

ANNUAL REPORT
2008/09

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About the Annual Report

The Annual Report is issued by Health Super Pty Ltd (ABN 97 084 162 489, AFSL 246492) as Trustee of the Health Super Fund (ABN 88 293 440 675), known as ‘Health Super’. Past investment performance is not a reliable indicator of future performance. The Trustee and any of its related entities does not guarantee the return of capital or the performance of the Fund in any way. Any advice contained in this Annual Report has been prepared without taking into account your objectives, financial situation or needs. Before acting on this advice you should consider the appropriateness of the advice having regard to your objectives, financial situation and needs. Before making any financial decisions in relation to Health Super’s financial products, you should also obtain and consider a current Product Disclosure Statement (PDS) relating to the financial products.

The Trustee administers Health Super under the Health Super Trust Deed. The Trustee and the operations of the Fund are governed by the Superannuation Industry (Supervision) Act 1993 and the Corporations Act 2001 and other relevant law.

Message from the CEO

The challenges continue

Over the past 12 months, the challenges in investment markets and the wider economy have been great and the impact on members significant. We know that many of our members have been very anxious about their superannuation as a result. Government changes to the super system have also added to this anxiety.

Although we have recently experienced positive monthly returns, dramatic volatility continues overall. It is true that this is part of the normal investment cycle: we have been here before, including in 1987 and of course in 1929. But that doesn't lessen its impact. At Health Super, all staff understand that it is the members that most feel the effects of such volatility. I assure you that we continue to work very hard to achieve positive returns for members.

It's timely to remind members that super remains a very important part of any retirement planning. Its tax benefits and long term investment strategy are hard to beat despite the recent downturn.

It's always easy for long term goals to be clouded by shorter term disruption and investment 'noise'. But financial commentators agree that the dips are as much a part of the journey as the peaks. What's most important is sticking to your course. Remember, a financial planner can help you set the course that's right for you, and identify any minor tweaks that may be required along the way. I remind you that Health Super members have access to fully qualified, fee for service financial planners at discounted rates: call 1300 780 223 for further information.

A long term view is important for businesses too. There have been a number of occasions over the past 12 months where the Fund could have reacted to short term events. But we have been working for those in the health and community services sector for over 40 years, and that experience tells us that a steady hand will pay off in the long term.

Our ongoing programs to improve our products and services continue. This year we will see improved online services and communications, the soon-to-be launched new Health Super brand, and extensive improvements to our systems that will lead to improved administration and communication to members. It's a superior member experience that's shaped by what our members want.

I reiterate that we at Health Super are very conscious of the impact the change to the economy and investment markets continues to have on members. But, at the same time, I have a genuine belief that we are continuing to develop our Fund in a way that will achieve the retirement goals of our members.



Chris Clausen

Chris Clausen
Chief Executive Officer

*Health Super Financial Services Pty Ltd (HSFP) (ABN 37 096 452 318) trading as Health Super Financial Planning (AFSL 240019) is a wholly owned subsidiary of Health Super Pty Ltd (the Trustee). The Trustee pays certain fees to HSFP for services provided to members and the Fund.

The return on investments

Health Super's investment performance will vary over time. Because super is a long-term investment, five and 10 year figures smooth out short-term results. For this reason, it is generally not appropriate to assess the performance of an investment option by the return for a single year or other short-term periods. For example, a Balanced option over a five year period might have a negative return for one year but a positive return for four years, giving an overall result that is positive for five years. Net returns, relevant to Health Super's Accumulation Accounts and Pension Accounts, for longer periods (where available) are shown below to illustrate this. However, remember that past performance is not a reliable indicator of future performance. Future performance depends on a range of factors including the investment markets and asset allocations or managers used from time to time. Allocations or managers as at 30 June 2009 may differ to past years.

Accumulation accounts

Investment returns (net of relevant fees, costs and taxes) applicable to Health Super's Accumulation accounts are shown in the tables to the right. Please note that these returns are the Trustee's declared annual returns for the investment options and your personal rate of return may be different depending on, for example, when you joined the Fund, made contributions or withdrawals or switched investment options. See your Statement for details of the returns applied (based on declared returns for the 2008/09 year) to your account.

| | | 2008-09 (%) | 2007-08 (%) | 2006-07 (%) | 2005-06 (%) | 2004-05 (%) | COMPOUND AVERAGE (%) | |
|-----------------------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|----------------------|----------|
| | | | | | | | 5 YEARS | 10 YEARS |
| ● long-term growth | ▶ -14.38 | -8.12 | 17.88 | 17.10 | 15.46 | 4.63 | 4.36 | |
| ● medium-term growth | ▶ -9.93 | -4.86 | 14.33 | 13.82 | 14.21 | 4.96 | 4.65 | |
| ● balanced | ▶ -6.21 | -1.55 | 10.77 | 10.04 | 12.50 | 4.83 | N/A | |
| ● short-term conservative | ▶ -2.06 | 1.78 | 7.70 | 6.54 | 10.45 | 4.79 | 4.65 | |
| ● stopover | ▶ 4.66 | 6.39 | 5.23 | 5.06 | 5.70 | 5.41 | 5.25 | |
| SOCIALLY RESPONSIBLE INVESTMENTS | | | | | | | | |
| ● long-term growth (SRI) | ▶ -7.98 | -10.18 | 14.00 | 15.08 | 10.02 | 3.59 | N/A | |
| ● medium-term growth (SRI) | ▶ -5.39 | -6.40 | 11.56 | 12.38 | 10.29 | 4.13 | N/A | |
| ● balanced (SRI) | ▶ -3.11 | -2.65 | 8.93 | 9.07 | 9.82 | 4.24 | N/A | |
| ● short-term conservative (SRI) | ▶ -0.48 | 1.14 | 6.67 | 6.00 | 8.94 | 4.39 | N/A | |
| ● stopover | ▶ N/A | N/A | N/A | N/A | N/A | N/A | N/A | |

Health Super Pension accounts

Investment returns (net of relevant fees and costs) applicable to Health Super Pension accounts are shown in the tables to the right. Investment returns are calculated gross of tax but net of investment fees and administration expenses. This is due to the tax treatment of Health Super Pensions. Please note that these are the Trustee's declared returns for the investment options and your personal rate of return may be different depending on, for example, when you commenced the Pension, made withdrawals or switched investment options. See your Statement for details of the returns applied (based on rates of return allocated during 2008/09, rather than declared returns) to your account.

| | | 2008-09 (%) | 2007-08 (%) | 2006-07 (%) | 2005-06 (%) | 2004-05 (%) | COMPOUND AVERAGE (%) | |
|-----------------------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|----------------------|----------|
| | | | | | | | 5 YEARS | 10 YEARS |
| ● long-term growth | ▶ -15.82 | -8.29 | 20.39 | 19.40 | 17.55 | 5.46 | 5.08 | |
| ● medium-term growth | ▶ -10.82 | -4.75 | 16.37 | 15.79 | 16.15 | 5.86 | 5.45 | |
| ● balanced | ▶ -6.66 | -1.12 | 12.33 | 11.59 | 14.23 | 5.73 | N/A | |
| ● short-term conservative | ▶ -2.00 | 2.55 | 8.93 | 7.68 | 11.91 | 5.70 | 5.61 | |
| ● stopover | ▶ 5.52 | 7.66 | 6.43 | 5.73 | 6.40 | 6.35 | 6.16 | |
| SOCIALLY RESPONSIBLE INVESTMENTS | | | | | | | | |
| ● long-term growth (SRI) | ▶ -8.18 | -11.23 | 16.19 | 17.14 | 11.32 | 4.31 | N/A | |
| ● medium-term growth (SRI) | ▶ -5.38 | -6.97 | 13.40 | 14.17 | 11.66 | 4.94 | N/A | |
| ● balanced (SRI) | ▶ -2.95 | -2.70 | 10.36 | 10.51 | 11.16 | 5.06 | N/A | |
| ● short-term conservative (SRI) | ▶ -0.09 | 1.63 | 7.83 | 7.08 | 10.18 | 5.25 | N/A | |
| ● stopover | ▶ N/A | N/A | N/A | N/A | N/A | N/A | N/A | |

SRI Options have only been available since 2003

There are no SRI Options for the Stopover Investment Option

You can check the individual monthly performance of each investment option on our website at www.healthsuper.com.au

How returns are allocated to your super (Accumulation and Pension Accounts)

Investment returns are calculated and allocated to Health Super Accumulation and Pension accounts based on crediting rates declared by the Trustee on a monthly basis after the deduction of tax (if any) and indirect management costs (referred to as 'Other management costs') such as investment managers' fees and (in the case of Accumulation accounts) any Asset fee. Information about 'Other management costs' as well as fees and costs deducted directly from your account, is provided in your Statement. Interim crediting rates apply in some situations (e.g. where you leave the Fund or an investment option before a final declared rate has been determined). The dollar amount of returns allocated is based on declared rates and will depend on a range of factors including:

- The period for which you are invested in the Fund or a particular investment option;
- The timing of contributions and withdrawals during the year (if any);
- Any investment option switches made during the year.

Investment returns can be positive or negative depending on the investment performance of underlying assets. See the PDS applicable to your account for more detailed information about the allocation process applicable to Accumulation and Pension accounts (the process varies depending on the type of account you hold) and any fees, costs and taxes that are deducted prior to the determination of crediting rates.

If you are unsure how your Health Super Accumulation or Pension account was invested during the 2008/09 financial year, refer to your 2009 Statement.

Investment returns for Defined Benefit and Deferred Benefit members

Members with Defined Benefit and Deferred Benefit accounts should refer to the explanatory notes to their statements for information about returns that may be relevant to their benefits (including historical information for the last five financial years). Your benefit may be a pre-determined amount defined according to a formula in the Trust Deed without regard to fluctuations in investment returns. In this case, the employer bears the risk of negative investment performance.

In some cases your benefit will be calculated by reference to fluctuations in investment returns taking into account an amount of 'Other management costs' which represents investment managers' fees. This will only be relevant if the withdrawal benefit shown on your Statement includes an allocation of earnings at the Defined Benefit Earning Rate. In other cases, there are no 'management costs' that affect the calculation of your benefit.

More information about 'Other management costs'

'Other management costs' (where applicable) are costs relating to investments calculated as at 30 June each year that are taken into account in the calculation of investment returns and may depend on a number of factors:

- The costs actually incurred during the year;
- The amount invested and movements in or out of your account (where applicable);
- The duration of the investment;
- The benefit option you have selected (where applicable).

Other management costs do not include operational and transactional expenses associated with the buying and selling of underlying investments (for example, brokerage) which are also deducted prior to the declaration of investment returns. Where any management costs or expenses are tax deductible the benefit of the deduction is passed on to members through the declared returns.

Compulsory Surcharge Tax

The 'Compulsory Surcharge Tax' was abolished from 1 July 2005, however Health Super may from time to time still receive assessments from the Australian Tax Office for members affected by the surcharge in prior years. The surcharge was an additional tax payable by members classified as 'high income earners'. If a surcharge is payable, it is deducted from a member's Health Super account upon receipt of an ATO surcharge assessment.

Health Super's reserving policy

Health Super maintains an Administration Reserve Account (ARA) to help administer Health Super's administration budget. The ARA is allocated with excess Account-keeping fees not used in a reporting period, and any Asset fee deducted from Accumulation accounts (not used to meet administration expenses). Amounts in the ARA are maintained for use as permitted by the Trust Deed including to make provision for anticipated expenses in following years and meeting any extraordinary expenses that may arise. Any investment returns attributed to the ARA (which is invested in accordance with the Fund strategy) are allocated to Health Super for the benefit of members. The Trustee has a formal policy governing the management of the ARA. Health Super does not maintain any other reserves.

| THE VALUE OF THE ARA AT 30 JUNE WAS: | |
|--------------------------------------|------------------|
| 2007 | \$ 6.80 million |
| 2008 | \$ 8.65 million |
| 2009 | \$ 7.45 million* |

* These are unaudited figures.

Further information about Health Super's fees and costs is contained in the applicable PDS which is available from the website at www.healthsuper.com.au.

Who manages Health Super's investments and how?

Our investment managers

In managing Health Super's investments, the Trustee is assisted by qualified and experienced investment managers. The Trustee regularly monitors the performance of individual investment managers against established criteria and may, for underperformance or other reasons, terminate the services of individual investment managers from time to time. Health Super's investment managers as at 30 June 2009 were:

■ Australian shares

Acorn Capital Ltd
Eley Griffiths Group Pty Ltd
GMO Australia Ltd
Hyperion Asset Management Ltd
Independent Asset Management Pty Ltd
Lazard Asset Management Pacific Co
Schroder Investment Management
Australia Ltd

■ International shares

AllianceBernstein Investment
Management Australia Ltd
Barclays Global Investors Australia Ltd
Colonial First State Investments Ltd
(Emerging markets)
Lazard Asset Management Pacific Co
Morgan Stanley Investment Management Ltd
State Street Global Advisors Australia Limited
Trilogy Global Advisors

■ Alternative growth

AEW Capital Management
Barclays Global Investors Australia Ltd
Bridgewater Associates Inc
Franklin Templeton Investments Australia Ltd
Invesco Australia Ltd
MGPA (Asia) Ltd
Macquarie Topest Management Ltd
Morgan Stanley Investment Management Ltd
Perennial Investment Partners Ltd
RARE Infrastructure Limited
Wilshire Associates Pty Ltd
(Australian Private Equity)
Wilshire Associates Pty Ltd
(International Private Equity)

■ Alternative defensive

AMP Capital Investors Ltd
Colonial First State Property Ltd
Dexus Property Group
Lend Lease Real Estate Investment Ltd
Quadrant Real Estate Advisors
Queensland Investment Corporation

■ Fixed interest

Credit Suisse Asset Management
(Australia) Ltd
Goldman Sachs JB Were Investment
Management Company Pty Ltd
Queensland Investment Corporation
Vianova Asset Management Pty Ltd
Wellington International Management
Company Pte Ltd
Western Asset Management Company Ltd

■ Currency

Barclays Global Investors Australia Ltd

■ Cash

Health Super Pty Ltd

The underlying investment managers for Health Super's SRI options are the same as shown above, except for investments in Australian and international shares. The investment managers for these assets are:

■ Australian shares

Perennial Investment Partners Ltd

■ International shares

AMP Capital Investors Ltd

Investment managers are shown for information purposes only. The managers used by Health Super may be changed at the discretion of the Trustee. Members have no ability to choose underlying fund managers.

Investment Options for Accumulation and Health Super Pension Accounts

Note: Objectives are not a promise or guarantee of any particular return or benefit. The risk profile of each option is different. See our current Accumulation or Pension PDS for details.

| Long-Term Growth | Medium-Term Growth | Balanced |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| STANDARD & SRI OPTIONS | STANDARD & SRI OPTIONS | STANDARD & SRI OPTIONS |
| INVESTMENT OBJECTIVE: To achieve a return that exceeds inflation by 5%p.a. <i>(measured over rolling 5 year periods)</i> | INVESTMENT OBJECTIVE: To achieve a return that exceeds inflation by 4%p.a. <i>(measured over rolling 5 year periods)</i> | INVESTMENT OBJECTIVE: To achieve a return that exceeds inflation by 3.5%p.a. <i>(measured over rolling 5 year periods)</i> |
| EXPECTATION OF A NEGATIVE RETURN: 1 year in 5 | EXPECTATION OF A NEGATIVE RETURN: 1 year in 7 | EXPECTATION OF A NEGATIVE RETURN: 1 year in 10 |
| INVESTMENT PERIOD: 7 years + | INVESTMENT PERIOD: 5 years + | INVESTMENT PERIOD: 5 years + |
| ASSET ALLOCATION RANGES | ASSET ALLOCATION RANGES | ASSET ALLOCATION RANGES |
| <ul style="list-style-type: none"> <input type="checkbox"/> 30-40% Australian shares <input checked="" type="checkbox"/> 30-40% International shares <input type="checkbox"/> 16-24% Alternative growth <input type="checkbox"/> 5-15% Alternative defensive <input type="checkbox"/> 0-5% Fixed interest <input type="checkbox"/> 0-5% Cash | <ul style="list-style-type: none"> <input type="checkbox"/> 20-30% Australian shares <input checked="" type="checkbox"/> 20-30% International shares <input type="checkbox"/> 16-24% Alternative growth <input type="checkbox"/> 6-14% Alternative defensive <input type="checkbox"/> 16-24% Fixed interest <input type="checkbox"/> 0-5% Cash | <ul style="list-style-type: none"> <input type="checkbox"/> 12.5-22.5% Australian shares <input checked="" type="checkbox"/> 12.5-22.5% International shares <input type="checkbox"/> 11-19% Alternative growth <input type="checkbox"/> 6-14% Alternative defensive <input type="checkbox"/> 36-44% Fixed interest <input type="checkbox"/> 0-5% Cash |

Investments representing a value greater than 5% of the total value of all assets in Health Super

| 30 June 2008 | 30 June 2009 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <input type="checkbox"/> Australian shares 5.21% GMO Australia Ltd 5.05% Schroder Investment Management Australia Ltd <input checked="" type="checkbox"/> International shares 5.18% AllianceBernstein Investment Management Australia Ltd <input type="checkbox"/> Fixed interest 9.13% Credit Suisse Asset Management (Australia) Ltd 5.03% Western Asset Management Company Ltd <input type="checkbox"/> Cash 9.64% Health Super Pty Ltd | <ul style="list-style-type: none"> <input type="checkbox"/> Australian inflation-linked fixed interest 9.12% Credit Suisse Asset Management (Australia) Ltd <input type="checkbox"/> Cash 8.64% Health Super Pty Ltd |

Short-Term Conservative

STANDARD & SRI OPTIONS

INVESTMENT OBJECTIVE:
To achieve a return that exceeds inflation by **2.5%p.a.**
(measured over rolling 3 year periods)

EXPECTATION OF A NEGATIVE RETURN:
1 year in 20

INVESTMENT PERIOD:
3 years +

ASSET ALLOCATION RANGES

| | |
|--------|-----------------------|
| 5-15% | Australian shares |
| 5-15% | International shares |
| 6-14% | Alternative growth |
| 6-14% | Alternative defensive |
| 36-44% | Fixed interest |
| 16-24% | Cash |

Stopover

STANDARD OPTION

INVESTMENT OBJECTIVE:
To achieve a return that exceeds inflation by **1%p.a.**
(measured over rolling 3 year periods)

EXPECTATION OF A NEGATIVE RETURN:
Negligible

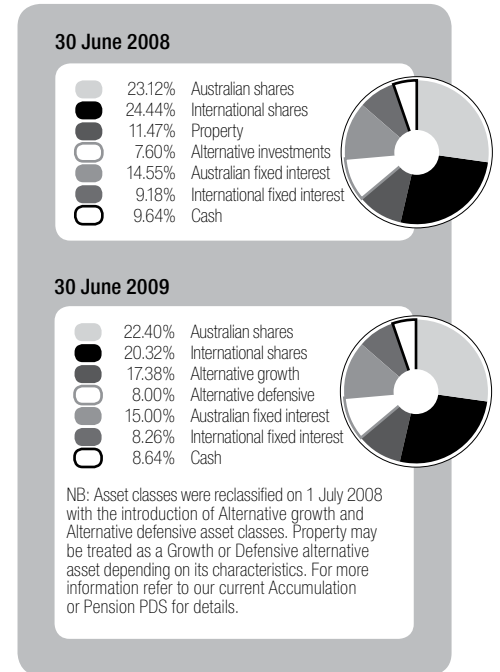
INVESTMENT PERIOD:
up to 3 years

ASSET ALLOCATION RANGES

| | |
|------|-----------------------|
| 0% | Australian shares |
| 0% | International shares |
| 0% | Alternative growth |
| 0% | Alternative defensive |
| 0% | Fixed interest |
| 100% | Cash |

Health Super's 'whole of Fund' asset allocation

How funds were invested



Your investment choice with Health Super

If you are a Health Super Accumulation or Pension member, you have Member Investment Choice. This means you can decide how your super is invested by choosing from nine different investment options. Health Super offers five 'Standard' investment options and four 'Socially Responsible Investment' (SRI) options. All options aim to maximise returns for a given level of risk and invest across a diverse range of asset classes, managers, industry sectors and securities. However, in the case of the SRI options, various labour standards or environmental, social and ethical factors are also considered in selecting, retaining and realising investments in Australian and international shares. For more information about how these factors are taken into account, refer to the applicable PDS. If you are an Accumulation member and don't actively choose to invest in one of the Standard or SRI options, your super will automatically be invested according to Health Super's Lifecycle strategy (based on your age) as shown.

The 'Lifecycle Strategy' based on your age is:

- Under 50 - Long-Term Growth
- 50 to 59 - Medium-Term Growth
- 60 and over - Balanced

As you approach a new age threshold (as shown above), Health Super will write to you, giving you the opportunity to change your investment choice if you want to. Health Super is one of the few super funds to offer a Lifecycle strategy. If you don't make a selection, your super is invested in our Lifecycle strategy according to your age. These options have been formulated by Health Super's investment adviser and researched extensively, taking into account the long-term nature of superannuation. Members have the option to change their choice at any time. See the Accumulation or Pension PDS for more information about your investment options in Health Super. Note: Member Investment Choice is not available to members in relation to their Defined Benefit or Deferred Benefit account with Health Super.

More about Health Super's SRI options

The investment objectives for the SRI options are the same for the Standard options but underlying investments may be different for Australian and international shares. The SRI options provide an alternative to our Standard options for members who want an investment strategy that takes into account societal concerns, such as environmental and labour standards. The objective of Health Super's SRI options is to deliver maximum investment returns (within a given level of risk) over the long-term. Like any investment with a long-term objective, investment returns for the SRI options can vary considerably from year to year, and may be negative from time to time. Health Super's SRI options may carry a higher level of investment risk than the Fund's Standard options. SRI investments may also be more volatile. This means that their values may vary considerably in the short term. This is because the same level of diversification can not be achieved in the underlying investments and managers used for SRI options as for the Standard options.

Defined Benefit and Deferred accounts

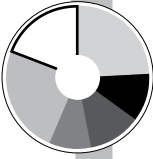
Defined Benefit Scheme

INVESTMENT OBJECTIVE:

- Maintain a balance between reducing long-term costs and reducing the volatility of the required employer contribution rate; and
- Minimise long-term costs and the volatility of contributions required from the employer.

ASSET ALLOCATION RANGES:

| | | |
|---|--------|--------------------------------------------|
| ◐ | 0-20% | Australian shares |
| ◑ | 0-20% | International shares |
| ◒ | 0-20% | Alternative growth |
| ◓ | 0-30% | Alternative defensive |
| ◔ | 20-40% | Australian inflation linked fixed interest |
| ◕ | 10-40% | Cash |



Derivatives Policy for whole of Fund

Health Super's investment managers may use derivatives in the management of the Fund's assets. In line with APRA guidelines, Health Super prepares a Derivatives Risk Management Statement. This Statement identifies where derivatives are used within Health Super's investment structure. Where the management of investment portfolios is outsourced, Health Super also reviews investment manager controls. Health Super requires its investment managers to ensure that derivatives are:

1. Fully covered by cash, cash-equivalents or appropriate securities;
2. Limited to a maximum in accordance with specific contractual commitments; and
3. Not used to leverage portfolios.

The investment managers must also prepare Risk Derivatives Statements (previously Risk Management Statements). These statements are reviewed by Health Super annually to ensure they comply with relevant regulations and Health Super's guidelines. Health Super's custodian also provides Health Super with a Compliance Report on a weekly basis.

Managing Defined Benefits

In consultation with the Australian Prudential Regulation Authority (APRA, the prudential regulator of superannuation funds in Australia), the Trustee undertook to achieve a fully-funded Defined Benefit scheme by 30 June 2009. 'Fully funded' means the assets of Health Super are equal to or exceed the liabilities of the Fund for the Trustee to pay members' benefits. The Trustee achieved a fully-funded position for the Defined Benefit scheme well ahead of this date.

At least once a year, Health Super's actuary conducts a review of the financial position of Health Super's Defined Benefit scheme. Based on this review, the actuary then makes recommendations to Health Super about the required level of future employer contributions. The actuarial review as at 30 June 2009 is currently being undertaken. This review will be completed in mid September 2009.

Who manages Health Super and how?

Your Trustee directors

The Trustee of the Health Super Fund is Health Super Pty Ltd (ABN 97 084 162 489, Australian Financial Services Licence No. 246492). The sole purpose of this company is to be Trustee and administrator of Health Super. A Board of nine directors carries out the Trustee's responsibilities; unions nominate four, another four are nominated by employer organisations, and the Board has an Independent Chair.

The Trustee directors at 30 June 2009

| MEETINGS ATTENDED | DIRECTOR |
|-------------------------------------------------------------------|----------------------------------------------------------------|
| INDEPENDENT CHAIR | |
| 13 / 15 | Garry Richardson |
| MEMBER-REPRESENTATIVE DIRECTORS (NOMINATED BY UNIONS) | |
| 14 / 15 | Peter Mylan (nominated by HSU) |
| 13 / 15 | David Langmead (nominated by HSU) |
| 14 / 15 | Belinda Morieson (nominated by ANF) |
| 13 / 15 | Brendan Soraghan (nominated by ANF) |
| EMPLOYER-REPRESENTATIVE DIRECTORS (NOMINATED BY EMPLOYERS) | |
| 15 / 15 | Trevor Carr (nominated by VHA) |
| 15 / 15 | Anne McDonald (nominated by St Vincent's Health Australia Ltd) |
| 15 / 15 | Graham Shotter (nominated by ACCV Ltd) |
| 12 / 15 | Richard Walter (nominated by VHA) |

External Service providers

The Trustee has retained the services of a number of external professional service providers to assist in Health Super's operations. Service providers as at 30 June 2009 were:

Actuary Mercer (Australia) Pty Ltd
Asset consultant Watson Wyatt Australia Pty Ltd

Auditors

External KPMG
Internal PricewaterhouseCoopers
Custodian JP Morgan Chase Bank N A
Insurer AIA Australia Limited
Legal advisors Allens Arthur Robinson;
 Greenfields Financial Services Lawyers
Taxation consultant
 PricewaterhouseCoopers

Executive Management Team

Health Super's executive management team as at 30 June 2009 was:

Chris Clausen

Chief Executive Officer

Carol McKelson-Timmins

Chief Operations Officer

Graeme Lawrie

Chief Financial Officer

Brendon Shepherd

Chief Investment Officer

Corporate Governance

The Trustee takes its responsibilities to members and employers very seriously. It operates a corporate governance framework which supports the regulatory, prudential and commercial management of the Fund.

The structure includes Board sub committees which are Investment, Remuneration, Audit, Risk and Compliance, Marketing and Business Development, and Benefits Committee. As such, the structure aims to enhance our risk management framework.

The Board framework is also supported by internal management committees including Executive, Risk Management, Project Steering, and Legal and Compliance.

The Trust Deed

Health Super Ltd also manages the day-to-day administration of Health Super according to the Fund's Trust Deed, a legal document that details the rules and operating requirements for the Fund, including members' benefits.

Conflict management policy

Health Super has Conflict Management procedures in place to effectively manage conflicts of interest that may arise wholly or partially in relation to activities undertaken by the Trustee.

Indemnity insurance

The Trustee is covered by professional indemnity insurance to protect the Trustee, the Directors and officers and the Fund from claims to the extent permitted by law and the policy conditions.

The indemnity insurance policy includes cover for claims arising out of the provision of services to third parties and its business operations. The Trustee has revisited its indemnity insurance coverage to ensure that it meets its legislative requirements on an ongoing basis. The ability for Health Super Pty Ltd to make a claim under its professional indemnity insurance policy is subject to terms and conditions stipulated in the policy.

Health Super is a complying Fund

Health Super is a complying superannuation fund for taxation purposes. All necessary returns and certificates have been lodged with the Australian Prudential Regulation Authority (APRA). Once the audit of Health Super's Financial Statements is complete, returns for the year to 30 June 2009 will also be lodged with APRA.

Trustee directors' salaries as at 30 June 2009

| NO. OF DIRECTORS | SALARY RANGES |
|------------------|-----------------------|
| 0 | \$1 - \$19,999 |
| 0 | \$20,000 - \$39,999 |
| 8 | \$40,000 - \$59,999 |
| 0 | \$60,000 - \$79,999 |
| 0 | \$80,000 - \$99,999 |
| 1 | \$100,000 - \$120,000 |

Corporate Profile

Health Super Trustee Board

A diversified and experienced Board of Directors carries out the Trustee's responsibilities. The Board complies with equal representation rules in the Superannuation Industry (Supervision) Act 1993 (SIS) and is made up of four directors nominated by affiliated unions, four directors nominated by relevant employer organisations, and an Independent Chair. The Trustee of the Health Super Fund is Health Super Pty Ltd. The sole purpose of this company is to be Trustee and administrator of the Health Super Fund.



Garry Richardson

Independent Chair, reappointed April 2008

Garry holds various non-executive director roles and is chair of several Board committees external to Health Super.

He has held a wide variety of directorships since retiring from his career at National Mutual where he held several senior management roles including General Manager Group Business Services (1989-1990) prior to being appointed Managing Director National Mutual Health Insurance Pty Ltd (1991-1997).

Garry is a Fellow of the Australian Institute of Company Directors.



David Langmead

Nominated by Health Services Union, reappointed December 2007

David Langmead holds a Bachelor of Laws from Melbourne University. He was admitted as a Barrister and Solicitor of the Supreme Court of Victoria in 1986, and after practising as a solicitor went to the bar in 1998. Prior to practising law, he was an industrial officer with a trade union.

His practice as a barrister includes: industrial and employment law; constitutional law; immigration and refugee law; administrative law; discrimination; rules of organisations; superannuation; defamation; and contract.

Corporate Profile



Trevor Carr

Nominated by Victorian Healthcare Association, reappointed December 2008

Trevor is the CEO of the Victorian Healthcare Association (VHA) and holds an Executive MBA from the Australian Graduate School of Management. He has worked in the Victorian healthcare system for over 30 years and was formerly the CEO of a rural health service.

Trevor's particular interest is the impact on health services of an ageing community and he was awarded a Churchill Fellowship in 2006 to evaluate technologies that will assist older Australians to retain their independence.



Anne McDonald

Nominated by St Vincent's Health Australia Ltd, reappointed November 2008

After being a partner at Ernst & Young for 15 years, Anne has pursued a non-executive career since 2005. She has broad business experience working with international and local companies, on audit, due diligence, regulatory and accounting matters. She has also advised many domestic and international companies in the investment and fund management sector, thus gaining exposure to private equity, infrastructure and property funds.

Anne is a non executive director of St Vincent's Health Group, the Westpac Insurance business (comprising Westpac Life Insurance Services, BT Life Limited, Westpac General Insurance Ltd), Specialty Fashion Group, Spark Infrastructure Group and the GPT Group.



Belinda Morieson

Nominated by Australian Nursing Federation (Victoria), reappointed December 2007

Belinda Morieson, a Registered Nurse, served the Australian Nursing Federation (Victorian Branch) from 1986 to 2001, initially as a Professional Officer, gaining a broad knowledge of issues across the health system, and then as Branch Secretary with responsibility for administration and policy direction. She is chair of the Victorian Nurses Health Program and a director of the Emergency Services Telecommunications Authority.

Belinda has a Graduate Diploma in Health Education and a Graduate Diploma in Health Administration. She is a member of the Emergency Services Telecommunications Authority.



Peter Mylan

Nominated by Health Services Union, appointed December 2007

Peter joined the Health Services Union (HSU) in 1988 as an organiser. In 2002 he was appointed a member of the HSU National Executive and the HSU National Finance Committee. His appointment to Assistant Secretary of the HSU (NSW) followed in 2003.

Peter is very active in representing the HSU. He is an Executive member of Unions NSW, a member of the Union Consultative Committee of the NSW Premier's Department and a member of the WorkCover NSW Health & Community Services Industry Reference Group.

Corporate Profile



Graham Shotter

Nominated by Aged and Community Care Victoria Ltd, reappointed November 2008

Graham began his career in Aged Care in 1989 as Director and Treasurer of Aged Care Victoria Inc. Since 1995, he has been the Managing Director and CEO of the Royal Freemasons' Homes of Victoria, a major not for profit aged care provider. He has also served as President of Aged and Community Care Victoria Ltd, the peak body for aged care in Victoria, representing nearly 500 organisations.

Graham's previous positions included Group General Manager, Retirement Villages Australian Unity, and Director of the Royal Melbourne Zoological Gardens, and he has been involved in several community oriented organisations.



Brendan Soraghan

Nominated by Australian Nursing Federation (Victoria), reappointed March 2008

Brendan Soraghan is employed by the Australian Nursing Federation (ANF) (Victorian Branch) as an Industrial Officer and has responsibility for all superannuation matters for ANF's Victorian members. He has held these responsibilities since he started work with ANF in 1996.

Brendan holds a Graduate Diploma in Labour Relations Law and a Bachelor of Education from the University of Melbourne.



Richard Walter, AM

Nominated by Victorian Healthcare Association, reappointed April 2008

Richard Walter is a Board Member of Moyne Health Service and a Sessional Member of the Victorian Civil and Administrative Tribunal. He is Independent Chair of the Glenelg Hopkins Catchment Management Authority Audit Committee and a Director of Richard Walter & Associates Pty Ltd.

Richard's strong management background pivots around local government and regional planning roles. Richard has served as President of Western District Health Service, Chairman of Commissioners, Southern Grampian Shire Council; member of the General Management Committee, Municipal Association of Victoria; Administrator of Hamilton Base Hospital; and as a lecturer in planning at RMIT. He holds a Bachelor of Commerce from the University of Melbourne and Masters degrees in town and regional planning from the Universities of Melbourne and Pennsylvania.

Financial Summary

A summary of Health Super's unaudited financial statements for the year ending 30 June 2009 is shown in the table opposite. Health Super's audited financial statements and auditor's report will be available for viewing on Health Super's website at www.healthsuper.com.au from 1 November 2009. Alternatively, you can request a copy by contacting Health Super on 1800 331 719.

| | 2008* \$'000 | 2009 \$'000 |
|-----------------------------------------------------------------------------|------------------|------------------|
| STATEMENT OF CHANGES IN NET ASSETS OF THE FUND | | |
| Net market value of assets available to pay benefits (as at 1 July) | 7,670,349 | 7,628,079 |
| REVENUE | | |
| Member contributions | 122,929 | 83,119 |
| Employer contributions | 680,783 | 701,126 |
| Transfer from other funds | 100,285 | 75,764 |
| Investment income | (409,845) | (820,863) |
| Insurance proceeds | 8,738 | 17,649 |
| Other income | (5) | 151 |
| Total revenue | 502,885 | 56,946 |
| EXPENSES | | |
| Benefits paid | (424,873) | (397,877) |
| Tax expenses | (76,679) | 31,017 |
| Administration expenses | (20,525) | (24,967) |
| Superannuation surcharge | (240) | (71) |
| Insurance premiums | (22,838) | (24,715) |
| Total expenses | (545,155) | (416,613) |
| Net surplus (deficit) | (42,270) | (359,667) |
| Net market value of assets available to pay benefits (as at 30 June) | 7,628,079 | 7,268,412 |
| STATEMENT OF NET ASSETS OF THE FUND | | |
| NET ASSETS | | |
| Investments | 7,684,319 | 7,260,917 |
| Current assets | 51,289 | 124,114 |
| Total assets | 7,735,608 | 7,385,031 |
| Tax liability | (50,234) | (335) |
| Other liabilities | (57,295) | (116,284) |
| Total liabilities | (107,529) | (116,619) |
| Net assets available to pay benefits | 7,628,079 | 7,268,412 |

* The 2008 financial results have been updated to reflect the audited financial statements which incorporate changes in tax expenses, administration expenses and classification/disclosure of derivative assets and liabilities.



For more information about your super,
Health Super or this Annual Report and Statement(s):

CONTACT US

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Click

www.healthsuper.com.au

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Health Super Fund

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Health Super Pty Ltd

Trustee of the Health Super Fund

ABN 97 084 162 489

AFSL 246492