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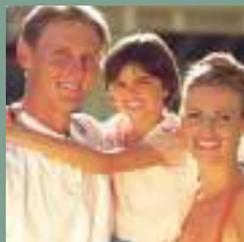


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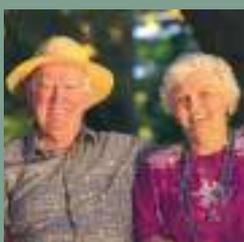
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Welcome to Vision Super

Vision Super is one of Australia's leading superannuation funds with more than 98,000 members and more than \$2.5 billion in funds under management. Being a Vision Super member has many advantages, including:

Strong investment performance

Vision Super has been investing members' funds for more than 55 years and has a proud history of solid and consistent investment performance.

All profits returned to members

Investments are reinvested back into the Fund rather than into payment of commissions or shareholder dividends.

Low fees

As an internally administered fund, we are able to provide our members with a full range of products and services without the burden of excessive fees and charges.

Member Investment Choice

Vision Super offers a wide range of Investment Choice options so you can achieve the balance of risk and return you want. There are five core investment options and four sustainable options to choose from.

Post Retirement Products

Vision Super also offers a flexible range of personal superannuation products and services for you and your partner, enabling you to remain with the Fund throughout your working life and into retirement. Personal plans, Partner plans, Allocated Pensions and Term Pensions provide members with additional options, no matter what your individual circumstances are.

Positive results boost your retirement savings

I am delighted to introduce our first Member Report as Vision Super. The new name, introduced in October last year, has been well received by members and other stakeholders. It has also repositioned the Fund within the superannuation industry, where competitive pressures continue to grow.

Along with our new name and image, Vision Super has relocated to the Melbourne CBD. The move will improve members' access to our advisory and other services, and will improve our profile and access to the Melbourne business community.

After two very difficult years in investment markets, I am pleased to report that performance has exceeded all expectations. Vision Super has returned 12.94% on the Balanced Fund for the year, providing welcome growth in members' retirement savings.

The media continues to focus on the complexity of the super industry and the difficulties members experience in making informed choices regarding their super. During the year, Vision Super's new financial Advisory Service has proved a very popular means for our members to improve their knowledge and hence their capacity to make fully informed choices. We are continuing to improve the service while remaining true to our low fee, members first philosophy.

I am pleased to announce that Vision Super has joined the Australian Council of Superannuation Investors (ACSI). ACSI is an organisation providing independent research services to superannuation funds in relation to the corporate governance practices of companies in which the funds invest. Vision Super's membership of ACSI aims to improve returns to members by encouraging more ethical and transparent management within major Australian companies.

The Vision Super board also recognises its own responsibilities in the area of corporate governance.

For this reason, we have put in place a comprehensive Risk Management Plan. Paul Curtin, Vision Super's General Manager Finance & Compliance, answers questions on risk management on page 14 of this Report.

Important tax changes have also occurred during the year. The Federal Government's co-contribution legislation will create real benefits for low-income workers, including several thousand Vision Super members. The government has also decided to reduce the rate of surcharge for higher income earners.

Thank you to my fellow Directors and all Vision Super staff for your continued support and commitment to the Fund. Thanks also to our employer sponsors for your support and understanding in ensuring that your current and former employees' benefits are properly funded and managed. A special thanks to all members of the Fund, your commitment to the Fund is appreciated.

I hope you enjoy reading your 2004 Member Report.

Darrell Cochrane
Chairman



“ After two very difficult years in investment markets, I am pleased to report that performance has exceeded all expectations.”

Best share performance in over seven years

The 2003/2004 financial year proved to be another year of extremes but, fortunately, the overall result was positive.

Australian and International share markets maintained their strong start to the year, delivering the best collective performance in over seven years.



Graeme Smith
Manager
Investments

Vision Super's Balanced Investment Choice option returned a net 12.94% for the year, exceeding the Consumer Price Index (CPI) by a substantial 10.44%. The other growth oriented Investment Choice options, 'Shares Plus'

and 'Just Shares', returned 15.00% and 18.48% respectively. These results exceeded all forecasts and made a significant contribution towards meeting our longer-term Investment Choice objectives.

Growth assets top performers

While all asset classes made positive contributions, the best performers were growth assets: Australian and International Shares, Property, and Alternative Assets.

The Australian Shares index, the S&P/ASX 200, returned 21.6% for the year. Over the same period, the

S&P/ASX Small Companies Index returned 26.8%. Likewise, buoyed by evidence of economic growth in the US and other countries, international share markets returned 19.4% for the year (MSCI World Index unhedged).

Despite the volatility in the value of the Australian Dollar, currency movements had a relatively minor negative impact on returns compared to recent years. After peaking at 80 cents to the US Dollar in February 2004, the Australian Dollar fell to 66.7, only 3.69% up on where it was at the start of the financial year. The Fund's active currency management strategy offset much of the currency losses by adding 3% over the year.

Property was also a strong performer with Unlisted Property returning 12.3% for the year (Mercer Australian Unlisted Property Index). The retail and industrial property sectors performed particularly well, but the commercial office sector continued to suffer from weak occupier demand.

The Alternative Asset and Infrastructure investments posted solid returns too, contributing 14% and 9% respectively.

A bumpy ride for defensive assets

In contrast to growth assets, defensive assets had a difficult year. As the markets anticipated official interest

rate rises, bond yields rose in Australia and overseas. This resulted in the worst year for bonds since 1994, with Australian Bonds returning just 2.3% and International Bonds 3.1%, well below the prevailing cash rates.

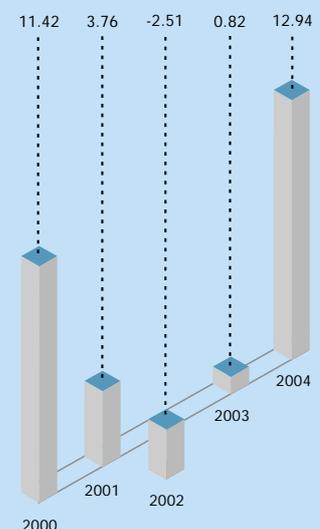
The Cash benchmark benefited from the rise in interest rates, with the UBS Warburg 90 day Bank Bill index returning 5.3% for the year.

A long-term investment

Whilst this year's result has been positive overall, it is important to note that markets will experience many ups and downs along the way. Members should look at superannuation as a long-term investment. Trying to predict market movements might produce positive results over the shorter term, but historical evidence indicates that investors will gain more by sticking to their longer-term investment strategy.

Vision Super Saver Balanced Returns 2000-2004 (annual rates)

At 30 June



“ While all asset classes made positive contributions, the best performers were growth assets.”

Performance of Investment Choice options

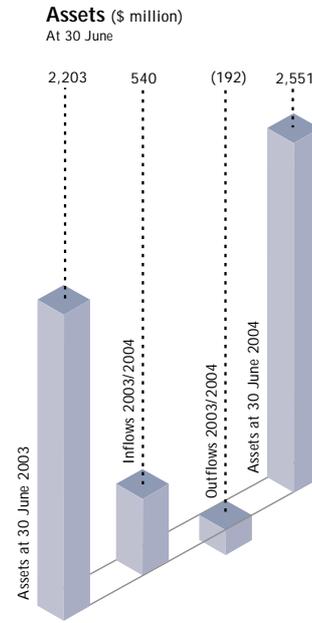
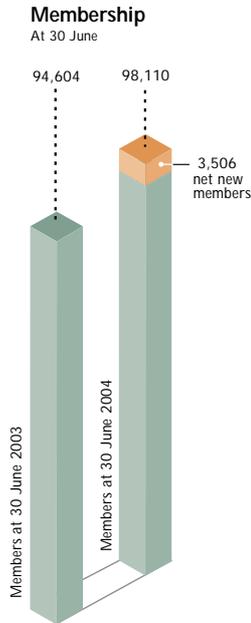
Please note, all returns are expressed as percentages (%) and are net of investment tax and investment management fees.

VISION SUPER SAVER, PERSONAL & PARTNER PLAN ACCOUNTS										
Quarter ended	Core Investment Choice Options					Sustainable Investment Choice Options ✓				
	Cash	Fixed Interest Plus	Balanced	Shares Plus	Just Shares	Fixed Interest Plus	Balanced	Shares Plus	Just Shares	
September 03	1.08	1.55	2.99	3.75	4.70	1.13	1.95	2.39	2.78	
December 03	1.06	1.84	2.82	3.23	3.98	1.78	2.69	3.07	3.80	
March 04	1.06	2.08	2.68	2.90	3.04	1.64	1.65	1.60	1.10	
June 04	1.14	2.00	3.87	4.34	5.62	2.20	4.21	4.78	6.39	
Year 2003/2004	4.41	7.68	12.94	15.00	18.48	6.91	10.91	12.35	14.74	
3 Year annualised	4.29	4.86	3.54	2.55	-0.34	*	*	*	*	
5 Year annualised	4.50	*	5.11	*	*	*	*	*	*	
ALLOCATED PENSION ACCOUNTS										
Quarter ended	Core Investment Choice Options					Sustainable Investment Choice Options ✓				
	Cash	Fixed Interest Plus	Balanced	Shares Plus	Just Shares	Fixed Interest Plus	Balanced	Shares Plus	Just Shares	
September 03	1.31	1.85	3.53	4.40	5.60	1.36	2.36	2.89	3.36	
December 03	1.22	2.08	3.19	3.69	4.67	2.02	3.10	3.55	4.44	
March 04	1.25	2.41	3.06	3.29	3.43	1.95	1.96	1.90	1.33	
June 04	1.33	2.17	4.12	4.63	5.97	2.36	4.48	5.09	6.79	
Year 2003/2004	5.21	8.78	14.64	16.99	21.14	7.90	12.43	14.09	16.81	
3 Year annualised	4.99	5.49	3.61	2.33	-1.13	*	*	*	*	

* Option not available over this period.

Notes: 5 year annualised return only available for Balanced and Cash options (see table). The crediting rate for Additional Benefits Contracts and City of Melbourne Retained accounts was 12.94% for the 2003/2004 year.

Your Fund continues to grow



Financial Report

To illustrate how the Fund performed in 2003/2004, we provide below a summary of the unaudited financial statements. The full Audited Financial Statements and the Auditor's Report will be available upon request from October 2004.

Changes in Net Assets

For year ended 30 June

	2003/2004 \$000	2002/2003 \$000
Net Assets at beginning of the year:	2,202,869	2,018,998
Income		
Investment revenue	318,356	25,257
Contributions by employers	172,885	299,659
Contributions by members	48,973	45,982
Other revenue	271	417
Total	540,485	371,315
Outgoings		
Benefit payments	126,702	130,596
Investment expenses	9,660	9,059
Administration expenses	7,678	8,196
Other expenses	3,014	1,924
Income tax	45,359	37,669
Total	192,413	187,444
Net Assets at end of the year:	2,550,941	2,202,869

Net Assets

As at 30 June

	2003/2004 \$000	2002/2003 \$000
Assets		
Investments	2,538,060	2,090,529
Other assets	60,933	159,609
Total	2,598,993	2,250,138
Less Liabilities		
Benefits payable	6,000	7,512
Income tax payable	14,721	13,498
Provision for deferred tax	21,521	22,378
Other liabilities	5,810	3,881
Total	48,052	47,269
Net Assets	2,550,941	2,202,869

Note: The 2002/2003 financial statements have been audited.

Employer contribution rates for defined benefit plans have been determined by the Trustee on the advice of the Actuary. Based on the assumptions made by the Actuary about the Fund's future experience, benefits are fully funded as they accrue. The item 'Other assets' in the Statement of Net Assets includes contributions payable by employers for past service of members of the Vision Super Defined Benefit Plan.

Increase your super by an extra \$1500!

During 2003 the Government enacted the superannuation co-contribution legislation. The legislation was designed to encourage saving for retirement by lower income members with a special co-contribution payment of up to \$1000 that matched the personal contribution of the member.

2004 Budget changes

In the May Budget the Treasurer announced a number of changes effective 1 July 2004 making the co-contribution even more attractive. They include:

- Increasing the co-contribution to 1.5 times the personal contribution;
- Raising the maximum co-contribution to \$1,500 (previously \$1,000); and
- Raising the income thresholds at which the maximum co-contribution reduces. The maximum co-contribution will now occur when income plus reportable fringe benefits is below \$28,000 (previously \$27,500) and reduce by 5 cents for each dollar over this level. The co-contribution will reduce to zero when income plus reportable fringe benefits equals \$58,000 (previously \$40,000).

Indexation of income thresholds will remain as previously announced, commencing from 1 July 2007.

General eligibility requirements

Not everyone is eligible to receive matching co-contributions from the government. To be eligible, the following must apply in the same tax year you contribute (in addition to meeting the income requirements discussed above):

- At least 10% of your income is from employment (other than self-employment);
- You must have made an after tax contribution to your super fund (in addition to the employer contribution) at some time during that year;

Assessable income plus fringe benefits (\$)	2003-2004		2004-2005		
	Your Personal Contributions				
	\$500pa	\$1,000pa	\$500pa	\$1,000pa	\$1,500pa
27,500	500	1,000	750	1,500	1,500
28,000	500	960	750	1,500	1,500
29,000	500	880	750	1,450	1,450
30,000	500	800	750	1,400	1,400
31,000	500	720	750	1,350	1,350
32,000	500	640	750	1,300	1,300
33,000	500	560	750	1,250	1,250
34,000	480	480	750	1,200	1,200
35,000	400	400	750	1,150	1,150
36,000	320	320	750	1,100	1,100
37,000	240	240	750	1,050	1,050
38,000	160	160	750	1,000	1,000
39,000	80	80	750	950	950
40,000	0	0	750	900	900
41,000	0	0	750	850	850
42,000	0	0	750	800	800
43,000	0	0	750	750	750
44,000	0	0	700	700	700
45,000	0	0	650	650	650
46,000	0	0	600	600	600
47,000	0	0	550	550	550
48,000	0	0	500	500	500
49,000	0	0	450	450	450
50,000	0	0	400	400	400
51,000	0	0	350	350	350
52,000	0	0	300	300	300
53,000	0	0	250	250	250
54,000	0	0	200	200	200
55,000	0	0	150	150	150
56,000	0	0	100	100	100
57,000	0	0	50	50	50
58,000	0	0	0	0	0

- You must lodge a tax return for that year; and
- You are less than 71 years old at the end of that year.

The co-contribution will be paid to a super account and will be treated as an undeducted contribution. As a result, it will not be subject to any taxation when paid to the fund and will not count towards your Reasonable Benefit Limits. However, because personal contributions must be made with after tax money, salary sacrifice contributions are not eligible for the co-contribution.

Getting a co-contribution

You don't have to apply to receive a co-contribution – the Australian Tax Office will determine your eligibility when you submit your tax return. However, the ATO will use Tax File Numbers provided by super funds to match the information we provide with your personal tax details. To minimise the likelihood of errors, it is important to provide your Tax File Number to Vision Super if you haven't already done so.

Any government co-contribution received by Vision Super on your behalf will be credited to your account and reported to you. If you are a Defined Benefit member we will deposit the monies in a Vision Super Saver account, which will be established in your name. Co-contributions are not subject to the 15% contributions tax, but they must be preserved in accordance with existing government regulations.

When will it be paid?

The government's co-contribution will not be paid to the superannuation fund until well into the financial year following the year your contribution is made. This is because Australian Taxation Office has to collect the information from your super funds and process your tax return in order to determine eligibility.

What about contributions made through salary sacrifice?

Vision Super is not licensed to give personal taxation advice. However, in general terms, the new co-contribution legislation potentially provides lower income members better financial outcomes than could be achieved by salary sacrificing. If you don't currently contribute, and you otherwise qualify, the co-contribution legislation could provide a great opportunity to accelerate your retirement savings.

Advisory Services a hit with members

Vision Super's expanded Advisory Services team has been a big hit with just on 35,000 members taking advantage of the service over the past 12 months.

Although Vision Super has been providing a dedicated member advisory service for more than 25 years, prior to March 2003 the service was limited to giving general advice only. We could not for example, give personal advice or make specific product or service recommendations. In March 2003, Vision Super acquired a new AFS Licence enabling it to discontinue external referral arrangements and to bring the giving of personal advice to members, in-house.



Chris Thompson
Manager
Advisory Services

The new service, headed by Chris Thompson, a financial adviser with more than 17 years' experience, has proven remarkably popular and, as a result, we are working hard to ensure we can meet demand.

How can Advisory Services help you?

Our Advisory Services team provides a broad range of services aimed at helping you make informed decisions about your super.

Your first contact may be a phone call to the Super Hotline to get a quotation of your benefit or to ask a simple question. Our Hotline staff can provide a wealth of factual information, and general advice.

If you still don't feel confident about making a decision, you can arrange to attend a seminar where you can obtain a more detailed picture of your options, ask more detailed questions, and have the benefit of face-to-face contact with our advisory officers. You'll also meet other members who may be dealing with similar issues.

Once you have a good basic understanding of the issues affecting your decision, you may want to discuss your personal financial situation with a professional adviser, to be absolutely sure you're making the best decision you can. At this point you will also need to decide whether Vision Super is the most appropriate adviser for you.

What advice can Vision Super provide?

Vision Super is licensed as a superannuation specialist, so members who can benefit most from our service are those for whom super is their main retirement savings vehicle. Members with more complex needs, such as investment properties, shares or non superannuation investments will need to seek advice elsewhere.

If, like most members, your main investments are super and your own home, personal advice from Vision Super can help you in the following areas:

- Using Vision Super post-retirement products to get the retirement income you want;
- Helping you understand and configure your superannuation investment options;
- Helping you find the best way to contribute to the Fund;
- Helping you understand the tax and social security outcomes from your Vision Super post-retirement products; and
- Arranging you and your spouse's super assets to get the best outcome for you as a couple.



Retirement income... what's best for you?

Not so long ago, most super fund members took their entire benefit as a lump sum when they retired. This preference for lump sums is now changing as more and more retirees take their super benefits in the form of an income stream.

Drawing a retirement income from your super fund can provide a number of direct financial benefits, including:

- Tax advantages;
- Improved access to social security benefits; and
- Reduced impact of Reasonable Benefits Limits.

By using a superannuation income stream you can also eliminate the need to manage your own investments, provide protection for your spouse in the event of your death, and protect your income from inflation during your retirement.

Best of all, a number of changes to legislation over recent years mean that funds like Vision Super can now offer a range of income products providing flexibility, access to capital, and protection of your investment on premature death.

The main problem facing retirees is not the availability of products but using the products most effectively to maximise retirement income from all sources.

Vision Super's retirement income products include:

- Lifetime Pension (restricted);
- Allocated Pension; and
- Term Pension.

In the May 2004 Budget speech, the Treasurer announced changes to regulations allowing funds to introduce a 'growth pension' from 20 September this year. Vision Super is planning a Growth Pension product to commence from the same date.

The following table compares the features of these four products. The details for the Growth Pension are based on first draft regulations and may change prior to implementation.

	Lifetime pension*	Allocated pension	Term pension	Growth pension
Product features	Fixed income	Flexible income, market linked return	Fixed income, guaranteed return	Fixed income, market linked return
Year 1 income per \$100,000 invested (retirement at 65 years)	\$8,333	\$6,369 – \$12,346	\$7,244 (based on 17 year term and 2.75% net real yield)	\$7,905 (based on 17 year term)
Duration of income stream	Throughout life of primary pensioner, and qualifying spouse	Until exhaustion of account balance or death if earlier	Until expiry of term or death if earlier	Until expiry of term or death if earlier
Access to capital	30% commutation at age 70 only	No restriction	Commutation within first 6 months only, or to transfer to another complying product	Commutation within first 6 months only, or to transfer to another complying product
Indexation of income	Consumer Price Index	Income range linked to age and remaining account balance	Consumer Price Index	Income linked to age and remaining account balance
Death benefit	Pension continues to qualifying spouse at 2/3 of pensioner's rate	Any remaining account balance paid to dependents or legal personal representative	Any unused capital paid to dependents or legal personal representative	Any remaining account balance paid to dependents or legal personal representative
Social security treatment (post 20 September 2004)	50% assessable under assets test, taxable portion assessable under income test	100% assessable under assets test, exempt under income test	50% assessable under assets test, taxable portion assessable under income test	50% assessable under assets test, taxable portion assessable under income test
Complying pension for Reasonable Benefit Limit purposes?	Only if commutation right waived at commencement	No	Yes	Yes

* The Lifetime Pension is only available to Vision Super Defined Benefit or Deferred Benefit plan members who joined prior to 25 May 1988, and who have reached their preservation age. The maximum investment is 50% of the member's Defined Benefit plan lump sum or Deferred Benefit account balance.

Changes to assets test from 20 September 2004

Presently, the Vision Super Lifetime Pension and Term Pension are exempt from the assets test for social security purposes. For new pensions commencing after 20 September 2004, 50% of the capital value of these products will be assessable under the assets test.

There will be no change in the treatment of pensions commenced prior to this date, and the application of the income test will remain unchanged.

Age Pension eligibility for members who are planning to retire in the short term may be impacted by the change.

Your fund managers... working for you

During the 2003/2004 financial year, Vision Super made a number of changes to the long-term strategic asset allocation for each Investment Choice option. In the Balanced investment option, where more than 90% of members' funds are invested, the allocation to growth assets was increased from 66% to 70.5%. Defensive assets on the other hand were reduced from 34% to 29.5%.

The change in growth assets was achieved by reducing the property allocation from 8.5% to 8%, and increasing the allocation to Alternative Assets from 7.5% to 12.5%. The change in defensive asset allocation was achieved by reducing the allocation to Cash from 4% to 2.5%, and the Fixed Interest allocation from 30% to 27%. Within Fixed Interest, the allocation to indexed bonds was increased from 0% to 5%.

Investment manager changes

To manage investments in each asset class, Vision Super engages a number of specialist fund managers. Each specialist manager operates under a specific mandate, which stipulates permitted investments, risk, and the return objectives.

The changes to the strategic asset allocation resulted in the following fund manager changes:

Australian Equities

Three new active Australian equity managers were appointed: GMO Australia, Schroder Investment Management Australia Limited, and WestAM Asset Management Australia Pty Ltd. These managers replaced AMP Capital and Credit Suisse.

Fixed Interest

New appointments included Western Asset Management (WAM) and Hastings Funds Management. WAM replaced AMP.

Alternative Investments (commitments)

Private equity

Quay Australia Fund 2 - \$10 million
DAF III - \$30 million

Infrastructure

DAF Social Infrastructure - \$30 million
Regional Telecommunications - \$13.6 million

Property opportunities

Gresham Property Mezzanine Fund No2 - \$30 million
Eureka Property Fund No1 - \$30 million
Colonial Property Opportunities fund No1 - \$3 million

Derivatives

The Fund has a Risk Management Strategy and policy on the use of derivatives that allow them to be used for hedging purposes, but not for leveraging the Fund's assets.

Derivatives are not used internally but are used by external fund managers where appropriate, in accordance with Vision Super's policies and strategy.

Investment Portfolio Fund Managers

	as at 30 June 2004		as at 30 June 2003	
	% of fund	\$m	% of fund	\$m
Australian Equity				
AMP Henderson Global Investors	0.0	-	5.6	116.0
Credit Suisse Asset Management Australia	0.0	-	4.5	94.6
GMO Australia Limited	5.0	125.8	0.0	-
Macquarie Bank Investment Management Ltd	14.8	374.6	14.8	308.9
SAM Sustainability Leaders Australian Fund	0.1	3.7	0.1	2.1
Schroder Investment Management Australia Ltd	5.1	128.3	0.0	-
Warakirri Small Companies Fund	3.1	79.7	3.2	66.8
WestAM Equitised Long/Short Trust	3.8	95.5	0.0	-
Sub Total	31.8	807.6	28.2	588.8
International Equity				
Bank of Ireland Asset Management	6.5	164.0	5.7	119.0
Nicholas Applegate	3.5	88.4	3.4	71.4
SAM Sustainability Leaders International Fund	0.1	2.6	0.1	1.5
State Street Global Advisors	10.7	271.8	9.4	197.0
Sub Total	20.8	526.8	18.6	388.9
Currency Overlay				
Bridgewater	0.1	2.3	0.0	(0.2)
Sub Total	0.1	2.3	0.0	(0.2)
Alternative Investments				
Infrastructure				
Develop Australia Fund - Infrastructure Unit	3.6	91.2	4.0	83.4
Develop Australia Fund - Social Infrastructure	0.8	20.3	0.0	-
Regional Infrastructure Fund	0.1	1.3	0.0	0.4
Regional Telecommunications	0.6	15.4	0.0	-
Sub Total	5.1	128.2	4.0	83.8
Private Equity				
Develop Australia Fund II - Private Equity	0.4	9.8	0.6	12.0
Develop Australia Fund III - Private Equity	0.1	1.3	0.0	-
Develop Australia Fund International - Private Equity	0.9	22.7	0.6	12.9
IFBT - Industry Fund Banking Trust	0.3	7.2	0.2	4.3
ING - Private Capital Fund No. 1	0.7	16.7	1.0	20.4
Quay Partners Australia 2 Fund	0.0	1.0	0.0	-
Sub Total	2.3	58.7	2.4	49.6
Opportunistic Investments				
Colonial First state Property Opportunistic Partnership No. 1	0.1	2.8	0.0	-
Gresham Property Mezzanine Fund No. 2	0.0	0.1	0.0	-
Sub Total	0.1	2.9	0.0	-
Property				
AMP Property Unit	3.0	75.2	3.3	68.9
Colonial Direct Property Investment Fund - Retail	0.7	17.5	0.8	15.7
Deutsche Asset Management - Listed Property Trust	0.0	-	1.6	33.0
Industry Super Property Trust No.1	3.4	85.6	4.0	83.2
QIC Shopping Centre Fund	0.7	18.9	0.8	16.7
Sub Total	7.8	197.2	10.4	217.5
Growth Total	67.9%	1,723.7	63.6%	1,328.4
Australian Fixed Interest				
Alliance Capital Management	7.9	201.4	9.4	195.7
Sub Total	7.9	201.4	9.4	195.7
International Fixed Interest				
AMP Henderson Global Investors	0.0	-	9.3	194.8
Bridgewater	8.4	213.4	9.5	198.1
Western Asset Management	6.3	160.2	0.0	-
Sub Total	14.7	373.6	18.8	392.9
Cash				
Internal Management (Vision Super)	9.4	238.3	8.3	173.0
Sub Total	9.4	238.3	8.3	173.0
Defensive Total	32.1%	813.3	36.4%	761.6
TOTAL FUND INVESTMENTS	100.0%	2,537.0	100.0%	2,090.0

GROWTH

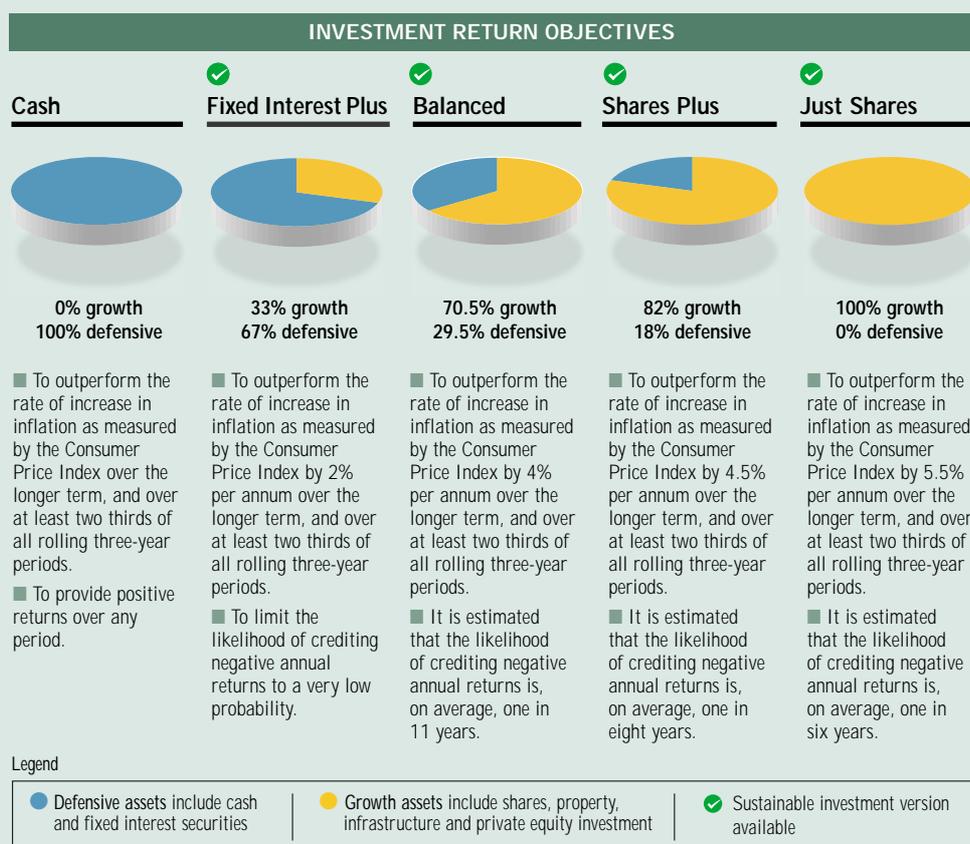
DEFENSIVE

Investment options... the choice is yours

Vision Super Saver, Partner plan, Personal plan, Deferred Benefit plan and Allocated Pension members have access to a wide range of investment choice options. Along with the five core options, there are four sustainable investment options.

The asset allocation and investment objectives of the core and sustainable options are the same. However, in practice the returns from year to year for each of these options will not be the same due to the use of differing managers in the Australian equities and international equities components of each option.

Members should note that the comments relating to the likelihood of a negative returning year are long term expectations. It is possible for more than one year of negative returns to occur within the time frame stipulated for each option.



New fee disclosure rules

The Government has announced a new package of regulations to enhance the disclosure of fees and charges to superannuation fund members. Under the new rules, from 1 January 2005, funds must:

- Disclose their fees using the model developed by the Australian Securities and Investments Commission (ASIC)
- Use a 'Single-figure fee comparison table' to be developed by the government
- Use a specified Consumer Advisory Warning.

In addition, ASIC will adapt its on-line superannuation calculators to be consistent with the fee disclosure model so that consumers can more easily compare fees and charges for different funds.

Vision Super already uses the ASIC model in our Product Disclosure Statements, which recently won an award at the Conference of Major Superannuation Funds.

New fee structure for Super Saver members

From 1 October 2004, the Administration Fee for Vision Super Saver accounts will change. A statement describing the new fee is enclosed for Vision Super Saver members.

Managing the Fund in yo

Commonwealth superannuation law requires that fund Trustees have equal representation of employer and member representatives. Vision Super Pty Ltd is the Trustee and administrator of the Local Authorities Superannuation Fund. The Trustee Company has eight directors, four elected by members and four appointed on the nomination of the following employer associations:

- Municipal Association of Victoria (2)
- Victorian Water Industry Association (1)
- Victorian Employers' Chamber of Commerce and Industry (1)

Each director has an Alternate Director elected or appointed in the same manner. The term of appointment for Directors and Alternates is four years. Each of our Directors brings a unique skill set to the governance of the Fund.

Although Directors are appointed as either member or employer representatives, our Directors recognise the importance of their duties as trustees and work together in a constructive and disciplined fashion to manage the Fund in accordance with the Trust Deed, and in the best interests of members and beneficiaries.



- | | |
|---------------------|-------------------|
| 1. Tony Tuohey | 5. Angela Emslie |
| 2. Bill Watton | 6. John Warburton |
| 3. Darrell Cochrane | 7. Michael Tilley |
| 4. Wendy Phillips | 8. Rob Spence |

Tony Tuohey •

Tony is a self employed Financial Consultant and has been a Director since 1995. He was elected as a Member Director of Vision Super Pty Ltd in 1998 and re-elected in May 2001. Tony's Alternate Director is Wendy McManus.

Bill Watton •

Bill is a Superannuation Officer employed by the Australian Services Union and has been a Director since 1991. He was elected as a Member Director of Vision Super Pty Ltd in 1998 and re-elected in May 2001. Bill's Alternate Director is Wendy McManus.

Darrell Cochrane (Chairman) •

Darrell was appointed Chairman of Vision Super Pty Ltd on 1 July 2001. He is Secretary of the ASU-MEU Private Sector Branch and has been a Director since 1993. He was elected as a Member Director of Vision Super in 1998 and re-elected in May 2001. Darrell's Alternate Director is Brian Parkinson.

Wendy Phillips •

Wendy is a Homecarer employed by the City of Greater Dandenong. She was originally appointed as a Member Director in 1998 on the nomination of the Australian Services Union and elected by members in May 2001. Wendy's Alternate is Russell Atwood.



ur best interests

Angela Emslie ■

Angela was appointed as an Employer Director in 1998 on the nomination of the Victorian Employers' Chamber of Commerce and Industry. She is a Professional Trustee and a Consultant. Angela's Alternate Director is Steve Wilson.

John Warburton ■

John has been a Director since 1997 and became the inaugural Chairman of Vision Super Pty Ltd in July 1998. He is a professional Company Director and is appointed on the nomination of the Municipal Association of Victoria. John's Alternate Director is Mark Anderson.

Michael Tilley ■

Michael was appointed as an Employer Director in 1998 on the nomination of the Victorian Water Industry Association. He is Managing Director of a Corporate Advisory firm and is Chairman of the Lower Murray Region Water Authority. Michael's Alternate Director is Mark Harvey.

Rob Spence ■

Rob Spence is Chief Executive Officer of the MAV and a former Chief Executive Officer of the City of Brimbank. He was appointed as an Employer Director on 1 July 2003 on the nomination of the Municipal Association of Victoria (MAV). Rob's Alternate is Les Wilmott.

- Member Director
- Employer Director

Director changes

Coral Young, Alternate Director for Bill Watton, resigned during the year and was replaced by Wendy McManus, who is also Alternate to Tony Tuohey. Les Wilmott was appointed Alternate to Rob Spence.

Fund administration

Chief Executive Officer	Rob Brooks
Company Secretary	Andrew Barr
External auditor	Ernst & Young
Internal auditor	KPMG
Master Custodian	National Custodian Services Ltd
Trustee Indemnity Insurance	Vision Super Pty Ltd has taken out a policy of trustee indemnity insurance.



Rob Brooks
CHIEF EXECUTIVE OFFICER



Andrew Barr
COMPANY SECRETARY

Principal advisors

Actuarial	Towers Perrin
Investments	Frontier Investment Consulting
Property	Pinnacle Property
Lawyers	Freehills Phillips Fox Rigby Cooke
Tax	PricewaterhouseCoopers

Committees of the Board

The Board has a number of Committees comprising Directors, management and external advisors.

Audit and Compliance Committee

(Chair – John Warburton)
Reviews and makes recommendations to the Board on the Fund's internal controls, organisational risks, corporate governance issues, statutory reporting and general audit performance.

Benefits Committee

(Chair – Angela Emslie)
Assesses applications for death and disability benefits and makes recommendations to the Board on policies affecting benefits.

Investment Committee

(Chair – Michael Tilley)
Analyses, reviews and makes recommendations to the Board on investment strategy, performance and manager appointments.



Navigating risk in a regulated industry

Over the last 10 years, the superannuation industry has experienced frequent legislative changes that affect the way funds manage members' superannuation. Changes to rules and regulations that govern superannuation have impacted on many aspects of fund management, from privacy legislation to the treatment of superannuation in divorce. This makes the way that funds manage risk increasingly important.

Risk management involves analysing exposures to the possibility of loss and determining how to deal with these issues through such practices as avoiding risk, reducing risk, managing risk, or transferring risk, usually through a number of different business methods.



Paul Curtin
General Manager
of Finance &
Compliance

At Vision Super, Paul Curtin, General Manager of Finance and Compliance, manages the Fund's risk and compliance obligations. With over twelve years experience working with KPMG as a senior audit manager

in financial services, and APRA (the Australian Prudential Regulation Authority) Paul brings expertise in auditing, compliance and finance.

To highlight how Vision Super deals with the compliance and regulatory issues associated with risk, we asked Paul a few questions that will hopefully give you an understanding of the issues, and how your Fund is dealing with them.

We have heard a lot about risk management in recent times. What has changed?

As with many industries these days, the superannuation industry is becoming more complex and is subject to an increasing number of rules and regulations. We have always considered risk, but this increasing complexity means it is now more important than ever to measure risk and document how those risks are being managed. Within two years, all superannuation funds will be required under law to produce formal risk management plans to show how risk has been identified and managed.

What does risk management involve?

Risk management involves analysing events that conflict with our objectives, and determining how to handle these risks through a variety of practices.

Once the risks attaching to a particular issue have been identified, risk management generally attempts to lessen their effects. It does this by applying a range of management techniques. It might be possible to reduce the likelihood of the risk occurring, take out insurance, to carry out further research into the consequences or accept and monitor the risk.

For example, compliance risk deals with making sure the Fund follows the requirements set out in government legislation and guidelines. In this case we have appointed a Compliance Officer to ensure that we are set up to meet the requirements of the financial regulators. Business continuity is another risk that is important for all organisations. The Trustee has developed a Business Continuity Plan that has been tested to ensure that Fund operations can be continued in the event of a disaster or severe disruption.

Why is risk management important to Vision Super?

Vision Super is always striving to achieve good practice with the members' best interests in mind. Since risk management is becoming an increasingly important part of the superannuation industry, it is our responsibility to put in place practices and processes that will minimise this risk as much as possible.

What has Vision done to minimise the risk of fraud?

There is no doubt that superannuation funds, as with all financial institutions, are seen as a target for fraud. At Vision Super we have provided training to all staff to ensure they are aware of fraud as an issue and what to look out for. We have also run a series of workshops with external consultants to assist us in reviewing and improving our processes to protect against fraud.

Is there an overall risk management plan in place?

We have developed a risk management plan that outlines how we have measured and rated the risks the Fund faces. This plan is frequently reviewed to adapt to any future possibilities of risk that may eventuate. Managing each risk may involve avoiding the risk, reducing the risk or retaining and controlling the risk.

Who oversees Vision's risk management policy?

Whilst management and staff manage risk on a daily basis, the Trustee oversees and monitors the Fund's Risk Management Strategy.

Protecting your interests

Vision Super is a 'Regulated Superannuation Fund' under the Superannuation Industry (Supervision) Act 1993 (SIS), and is a complying fund for Superannuation Guarantee and taxation purposes. The Fund's governing rules are contained within the Local Authorities Superannuation Fund Trust Deed, a copy of which is available on our website at www.visionsuper.com.au

Complaints

We hope that you never have cause to complain, however, if you (or any person making a claim in respect of your membership of the fund) wish to make a formal complaint regarding any aspect of the operation of the Fund (including privacy issues) please write to:

The Complaints Officer
Vision Super
Level 5
1 Spring Street
Melbourne VIC 3000

The letter of complaint should include:

- Your name, address and telephone number;
- Your membership number;
- A short description of the complaint;
- The names of the Vision Super staff you dealt with up to the date of the complaint; and
- Any relevant supporting documentation.

If you have any difficulty writing a letter of complaint, telephone the Complaints Officer on (03) 9911 3183. The Complaints Officer can help you formulate your complaint or assist you by some other means. Superannuation legislation prescribes that your complaint should be dealt with within 90 days. If necessary, your complaint will be referred to the Trustee.

Superannuation Complaints Tribunal

The Superannuation Complaints Tribunal (SCT) is an independent body established by the Federal Government to assist members and beneficiaries to resolve superannuation complaints.

The SCT can only hear a complaint once the matter has been dealt with through the Fund's complaints resolution process, and the member or beneficiary concerned is not satisfied with the outcome.

The SCT cannot deal with a complaint that:

- Concerns the management of the fund as a whole; or
- Is subject to court proceedings. You can call the SCT on 1300 884 114 or visit their website at: www.sct.gov.au

Privacy complaints

If your complaint relates to a breach of privacy that is not resolved by our internal complaints process, you can refer it to the Privacy Commissioner. The Privacy Commissioner can be contacted on 1300 363 992.

Member protection

If your account balance is below \$1,000, Vision Super will not charge administration fees in excess of the earnings credited to your account in any one year. Fees do not include taxes and insurance premiums. Member protection applies only to administration fees and does not protect against negative earnings.

Privacy policy statement

In the course of conducting its normal business activities, Vision Super collects, records, maintains and uses personal information, which members rightly expect to be relevant, accurate, verifiable, and secure.

Vision Super understands and accepts this responsibility of trust and is committed to upholding the National Privacy Principles covering the collection, use, storage, and disclosure of personal information.

All personal information is collected by lawful and fair means, and only for the purposes of providing, protecting, assessing, reporting and paying superannuation and insurance benefits.

We do not collect unnecessary personal information or collect medical information without the member's prior consent. Vision Super makes every effort to protect personal information from misuse, loss,

unauthorised access, modification or disclosure.

Subject to certain restrictions, which are detailed in our Member Access Policy, members will be granted access to their records for the purposes of verification or correction. Other than as permitted by law, Vision Super will not disclose or use personal information for any purpose other than that for which the information is collected.

This Policy Statement is supported by the following policies:

- Member Access Policy;
- Maintaining Data security policy;
- Using and disclosing personal information policy; and
- Personal information collection policy.

Please contact the Super Hotline on 9911 3222 or visit our website at www.visionsuper.com.au for details of these policies.

We've moved!

New central location



Vision Super has moved to a new address in the heart of Melbourne making it easier for you to access our services.

Contacts:



Vision Super Pty Ltd
ABN 50 082 924 561
Australian Financial Services Licence 225054

Level 5
1 Spring Street
Melbourne Victoria 3000



(03) 9911 3111
(03) 9911 3299
Super Hotline 9911 3222
Regional Hotline 1300 300 820



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www.visionsuper.com.au



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IDEA #6399 August 2004

