) which is consistent with regulatory requirements.

The RMS&P identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, which need to be considered. Annually the Trustee certifies to APRA that adequate strategies are in place to monitor those risks, that the Trustee has systems in place to ensure compliance with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMS&P.

(e) Market Risk

(i) Price Risk

Price risk is the risk that the total value of investments will fluctuate as a result of a change in market prices, whether caused by factors specific to an individual investment, its issuer or a factor affecting all instruments traded in the market. The majority of the Group's investments are through equities (both listed and private) and unit trusts and this exposes it to price risk. These investments are carried at net market value, so all changes in market conditions which impact upon the market value of the investment will directly affect net investment income and, in turn, members accounts.

The Trustee mitigates this price risk through diversification. Diversification is achieved in the market portfolio through the selection of investment managers and by investing broadly across the market. The Trustee engages four Australian Equity managers, four International Equity managers for developed markets and two International emerging markets managers. The use of asset class ranges achieves diversification in the Target Return Portfolio and drawdown limits cap the exposure to price risk on individual assets.

Price risk is minimised in the market linked portfolio through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. Investment manager mandate compliance and performance reports against benchmark are reported on a regular basis to the Investment Committee. Unlisted assets are benchmarked against asset class hurdle rates and expected returns at inception.

Sensitivity analysis

The following table illustrates the net increase / (decrease) in net assets and net investment revenue from possible changes in price risk that were reasonably possible based on the risk the Consolidated Entity and Fund were exposed to at reporting date. The Fund's Asset Consultant has recently prepared a Strategic Review of the Fund's investment strategy. The price risk for each asset class has been determined following analysis of historical and expected movements in the respective asset classes as part of the Strategic Review process.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Price Risk (Continued)

	Consolidated and Fund			
	Change in variable + / -		Effect on Net Assets \$'000	
	30-June-2012	30-June-2011	30-June-2012	30-June-2011
Market Linked Portfolio Assets				
Fixed Interest	4%	4%	26,227	22,060
Australian Shares	15%	15%	195,705	197,674
International Shares	15%	15%	139,512	119,917
Target Return Portfolio Assets	18%	13%	523,453	379,260
			884,897	718,911

(ii) Foreign Exchange Risk

The Group holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of assets denominated in other currencies fluctuate due to changes in exchange rates. The table below outlines the net currency exposure of the Fund comprising both monetary and non-monetary assets.

The Trustee has appointed Pareto Investment Management Limited, an active currency manager, to manage its foreign currency exposures arising from Fund's international investments. The Fund has split its foreign currency exposures into two portfolios, one reflecting the overseas assets within the market portfolio and the other foreign assets within the unlisted portfolio, with separate benchmark hedge ratios for each portfolio determined by the Fund. These benchmark hedge ratios are determined considering absolute, business and liquidity risk. Pareto's approach to adding value in the currency overlay management is by controlling risk of loss. Under its risk management approach, Pareto adjusts the currency hedge ratio according to the perceived risk of the Australian dollar moving with respect to the relevant currencies. Pareto does not attempt to forecast future currency returns. Instead, the focus is on estimating and managing the currency risk embedded in international investment portfolios.

The table below summarises the Consolidated Entity's and Fund's asset and liabilities that are denominated in a currency other than the Australian dollar. The information in the table below is consistent with the information provided to the Trustee by the currency manager.

Consolidated and Fund 30-June-2012	US Dollar A\$'000	GB Pound A\$'000	Japanese Yen A\$'000	EURO A\$'000	Other A\$'000	Total \$'000
Monetary Assets	0	0	0	13	0	13
Foreign Exchange Contracts **	(383,428)	(148,439)	(29,224)	(128,465)	(53,272)	(742,828)
Net Monetary Asset Currency Exposure	(383,428)	(148,439)	(29,224)	(128,452)	(53,272)	(742,815)
Non Monetary Assets	960,919	381,578	72,690	205,165	78,815	1,699,167
Net Currency Exposure	577,491	233,139	43,466	76,713	25,543	956,352

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Market Risk (Continued)

(ii) Foreign Exchange Risk (Continued)

Consolidated and Fund 30-June-2011	US Dollar A\$'000	GB Pound A\$'000	Japanese Yen A\$'000	EURO A\$'000	Other A\$'000	Total \$'000
Monetary Assets	0	1	0	48	67	116
Foreign Exchange Contracts **	(586,866)	(208,545)	(21,189)	(87,254)	(39,728)	(943,582)
Net Monetary Asset Currency Exposure	(586,866)	(208,544)	(21,189)	(87,206)	(39,661)	(943,467)
Non Monetary Assets	912,951	392,995	59,222	214,307	65,398	1,644,873
Net Currency Exposure	326,085	184,451	38,033	127,101	25,737	701,407

** Foreign Exchange Contracts are the value of the exchange exposure (rather than the market value of the hedged instruments)

Sensitivity analysis

The following table summarises the sensitivities of the Consolidated Entity's and Fund's net assets available to pay benefits to foreign exchange risk. The analysis as at reporting date projects the increase / (decrease) in net assets from a 12% movement in the Australian dollar at 30 June 2012 (2011 - 23%) against each of the other currencies to which the Fund is exposed. Management considers a 12% movement possible in foreign exchange rates and is appropriate as at reporting date.

A 12% (2011 - 23%) weakening in the Australian dollar against these currencies would have an equal but opposite effect.

Consolidated and Fund	US Dollar A\$'000	GB Pound A\$'000	Japanese Yen A\$'000	EURO A\$'000	Other A\$'000	Total \$'000
30-June-2012	69,299	27,977	5,216	9,206	3,065	114,763
30-June-2011	75,000	42,424	8,748	29,233	5,919	161,324

(iii) Interest Rate Risk

The Group's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cashflows. The risk is measured using sensitivity analysis. The Trustee monitors its fixed interest exposure on a monthly basis. The Group may also enter into derivative financial instruments to mitigate the risk of future interest rate changes.

The Group's exposure to interest rate movements is considered on a consolidated rather than Fund basis as the Trustee looks through to those Special Purpose Entities where there are material borrowings. The entities with material borrowings are determined to be MTAA Superannuation Fund (60 Margaret Street, Sydney) Property Pty Ltd, MTAA Superannuation Fund (RG Casey) Property Pty Ltd, MTAA Superannuation Fund (121 Marcus Clarke Street) Property Pty Ltd, MTAA Superannuation Fund (Mildura Base Hospital) Facilities and Services Pty Ltd and Peet Alkimos Pty Ltd (as outlined in Note 14). The Group has entered into fixed interest rate swaps for the full amount of the 60 Margaret St, 121 Marcus Clarke Street and RG Casey loans to limit the Group's exposure to interest rate changes over the term of each loan. Additional information around these swaps is provided in Note 15 (b).

The Group has disclosed information in the Inflation Linked category because the Trustee considers this disclosure more reflective of the underlying exposure to interest rates faced by the Group.

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Interest Rate Risk (continued)

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures market risk since the 2011 reporting period.

The Group and the Fund's exposure to interest rate movement on those investments at 30 June 2012 and 30 June 2011 were as follows:

30-June-2012	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Inflation Linked \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets					
Investments					
Cash	756,218				756,218
Fixed Interest				655,676	655,676
Australian equities				1,304,697	1,304,697
International equities				930,081	930,081
High Yield Debt			157,587	23,693	181,280
Other Target Return Portfolio Assets				2,726,293	2,726,293
Cash at bank	32,413				32,413
Contributions Receivable				42,446	42,446
Derivatives				20,409	20,409
Other receivables				9,076	9,076
Prepayments				333	333
Financial Liabilities					
Benefits payable				10,906	10,906
Accounts payable				50,083	50,083
Borrowings		529,733			529,733

30-June-2011	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Inflation Linked \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets					
Investments					
Cash	701,605				701,605
Fixed Interest				551,488	551,488
Australian equities				1,317,829	1,317,829
International equities				799,444	799,444
High Yield Debt			32,014	23,421	55,435
Other Target Return Portfolio Assets				2,861,953	2,861,953
Cash at bank	59,488				59,488
Contributions Receivable				44,172	44,172
Derivatives				35,344	35,344
Other receivables				98,712	98,712
Prepayments				317	317
Financial Liabilities					
Benefits payable				10,090	10,090
Accounts payable				47,502	47,502
Borrowings		406,074			406,074

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Interest Rate Risk (Continued)

Sensitivity Analysis

An increase of 100 basis points in interest rates would have increased the net assets available to pay benefits and Net Revenue by \$9,496 thousand (2011: increase of \$11,387 thousand). An equivalent decrease in rates would have decreased Net Revenue by \$9,527 thousand (2011: decrease of \$11,439 thousand). Management considers a 100 basis points movement in interest rates possible and is appropriate as at reporting date. The following table shows the impact of 100 basis point movement in interest rates on Net Revenue across the relevant financial assets and liabilities of the Group.

	Consolidated 30-June-2012		Consolidated 30-June-2011	
	Impact of 1% increase \$'000	Impact of 1% decrease \$'000	Impact of 1% increase \$'000	Impact of 1% decrease \$'000
Investments				
Cash and Deposits	7,569	(7,569)	7,022	(7,022)
High Yield Debt	(5,312)	5,485	(1,954)	2,152
Other Assets				
Cash at bank	324	(324)	595	(595)
Financial Liabilities				
Borrowings	398	(398)	0	0
Derivatives	6,517	(6,721)	5,724	(5,974)
Total Fund	9,496	(9,527)	11,387	(11,439)

MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations giving rise to a financial loss to the Fund. The Trustee manages this risk through its use of drawdown limits for individual investments, asset class ranges, extensive due diligence analysis of all prospective investments and ongoing performance monitoring of existing investments. These controls are aimed to prevent a significant exposure to any individual counterparty or industry. These controls ensure the Fund is not subject to any concentration of credit risk.

The Group's maximum exposure to credit risk at 30 June 2012 is the carrying amount of the Group's financial assets, net of impairment losses reported in the Statement of Financial Position. This exposure is outlined in the following table.

Financial Assets	Consolidated		Fund	
	30-June-2012	30-June-2011	30-June-2012	30-June-2011
	A\$'000	A\$'000	A\$'000	A\$'000
Market Linked Portfolio				
Cash	756,218	701,605	756,900	702,237
Australian Fixed Interest	508,244	411,502	508,244	411,502
International Fixed Interest	147,432	139,986	147,432	139,986
Australian Shares	1,304,697	1,317,829	1,304,697	1,317,829
International Shares	930,081	799,444	930,081	799,444
Target Return Portfolio				
High Yield Debt	181,280	55,435	181,280	55,435
Australian Property	682,337	932,893	487,422	624,520
International Property	218,654	186,054	218,654	186,043
Australian Infrastructure	554,543	709,695	538,920	691,724
International Infrastructure	412,897	547,966	412,897	547,946
Australian Private Equity	132,342	142,786	132,342	142,776
International Private Equity	285,814	318,876	286,409	319,909
Other Unlisted Assets	24,123	23,683	24,123	23,685
Derivatives	(10,807)	18,526	4,776	25,153
Other Assets				
Cash at bank	32,413	59,488	17,395	16,203
Other receivables	9,409	99,029	1,646	1,301
Total Financial Assets	6,169,677	6,464,797	5,953,218	6,005,693
Financial Liabilities				
Loan commitments (callable within 1 year)	179,902	275,948	0	0
Loan commitments (callable within 1 to 5 years)	349,831	130,126	0	0
Loan commitments (callable after 5 years)	0	0	0	0
Total Financial Liabilities	529,733	406,074	0	0

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit Risk (Continued)

Credit risk for the Group primarily arises from investments in debt securities. As at 30 June 2012, the Group held within its Target Return Portfolio investments in unrated Loy Yang CPI Indexed Bonds and AGL Energy Deferred Payment, a high yield debt. The following table summarises these investments.

	Consolidated and Fund	
	30-June-2012	30-June-2011
	\$'000	\$'000
Australian Fixed Interest Securities		
Unrated Australian Fixed Interest Securities	31,214	32,014
Australian High Yield Debt Securities	126,373	0
Total	157,587	32,014

The Group is also exposed to credit risk through amounts due from counterparties relating to forward foreign exchange contracts arising from currency exposure risk management. The following table outlines the counterparty allocation of unrealised profit and loss as at 30 June 2012.

Counterparty**	Currency					
	US Dollar \$'000	GB Pound \$'000	Japanese Yen \$'000	Euro \$'000	Other \$'000	Total \$'000
Consolidated and Fund						
30-June-2012						
Barclays London	0	5	0	258	(147)	117
CitiBank NA	(1,733)	(432)	(35)	(318)	115	(2,403)
Deutsche Bank AG	985	0	(4)	0	(36)	945
Goldman Sachs	70	0	0	0	0	70
HSBC Bank plc	(334)	(104)	(90)	521	763	756
JP Morgan Chase	1,213	0	45	1,865	(333)	2,790
Royal Bank of Canada	(2,270)	1,868	0	(102)	(55)	(559)
Royal Bank of Scotland plc	0	0	0	0	0	0
UBS AG	1,299	1,339	(1,111)	870	441	2,838
Westpac Banking Corporation	(211)	435	0	0	0	224
Total	(981)	3,111	(1,195)	3,094	748	4,777
Consolidated and Fund						
30-June-2011						
Barclays London	198	(137)	0	(239)	1,134	956
CitiBank NA	0	335	(35)	100	(258)	142
Deutsche Bank AG	97	(195)	0	(1)	101	2
Goldman Sachs	0	(15)	1,167	(22)	0	1,130
HSBC Bank plc	109	(58)	0	0	0	51
JP Morgan Chase	(15)	2,146	0	678	0	2,809
Royal Bank of Canada	8,821	0	128	0	(21)	8,928
Royal Bank of Scotland plc	(986)	(17)	0	121	0	(882)
UBS AG	9,099	1,594	(1)	0	0	10,692
Westpac Banking Corporation	(1,155)	2,487	0	(7)	0	1,325
Total	16,168	6,140	1,259	630	956	25,153

** Forward foreign exchange contracts where there is an unrealised hedge loss are included for completeness although the Group is not exposed to credit risk through these specific contracts.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Liquidity Risk

The Group utilises a number of liquidity management tools. These include liquidity ratios, which monitor changes in the Fund's liquidity position over time; outlook charts, which describe the Fund's forecast allocation to illiquid assets; and liquidity stress testing, which is undertaken to test the Fund's resilience to liquidity shocks. In addition the Trustee closely monitors the sources and uses of liquidity, including member contribution, switching and benefit payment patterns. This monitoring program allows the Group to manage liquidity to ensure the Group can meet liabilities as and when they fall due.

The Group's market listed investments are considered to be readily realisable. The Trustee recognises and accepts that, in general, unlisted assets will not be as liquid. The Group's allocation to unlisted assets aims to improve returns as a result of the Group's ability to invest in less liquid assets; however, there is a risk that the Group may not be able to liquidate all of these assets at their net market value in order to meet its liquidity requirements. The Trustee has considered the risk of a critical liquidity event and has developed a framework and processes within its Liquidity Policy for dealing with such a scenario.

The following tables summarise the contractual maturities of the Group's financial liabilities, based on the remaining period to the contractual maturity date at the year end and represent the earliest date on which the Group could be required to pay.

Consolidated				
30-June-2012	1 year or less A\$'000	1 to 5 Years A\$'000	> 5 years A\$'000	Total A\$'000
Financial Liabilities				
Accounts and Benefits payable	94,625	0	0	94,625
Borrowings	179,902	349,831	0	529,733
Vested Benefits	6,018,762	0	0	6,018,762
Derivatives				
<i>Inflows</i>	<i>1,746,871</i>	<i>0</i>	<i>0</i>	<i>1,746,871</i>
<i>(Outflows)</i>	<i>(1,757,678)</i>	<i>0</i>	<i>0</i>	<i>(1,757,678)</i>
Total Derivatives	(10,807)	0	0	(10,807)
30-June-2011	1 year or less A\$'000	1 to 5 Years A\$'000	> 5 years A\$'000	Total A\$'000
Financial Liabilities				
Accounts and Benefits payable	127,061	0	0	127,061
Borrowings	275,948	130,126	0	406,074
Vested Benefits	6,021,611	0	0	6,021,611
Derivatives				
<i>Inflows</i>	<i>2,177,659</i>	<i>0</i>	<i>0</i>	<i>2,177,659</i>
<i>(Outflows)</i>	<i>(2,159,133)</i>	<i>0</i>	<i>0</i>	<i>(2,159,133)</i>
Total Derivatives	18,526	0	0	18,526

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Liquidity Risk (Continued)

Fund				
30-June-2012	1 year or less A\$'000	1 to 5 Years A\$'000	> 5 years A\$'000	Total A\$'000
Financial Liabilities				
Accounts and Benefits payable	48,862	0	0	48,862
Vested Benefits	6,018,762	0	0	6,018,762
Derivatives		0	0	
<i>Inflows</i>	<i>1,746,871</i>	<i>0</i>	<i>0</i>	<i>1,746,871</i>
<i>(Outflows)</i>	<i>(1,742,095)</i>	<i>0</i>	<i>0</i>	<i>(1,742,095)</i>
Total Derivatives	4,776	0	0	4,776
30-June-2011	1 year or less A\$'000	1 to 5 Years A\$'000	> 5 years A\$'000	Total A\$'000
Financial Liabilities				
Accounts and Benefits payable	94,899	0	0	94,899
Vested Benefits	6,021,611	0	0	6,021,611
Derivatives				
<i>Inflows</i>	<i>2,177,659</i>	<i>0</i>	<i>0</i>	<i>2,177,659</i>
<i>(Outflows)</i>	<i>(2,152,506)</i>	<i>0</i>	<i>0</i>	<i>(2,152,506)</i>
Total Derivatives	25,153	0	0	25,153

Vested Benefits (refer Note 7) has been included in the less than one year column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Group can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

Derivatives have been disclosed on a gross settlement basis and are based on the remaining period to the contractual maturity date at the year end.

(h) Fair value hierarchy

AASB 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). These inputs are readily available in the market and are normally obtainable from multiple sources.
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). These inputs must be observable for substantially the full term of the financial instrument.
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). This includes any instrument that is not categorised in Level 1 or Level 2 and include assets that are subject to various valuations methodologies to determine their fair value.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(h) Fair value hierarchy (Continued)

The table below sets out the Fund's financial assets and liabilities (by class) measured at net market value according to the fair value hierarchy at 30 June 2012.

As outlined in Note 1 (c) Use of estimates and judgements for many of the Level 3 Financial Assets, the Trustee engages independent accredited valuers to provide an estimate of the market value for these investments on an annual or more frequent basis. The Trustee with its knowledge of the investment and relevant factors and with advice from its asset consultants, will determine the most appropriate value for the investment within a provided range. An analysis of the valuation ranges for these assets is provided in Note 16 (b).

30-June-2012	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Market Linked Portfolio				
Cash	26,883	730,017	0	756,900
Australian Fixed Interest	0	508,244	0	508,244
International Fixed Interest	0	147,432	0	147,432
Australian Shares	1,304,697	0	0	1,304,697
International Shares	776,680	153,401	0	930,081
Target Return Portfolio				
Australian High Yield Debt	0	0	181,280	181,280
Australian Property	0	0	487,422	487,422
International Property	0	0	218,654	218,654
Australian Infrastructure	0	0	538,920	538,920
International Infrastructure	0	0	412,897	412,897
Australian Private Equity	0	0	132,342	132,342
International Private Equity	0	0	286,409	286,409
Other Unlisted Assets	0	0	24,123	24,123
Total	2,108,260	1,539,094	2,282,047	5,929,401
30-June-2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Market Linked Portfolio				
Cash	26,332	675,905	0	702,237
Australian Fixed Interest	0	411,502	0	411,502
International Fixed Interest	0	139,986	0	139,986
Australian Shares	1,317,829	0	0	1,317,829
International Shares	125	799,319	0	799,444
Target Return Portfolio				
Australian High Yield Debt	0	0	55,435	55,435
Australian Property	0	0	624,520	624,520
International Property	0	0	186,043	186,043
Australian Infrastructure	0	0	691,724	691,724
International Infrastructure	0	0	547,946	547,946
Australian Private Equity	0	0	142,776	142,776
International Private Equity	0	0	319,909	319,909
Other Unlisted Assets	0	0	23,685	23,685
Total	1,344,286	2,026,712	2,592,038	5,963,036

There were no transfers between Level 1 and 2 in the period.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(h) Fair value hierarchy (Continued)

Reconciliation of Level 3 fair value measurements of financial asset

30-June-2012	High Yield Debt	Australian Property	International Property	Australian Infrastructure	International Infrastructure	Australian Private Equity	International Private Equity	Other Unlisted Assets	Total
	2012	2012	2012	2012	2012	2012	2012	2012	2012
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Opening balance	55,435	624,520	186,043	691,724	547,946	142,776	319,909	23,685	2,592,038
Gains/Losses	400	4,693	18,878	(30,987)	(29,071)	(16,363)	(34,054)	438	(86,066)
Net Contributions	119,488	(159,158)	6,964	(141,422)	(108,058)	521	(17,348)	(1,314)	(300,327)
Net Distributions	5,957	17,367	6,769	19,605	2,080	5,408	17,902	1,314	76,402
Transfer out of Level 3	0	0	0	0	0	0	0	0	0
Closing Balance	181,280	487,422	218,654	538,920	412,897	132,342	286,409	24,123	2,282,047
30-June-2011	High Yield Debt	Australian Property	International Property	Australian Infrastructure	International Infrastructure	Australian Private Equity	International Private Equity	Other Unlisted Assets	Total
	2011	2011	2011	2011	2011	2011	2011	2011	2011
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Opening balance	122,553	684,108	120,023	833,204	718,612	137,235	350,537	26,593	2,992,866
Gains/Losses	10,412	(64,817)	18,389	24,532	(104,777)	(12,848)	(59,252)	(2,908)	(191,268)
Net Contributions	(88,124)	(14,596)	46,537	(187,612)	(67,905)	13,574	21,436	(876)	(277,567)
Net Distributions	10,594	19,825	1,094	21,599	2,016	4,815	7,188	876	68,006
Transfer out of Level 3	0	0	0	0	0	0	0	0	0
Closing Balance	55,435	624,520	186,043	691,724	547,946	142,776	319,909	23,685	2,592,038

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS

The use of derivatives is an essential part of the Trustee's investment management. Derivatives are not managed in isolation. The Trustee enters into derivative contracts to hedge its foreign currency and its interest rate exposure. Derivatives may also be held within the Fund's separately managed Australian Equity and International Equity portfolios to reduce risk. Derivatives are not used to leverage any investments of the Group. The following table outlines the risk exposures relating to derivatives held by the Group and the Fund as well as the market values of those contracts as at balance date.

	Group		Fund	
	Notional Effective Exposure \$'000	Net Market Value \$'000	Notional Effective Exposure \$'000	Net Market Value \$'000
30-June-2012				
Australian Share Price Index Futures				
Australian Options	0	0	0	0
Forward Foreign exchange contracts	(1,742,095)	4,776	(1,742,095)	4,776
Interest Rate Swap	457,413	(15,583)	0	0
Total	(1,284,682)	(10,807)	(1,742,095)	4,776

	Group		Fund	
	Notional Effective Exposure \$'000	Net Market Value \$'000	Notional Effective Exposure \$'000	Net Market Value \$'000
30-June-2011				
Australian Share Price Index Futures				
Australian Options	190,000	0	190,000	0
Forward Foreign exchange contracts	(2,152,506)	25,153	(2,152,506)	25,153
Interest Rate Swap	342,700	(6,627)	0	0
Total	(1,619,806)	18,526	(1,962,506)	25,153

NOTE 18. REMUNERATION OF AUDITORS

	2012	2011
	\$	\$
Remuneration for audit of the financial report of the Group:		
Deloitte Touche Tohmatsu - Audit of Financial Statements and compliance audits	281,190	300,103
	281,190	300,103

No other services were provided by Deloitte Touche Tohmatsu.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 19. RELATED PARTIES

(a) Trustee and Key Management Personnel

The following people are regarded as key management personnel:

The Trustee of the Fund throughout the year was Motor Trades Association of Australia Superannuation Fund Pty Ltd (ABN 14 008 650 628), the directors of which are:

Independent Chairman

J. Brumby

Independent Directors

V. L. Allen (commenced 19 December 2011)

S. Dahn (commenced 1 January 2012)

Employer Nominated Directors

K. J. Ambrose-Pearce* (ceased 23 November 2011)

R. C. Allen* (ceased 3 December 2011)

D.A Rowland*

D. Smith (commence 13 September 2012)

P. Perdikaris* (commenced 19 December 2011)

A. D. Blake* (ceased 19 November 2011)

B. Hatcher* (commenced 1 February 2012)

Employee Nominated Directors

M. Georgiou*

I. D. Jones* (ceased 19 June 2012)

M. Perica* (ceased 24 November 2011)

A. Sachinidis*

Executives

M. Delaney* (Chief Executive Officer) (retired 15 November 2011)

L. Turner* (Chief Executive Officer) (appointed 15 November 2011, formerly Deputy Chief Executive Officer)

J. R. Jones* (Executive Manager, Member Services) (retired 1 July 2012)

P. Brown* (Executive Manager, Investments)

M. Sykes* (Executive Manager, Finance and Accounting)

C. Porter* (Executive Manager, Operations) (appointed 1 May 2012)

M. Irving* (Executive Manager, Marketing, Communications, Education & Advice) (appointed 30 April 2012)

T. Jarosz (Executive Manager, Governance) (appointed 7 May 2012)

* These persons are members of MTAA Superannuation Fund. Their membership terms and conditions are the same as those applied to other members of the Fund.

(b) Compensation of Key Management Personnel

The Trustee's Directors are remunerated for their services to the Trustee and Fund. Directors (other than the independent Chairman) are paid a fixed annual base fee and an additional fee for each Board or Committee meeting (including meetings held by telephone conference) they attend. The Chairman is paid a fixed annual amount. There were no increases in the remuneration payable to Directors during 2011-12.

Compensation of the Trustee's Directors and the executives as listed in 19(a) was:

	2012	2011
	\$	\$
Short-term – Directors and Officers	2,130,186	2,164,614
Other long term benefits	63,975	215,538
	<hr/> 2,194,161	<hr/> 2,380,152

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 19. RELATED PARTIES (CONTINUED)

(b) Compensation of Key Management Personnel (continued)

All key management personnel are also reimbursed for reasonable expenses incurred in carrying out their duties for the Trustee.

Details of the remuneration in bands for the Trustee's Directors are outlined in the table below.

Remuneration band	30-Jun-12	30-Jun-11
\$0-25,000	4	1
\$25,001-\$50,000	-	1
\$50,001-\$75,000	5	2
\$75,001-\$100,000	3	7
\$100,001-\$125,000	-	-
\$125,001-\$150,000	1	-
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
	13	11

Details of the remuneration in bands for the Fund's Executives are outlined in the table below.

Remuneration band	30-Jun-12	30-Jun-11
\$0-\$75,000	3	-
\$175,001-\$225,000	2	3
\$225,001-\$275,000	2	-
\$275,001-\$325,000	1	1
\$475,001-\$525,000	-	1
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
	8	5

(c) Related party transactions

Motor Trades Association of Australia Ltd ("MTAA Ltd") is an employer sponsor to the Fund and shareholder of the Trustee. Until 31 December 2010 MTAA Ltd was engaged under a service agreement with the Trustee to employ and provide secretariat and related support services to the Fund. There was no expense for services in the current reporting period (2011: \$5,017,842).

On 31 December 2010 the relevant employees ceased employment with MTAA Ltd and were also engaged by Secretariat Co. In accordance with the transfer of employment provisions under the Fair Work Act 2009, MTAA Ltd ceased to be liable for the employees' leave entitlements and Secretariat Co assumed the obligations at transfer. MTAA Ltd paid Secretariat Co an agreed amount for the provision leave entitlements of the transferred employees.

The Trustee is fully reimbursed from the Fund for all expenditure incurred on its behalf.

K. Ambrose-Pearce was a Director of MTAA Ltd and the Trustee during the 2011 financial year and resigned from the Trustee's board on 23 November 2011.

MTAA Superannuation Fund (Secretariat Co.) Pty Ltd

In the 2010 financial year the Trustee took a decision to employ those Secretariat staff members who had been dedicated to Fund business through MTAA Superannuation Fund (Secretariat Co.) Pty Ltd ("Secretariat Co."), a wholly owned subsidiary (these staff had been employed by MTAA Ltd). M. Delaney resigned from MTAA Ltd on 13 May 2010 and was engaged by Secretariat Co at that date as CEO. On 31 December 2010 the relevant employees ceased employment with MTAA Ltd and were engaged by Secretariat Co. In line with the transfer of employment provisions under the Fair Work Act 2009, MTAA Ltd ceased to be liable for the employees' leave entitlements and Secretariat Co assumed the obligations at transfer. MTAA Ltd paid Secretariat Co an agreed amount for the annual leave and long service leave entitlements of the transferred employees. Secretariat Co.'s running costs are recovered from the Fund monthly in arrears.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 19. RELATED PARTIES (CONTINUED)

(c) Related party transactions (Continued)

MTAA Superannuation Fund (Secretariat Co.) Pty Ltd (Continued)

The Fund's Chairman, J. Brumby (appointed 19 December 2011) and the Fund's CEO, L. Turner (appointed 15 November 2011) are Directors of Secretariat Co as at balance date. M. Delaney (ceased 15 November 2011), A. Blake (ceased 19 December 2011) and I. Jones (ceased 19 June 2012) were also Directors of Secretariat Co for part of the financial year. A. Sachinidis and D. Rowland were also appointed as Directors of Secretariat Co on 10 July 2012. There are no Directors' fees paid or payable to Directors of Secretariat Co.

M. Sykes is a Director of Lift Recruitment Pty Ltd, an entity which has formerly been part of Secretariat Co's recruitment panel. During the financial year, Secretariat Co paid Lift Recruitment \$38,146 under normal commercial terms for labour hire, contractor services and recruitment fees.

MTAA Superannuation Fund (Director Co.) Pty Ltd

The MTAA Superannuation Fund utilises the services of MTAA Superannuation Fund (Director Co.) Pty Ltd ("Director Co"), to engage consultants with relevant skills as appointees to investee company boards, where the Fund's interest is sufficient to enable it to have representation on the board of the investment. The role of Director Co is to receive any board related fees from the investee companies, administer the relevant consultants' agreements and remit fees to each consultant in line with those agreements. Director Co does need to recover some monies from the Fund from time to time, for some contracts and for the reimbursement of reasonable travel and accommodation costs. Net recoveries from the Fund to Director Co during the year amounted to \$291,163 (2011: \$354,167).

Director Co did not engage or pay any of the Fund's Directors or key management personnel during the reporting period.

Superpartners Pty Ltd

MTAA Superannuation Fund has a 17.9% ultimate holding in Superpartners Pty Ltd (2010: 17.9%). Superpartners Pty Ltd is contracted to provide administration services to MTAA Superannuation Fund. These services are provided under normal commercial terms and conditions. Fees for services provided during the year amounted to \$18.3m (2011: \$15.4m).

Industry Super Holdings

MTAA Superannuation Fund has a 5.12% holding in Industry Super Holdings Pty Ltd (ISH) (2011: 5.12%), which through the following subsidiaries provides services to the Fund as follows:

IFS Insurance Broking Pty Ltd (IFSIB) provides insurance broking and insurance consulting services to MTAA Superannuation Fund. These services are provided under normal commercial terms and conditions. Fees for services provided during the year amounted to \$245,725 (2011: \$229,802).

Industry Fund Credit Control Pty Ltd (IFCC) provides debt collection services to MTAA Superannuation Fund. These services are provided under normal commercial terms and conditions. Fees for services provided during the year amounted to \$705,150 (2011: \$535,769).

Industry Fund Financial Planning (IFFP) provides financial planning services to the MTAA Superannuation Fund for the Fund's members. These services are provided under normal commercial terms and conditions. Fees for services provided during the year amounted to \$702,291 (2011: \$641,224).

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 19. RELATED PARTIES (CONTINUED)

(d) Consolidated entities

The Fund's ownership interests in the following SPE's are:

	Ownership Interest	
	%	%
	2012	2011
MTAA Superannuation Fund (60 Margaret Street, Sydney) Property Pty Ltd	100	100
MTAA Superannuation Fund (121 Marcus Clarke Street - Parking) Property Pty Ltd	100	100
MTAA Superannuation Fund (121 Marcus Clarke Street) Property Pty Ltd	100	100
MTAA Superannuation Fund (Air-Serv International Holding) Utilities Pty Ltd	100	100
MTAA Superannuation Fund (Alkimos) Property Pty Ltd *	100	100
MTAA Superannuation Fund (NTL Broadcast) Utilities Pty Ltd	100	100
MTAA Superannuation Fund (Beacon Capital Partners) Property Pty Ltd	100	100
MTAA Superannuation Fund (Carrix) Utilities Pty Ltd	100	100
MTAA Superannuation Fund (Companion Funds) Private Equity Investments Pty Ltd	100	100
MTAA Superannuation Fund (Director Co.) Pty Ltd	100	100
MTAA Superannuation Fund (Duquesne Light Holdings) Infrastructure Pty Ltd	100	100
MTAA Superannuation Fund (Flagstone Creek and Spring Mountain Park) Property Pty Ltd	100	100
MTAA Superannuation Fund (Flinders Ports Storage) Property Pty Ltd	100	100
MTAA Superannuation Fund (Flinders Ports Storage No.1) Property Pty Ltd	100	100
MTAA Superannuation Fund (Flinders Ports Storage No.2) Property Pty Ltd	100	100
MTAA Superannuation Fund (Flinders Ports Stores) Property Pty Ltd	100	100
MTAA Superannuation Fund (Flinders Ports) Utilities Pty Ltd	100	100
MTAA Superannuation Fund (Icon Parking Services) Utilities No. 1 Pty Ltd	100	100
MTAA Superannuation Fund (Icon Parking Services) Utilities No. 2 Pty Ltd	100	100
MTAA Superannuation Fund (Kingsford Smith Airport) Utilities Pty Ltd	100	100
MTAA Superannuation Fund (KKR 2006 Fund) Private Equity Investments Pty Ltd	100	100
MTAA Superannuation Fund (Latin Power) Utilities Pty Ltd	100	100
MTAA Superannuation Fund (MGOP) Private Equity Investments Pty Ltd	100	100
MTAA Superannuation Fund (MGP Fund III) Property Pty Ltd	100	100
MTAA Superannuation Fund (Mildura Base Hospital) Facilities and Services Pty Ltd	100	100
MTAA Superannuation Fund (MIP) Infrastructure Pty Ltd	100	100
MTAA Superannuation Fund (R.G.Casey Building) Property Pty Ltd	100	100
MTAA Superannuation Fund (SALSA) General Partner Pty Ltd	100	100
MTAA Superannuation Fund (SALSA) Research and Development Pty Ltd	100	100
MTAA Superannuation Fund (Secretariat Co.) Pty Ltd	100	100
MTAA Superannuation Fund (Spirit Finance Corporation) Property Pty Ltd	100	100
MTAA Superannuation Fund (Star II) Utilities Pty Ltd	100	100
MTAA Superannuation Fund (SXW) Property Pty Ltd	100	100
MTAA Superannuation Fund (TransACT) Utilities Pty Ltd	100	100
MTAA Superannuation Fund (WPX) Private Equity Investments Pty Ltd	100	100

The above table includes all active special purpose entities during the year. Dormant entities have not been listed

* MTAA Superannuation Fund (Alkimos) Property Pty Ltd holds a 65.2% majority interest in Peet Alkimos Pty Ltd, a residential land development company operating in Western Australia. Peet Alkimos Pty Ltd has been included as a consolidated entity in these financial statements.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 19. RELATED PARTIES (CONTINUED)

(d) Consolidated entities (Continued)

M. Delaney was a Director of the above entities for part of the financial year. He ceased his directorship of MTAA Superannuation Fund (Flagstone Creek and Spring Mountain Park) Property Pty Ltd on 13 September 2011. He ceased his directorships of the other entities listed above on 15 November 2011. L. Turner was appointed Director of all of the above entities (except MTAA Superannuation Fund (Flagstone Creek and Spring Mountain Park) Property Pty Ltd) on 15 November 2011. Neither M. Delaney nor L. Turner received Directors fees for the directorships of these entities.

The Macquarie Private Opportunities Fund (MPOF) represents an international private equity investment program established for MTAA Super in 2006/2007. The Trustee has the ability to appoint and remove the manager of MPOF. Due to this control and the relative size of the investment, MPOF has also been included as a consolidated entity in these financial statements.

NOTE 20. CONTINGENT LIABILITIES AND ASSETS

There were no material contingent assets or liabilities at reporting date.

NOTE 21. COMMITMENTS

As at 30 June 2012, the Fund had commitments of \$167,611 thousand (2011: \$221,902 thousand) in respect of uncalled elements of its investments. The uncalled commitments relate to the Fund's private equity investments, property and infrastructure investments. Time bands cannot be placed on those commitments, as it is difficult to predict the exact timing and pace of capital calls for any commitment based investment.

NOTE 22. MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 16 October 2012 a 15 year lease for the RG Casey Building was executed with the current tenant.

Other than the lease noted above, there has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the Fund, the result of those operations, or the state of affairs of the Fund.

**MTAA SUPERANNUATION FUND AND CONSOLIDATED ENTITY
TRUSTEE STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

In the opinion of the trustee:

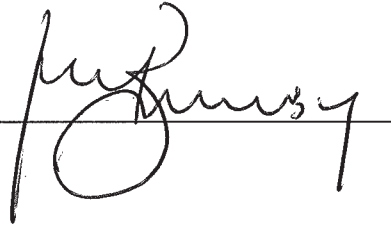
- (a) the financial statements set out on pages 3 to 43 are drawn up so as to present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of MTAA Superannuation Fund and the consolidated entity as at 30 June 2012 and the benefits accrued as a result of operations and cash flows for the year then ended; and
- (b) the financial statements are prepared in accordance with the requirements of the Trust Deed and the Superannuation Industry (Supervision) Act 1993 and Regulations.

This statement is made in accordance with a resolution of the directors of the trustee company, Motor Trades Association of Australia Superannuation Fund Pty Ltd (ABN 14 008 650 628).

Director:



Director:



Melbourne, 26 October 2012

Independent Report by the Approved Auditor to the Members of MTAA Superannuation Fund

I have audited the financial statements of MTAA Superannuation Fund and the consolidated entity for the year ended 30 June 2012 as set out on pages 3 to 43.

Trustee's responsibility for the financial statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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

Deloitte.

Auditor's Opinion

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the financial position of MTAA Superannuation Fund and the consolidated entity as at 30 June 2012 and the results of their operations and cash flows for the year ended 30 June 2012.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Frances Borg". The signature is written in a cursive, flowing style.

Frances Borg
Partner
Chartered Accountants

Sydney, 30 October 2012