

Super Income Stream

Annual Financial Report 2009



this issue

personal advice meets
"a huge need"

HESTA's investment
performance

important changes that
may affect your super

Contents

3 CEO's report

Your future

4 Carolyn explores the options

5 Personal advice meets "a huge need"

6 Stay informed about your HESTA Super Income Stream

7-9 Important changes that may affect your super

Your finances

10-11 HESTA's investment performance

12-16 Investment options - a snapshot

17 Investment managers

18-19 Financial statements

20-21 HESTA's Board

22-23 General information

*The investment performance is for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests.

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CEO's report



It's been another difficult year for financial markets around the world. The challenges precipitated by the Global Financial Crisis have affected the value of all asset classes, which has of course impacted their performance as investments.

As a consequence, the HESTA Super Income Stream Balanced Option has posted a negative return for the full 2008/09 financial year. However, by the fourth quarter of 2008/09, returns had begun to recover and, as I write, this has continued into the current financial year. See page 10 of this Annual Report for details of all returns for this financial year.*

As you know, the government relaxed its Income Stream withdrawal requirements to help those who are transitioning to retirement, or fully retired, to manage their finances through this period. Those changes have been continued into the 2009/2010 financial year, as we explain on page 7.

HESTA Super Income Stream members can now obtain detailed advice about their super options at no extra charge, as Debby Blakey, our Executive Manager – Member Advice, explains on page 5.

HESTA Member Carolyn Leigh has already taken advantage of the service, as she highlights in an interview on page 4.

None of us can predict what will happen to global markets in the coming months, but you can be confident that HESTA will continue to work hard to protect your retirement savings.

A handwritten signature in black ink that reads "Anne-Marie Corboy". The signature is written in a cursive, flowing style.

Anne-Marie Corboy

CEO

September 2009

Carolyn explores the options

“I wanted to see how I could maximise my retirement income,” says HESTA member Carolyn Leigh. Carolyn’s still working, but was concerned by the potential impact of the global financial crisis on her future. She decided to seek advice from HESTA.

HESTA’s advice is available to all members at no extra charge. So, although Carolyn had used a financial planner in the past, she chose to see a HESTA Superannuation Services Adviser. “I was more interested in the super side of things,” she says. “And I didn’t want to pay thousands of dollars, either.”

“So I phoned HESTA and I made an appointment with Ester,” Carolyn explains. Ester’s just one of HESTA’s national team of Superannuation Services Advisers who provide personal advice to members in every state and territory.

“We spent a good hour going through what my situation was, what my interests were, what my goals were, and she also explained about HESTA’s investments - the different options and risk levels.

“I came away feeling a lot more informed about the various options that I can work with.”

Carolyn’s just received the written statement of advice from HESTA, which summarises her situation, and proposes a range of strategies that may help Carolyn achieve her retirement goals.

“Like anybody, I probably don’t feel particularly confident at the moment. I do feel concerned about the current financial situation and how that’s going to impact on me,” Carolyn adds.



Carolyn Leigh, HESTA Member

“I just want to make sure that I’m doing the best that I can in an unknown situation.”

Carolyn Leigh, HESTA member, NSW.

To request advice from HESTA, call 1300 734 479.

Personal advice meets “a huge need”



Debby Blakey,
Executive Manager Member Advice

Do you know how the recent budget announcements and super changes will affect your super income stream?

This year’s federal budget changes, coupled with ongoing financial uncertainty, have created “a huge need” for financial advice among HESTA Super Income Stream members, according to HESTA’s Executive Manager – Member Advice, Debby Blakey.

“Our transition to retirement members used to be able to salary sacrifice up to \$100,000 a year into super to gain tax benefits, but now they’ll probably look at revising those strategies,” Debby explains.

“Our fully retired members have seen their balances decline with negative returns. Members who are drawing down 10% of their balance may find that this year’s figure is a bit lower than last year’s.

“We can help them review their contribution and drawdown strategy to make sure it’s still relevant, while looking at what these members can do with their money,” Debby says.

Your HESTA adviser can provide personal advice to help you ensure your investment choices meet your needs, goals, and risk profile. Your adviser can also provide you with information to use Centrelink’s Financial Information Service to ensure that you’re optimising your Centrelink benefits.

“We can provide general and personal advice consultations in person or over the phone,” Debby adds, “and the cost of the advice is covered by HESTA’s membership fees. So all members, wherever they’re located, have access to the service at no extra charge.”

“You don’t have to walk in the dark,” says Debby Blakey, HESTA’s Executive Manager – Member Advice.

To make an appointment with a HESTA Superannuation Services Adviser in your state, call 1300 734 479.

Stay informed about your HESTA Super Income Stream

As government income stream regulations are altered to reflect the economic environment, HESTA is here to help you navigate the changes.

If you have questions about your account, you can access HESTA Super Income Stream Online, at www.hesta.com.au/sis, 24 hours, seven days a week. Here, you can change your personal details, obtain information about your balance and investment choices, alter your payment and investment arrangements, obtain transaction summaries and more.

The HESTA Super Income Stream call centre is open between 8.30am and 5.30pm Melbourne Time, Monday to Friday. Call **1300 734 479** to speak to a helpful staff member who can answer questions about your account, help you to gain access to HESTA Super Income Stream Online, assist you in making changes to your arrangements and refer you to HESTA's financial advice service.

Of course, we'll continue to contact you throughout the year, to send you:

- your half-yearly statement in February/March
- your annual tax statement and PAYG payment summary, for those under age 60, in July
- your annual statement and annual report in September
- your quarterly reports four times each year.

We may also write to you throughout the year to keep you abreast of any changes to super regulations that may affect you.

To help you stay up to date with all the latest super news, check the HESTA Super Income Stream website at www.hesta.com.au/sis regularly.

When you request a change to your arrangements, we'll send you a confirmation once the change has been processed. And we'll forward a Centrelink schedule to you after every commutation or withdrawal from your account.

Have a question about your Super Income Stream?

Visit HESTA Super Income Stream Online at www.hesta.com.au/sis

or call **1300 734 479** between 8.30am and 5.30pm

Melbourne time, Monday to Friday.

Important changes that may affect your super

The government has made a range of changes to regulations affecting Super Income Stream members. Changes affecting contributions may be relevant to you if you're still contributing to other super accounts.

These changes are in effect for the 2009/2010 financial year.

Super contribution limits reduced

The concessional super contribution cap is now \$50,000 if you're 50 or over and \$25,000 if you're under 50. Employer and salary sacrifice contributions made up to these limits are taxed at 15%, and contributions made over these caps will be taxed at a higher rate. The non-concessional (after-tax) contributions cap remains at \$150,000 per year.

Minimum income stream payment reduction

The Government has halved the minimum payment amounts for account-based income streams for the 2009/2010 financial year, extending the income stream drawdown relief provided in 2008/2009.

Income test changes

The government has altered the way it assesses income for a range of means-tested government assistance programs to include some forms of salary sacrifice to super. The changes mean that certain salary sacrifice amounts will be included in the income tests that determine eligibility for the spouse contribution tax offset, the superannuation co-contribution, tax deductions for personal contributions made by the self employed, and other tests.

Co-contribution reduction

The co-contribution has reduced to \$1 for every \$1 of eligible contributions.

The maximum government co-contribution for 2010/2011 will be \$1,000, reducing by 3.33 cents for every dollar you earn between the lower and upper income thresholds.

(continued overleaf)



Co-contribution income thresholds

The maximum co-contribution applies to eligible individuals with income below the lower limit. A reduced maximum applies where income is between the lower and upper limits. No co-contribution applies for individuals with income above the upper limit. The lower limit for 2009/2010 is \$31,920; the upper limit is: \$61,920.

Age pension changes

The government has also made changes that will result in an increased Age Pension rate, increased income test taper rate, and increased Age Pension age. See www.centrelink.gov.au for more information.

Same-sex dependency recognised

The government has acted to remove the discrimination against same-sex couples in the laws governing superannuation. The changes include: concessional tax treatment of superannuation death benefits paid to same-sex partners and the children of same-sex partners, access to superannuation splitting arrangements on relationship breakdown, and eligibility for the superannuation spouse tax offset and superannuation contribution splitting.



Super tax thresholds indexed

Super tax thresholds for the 2009/2010 financial year are:

- **Low rate cap:** The limit of the amount of taxable component of a super lump sum benefit an individual can receive between their preservation age and age 60, at a nil rate of tax for 2009/2010 is \$150,000.
- **Untaxed plan cap:** The limit of concessional tax treatment applied to benefits rolled into HESTA that have not previously been subject to contributions tax in a superannuation fund for 2009/2010 is \$1.1 million.
- **Capital Gains Tax (CGT) cap:** The limit of contributions arising from the disposal of qualifying small business assets that can be excluded from the non-concessional contribution cap for 2009/2010 is \$1.1 million.
- **Super Guarantee (SG) Maximum earnings base:** The limit of an individual's earnings for which an employer is required to make a minimum contribution (9%) for 2009/2010 is \$40,170 per quarter.

Trust Deed Change

The definitions of 'dependent' and 'spouse' under HESTA's Trust Deed have been expanded to enable payment of benefits to a wider range of beneficiaries.

Not sure how these changes affect you?

Call us on 1300 734 479 for more information.

HESTA's investment performance

12-month performance* from 1 July 2008 to 30 June 2009

HESTA option	HESTA performance	Benchmark performance	Name of benchmark
Defensive	1.55	0.09	60% Intech Conservative Gross Investor Index, 40% UBS Australian Bank Bill Index
Conservative	-2.65	-2.95	Intech Conservative Gross Investor Index
Balanced	-14.99	-14.21	Intech Growth Gross Investor Index
Active	-22.60	-19.31	Intech High Growth Gross Investor Index
Fixed Interest	8.43	9.85	75% UBS Warburg Australian Composite Bond All Maturities Index and 25% Barclays Capital Aggregate Index (Hedged AUD)
Cash	4.49	5.48	UBSA Australian Bank Bill Index
Property	-24.10	-29.22	50% S&P/ASX 300 Australian Listed Property Accumulation Index, 50% Intech Australian Unlisted Property Investor Index
Australian Shares	-13.51	-21.34	S&P/ASX 300 Accumulation Index
International Shares	-22.99	-20.80	67% MSCI World ex-Australia Index (unhedged), 33% MSCI World ex-Australia (hedged)
Sustainable Australian Shares	-5.17	-21.49	S&P/ASX 300 Accumulation Index

*The 12-month performance figures displayed are for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests. The returns quoted are not a reflection of the actual return on your account. Your actual return will depend on when you commenced investing in the income stream. This is the performance applicable to members who were members at the beginning and the end of the period and who did not have any transactions during the period.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees and before taxes for the period 1 July 2008 to 30 June 2009.



How investment earnings are applied to your account

Investment returns (which may be positive or negative) are allocated to your account by ascertaining the value of your chosen option(s) each week. The upward or downward movement in the value is applied to your account through earning rates.

The movement in value of an option is dependent on the underlying assets, liabilities, income including after (imputations credits and other tax credits), any taxes and other expenses. These underlying assets are influenced by movements in markets including shares, bonds, property etc.

The investment objective for each option is not a guarantee of future performance.

For updated performance information, please visit our website at www.hesta.com.au/sis or contact our Customer Service Centre on **1300 734 479**.

Investment options – a snapshot



	Defensive Option	Conservative Option
Investment objective	To achieve returns that exceed the inflation rate (change in the CPI*) by 2% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Option aims to provide security (but not a guarantee) of capital invested and to limit the likelihood of crediting negative annual returns to a negligible level.	To achieve returns that exceed the inflation rate (change in the CPI*) by 2.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Option aims to provide security (but not a guarantee) of capital invested and to limit the likelihood of crediting negative annual returns to one in every 14 years.
Risk/return profile	Low	Moderate
Asset allocation to 30 June 2009	<ul style="list-style-type: none"> Australian Shares 6.1% International Shares 1.9% Property 4.6%* Australian Fixed Interest 31.7% International Fixed Interest 12.6% Cash 43% 	<ul style="list-style-type: none"> Australian Shares 17.4% International Shares 9% Property 7.2% Australian Fixed Interest 35.1% International Fixed Interest 13.3% Cash 18%
Allocation ranges	<ul style="list-style-type: none"> Australian Shares 2-12% International Shares 0-8% Property 5-10%* Australian Fixed Interest 23-33% International Fixed Interest 4.5-14.5% Cash 40-50% 	<ul style="list-style-type: none"> Australian Shares 10-20% International Shares 7.5-17.5% Property 5-15% Australian Fixed Interest 29-39% International Fixed Interest 6-16% Cash 12.5-22.5%
Benchmark index	60% Intech Conservative Gross Investor Index and 40% UBS Australian Bank Bill Index	Intech Conservative Gross Investor Index
12-month performance**	1.55%	-2.65%

*CPI = Consumer Price Index

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*Where asset allocations are outside the allocation ranges, (indicated by #) the Trustee of SMPST will ensure cashflows are used to return the asset allocation to the allocation range where possible.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees and before taxes for the period 1 July 2008 to 30 June 2009.

	Balanced Option	Active Option
Investment objective	To achieve returns that exceed the inflation rate (change in the CPI*) by 3% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Option will invest a significant portion on growth assets such as shares and property and to limit the likelihood of crediting negative annual returns to one in every 6 years.	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Option will predominantly invest in Australian and international shares and to limit the likelihood of crediting negative annual returns to one in every 5 years.
Risk/return profile	Moderate to High	High
Asset allocation to 30 June 2009	 <ul style="list-style-type: none"> ■ Australian Shares 37.9% ■ International Shares 19% ■ Property 12.5% ■ Australian Fixed Interest 9.1% ■ International Fixed Interest 3.6% ■ Cash 18%# 	 <ul style="list-style-type: none"> ■ Australian Shares 41.8% ■ International Shares 41.2% ■ Cash 17%#
Allocation ranges	<ul style="list-style-type: none"> ■ Australian Shares 32.5-47.5% ■ International Shares 17.5-27.5% ■ Property 10-20% ■ Australian Fixed Interest 8-18% ■ International Fixed Interest 0-9.5% ■ Cash 2.5-12.5% 	<ul style="list-style-type: none"> ■ Australian Shares 32.5-62.5% ■ International Shares 32.5-62.5% ■ Cash 0-10%
Benchmark index	Intech Growth Gross Investor Index	Intech High Growth Gross Investor Index
12-month performance**	-14.99%	-22.60%

*CPI = Consumer Price Index

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#Where asset allocations are outside the allocation ranges, (indicated by #) the Trustee of SMPST will ensure cashflows are used to return the asset allocation to the allocation range where possible.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees and before taxes for the period 1 July 2008 to 30 June 2009.



Investment options – a snapshot (cont.)

	Fixed Interest Option	Cash Option
Investment objective	To achieve returns that exceed the inflation rate (change in the CPI*) by 2% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Option will predominantly invest in a diverse range of government and corporate bonds and alternative debt and to limit the likelihood of crediting negative annual returns to one in every 15 years.	To achieve returns that exceed the inflation rate (change in the CPI*) by 1% per annum on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this the Option will invest in short term cash investments with minimal risk of capital loss and aims to limit the likelihood of applying negative annual returns to a negligible level.
Risk/return profile	Low	Low
Asset allocation to 30 June 2009	<ul style="list-style-type: none"> Australian Fixed Interest 72.6% International Fixed Interest 22.6% Cash 4.8% 	<ul style="list-style-type: none"> Cash 100%
Allocation ranges	<ul style="list-style-type: none"> Australian Fixed Interest 70-80% International Fixed Interest 20-30% Cash 0-10% 	<ul style="list-style-type: none"> Cash 100%
Benchmark index	75% UBS Warburg Australian Composite All Maturities Bond Index and 25% Barclays Capital Global Aggregate Index (Hedged AUD)	UBSA Australian Bank Bill Index
12-month performance**	8.43%	4.49%

*CPI = Consumer Price Index

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Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees and before taxes for the period 1 July 2008 to 30 June 2009.

	Property Option	Australian Shares
Investment objective	To achieve returns that exceed the inflation rate (change in the CPI*) by 3% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Option will predominantly invest in both direct and indirect Australasian property trusts and to limit the likelihood of crediting negative annual returns to one in every 6 years.	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this the Option will predominantly invest in Australian shares and aims to limit the likelihood of crediting negative annual returns to one in every 4 years.
Risk/return profile	Moderate to High	High
Asset allocation to 30 June 2009	 <p>■ Property 76.7% ■ Cash 23.3%*</p>	 <p>■ Australian Shares 81.8% ■ Cash 18.2%*</p>
Allocation ranges	<p>■ Property 90-100% ■ Cash 0-10%</p>	<p>■ Australian Shares 90-100% ■ Cash 0-10%</p>
Benchmark index	50% S&P/ASX 300 Australian Listed Property Accumulation Index and 50% Intech Australian Unlisted Property Investor Index	S&P/ASX 300 Accumulation Index
12-month performance**	-24.10%	-13.51%



*CPI = Consumer Price Index

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#Where asset allocations are outside the allocation ranges, (indicated by*) the Trustee of SMPST will ensure cashflows are used to return the asset allocation to the allocation range where possible.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees and before taxes for the period 1 July 2008 to 30 June 2009.

Investment options – a snapshot (cont.)

	International Shares	Sustainable Australian Shares
Investment objective	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this the Option will predominantly invest in International shares and aims to limit the likelihood of crediting negative annual returns to one in every 4 years.	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling five year basis. This objective is expected to be achieved around 70% of the time. To achieve this the Option will predominantly invest in Australian shares of companies that display environmental, sustainable and socially responsible features and aims to limit the likelihood of crediting negative returns to one in every 4 years.
Risk/return profile	High	High
Asset allocation to 30 June 2009	 <p>■ International Shares 86.3% ■ Cash 13.7%*</p>	 <p>■ Sustainable Australian Shares 88.6% ■ Cash 11.4%</p>
Allocation ranges	<p>■ International Shares 90-100% ■ Cash 0-10%</p>	<p>■ Sustainable Australian Shares 90-100% ■ Cash 0-10%</p>
Benchmark index	67% MSCI World ex-Australia Index (unhedged), 33% MSCI World ex-Australia (hedged)	S&P/ASX 300 Accumulation Index
12-month performance**	-22.99%	-5.17%

*CPI = Consumer Price Index

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*Where asset allocations are outside the allocation ranges, (indicated by #) the Trustee of SMPST will ensure cashflows are used to return the asset allocation to the allocation range where possible.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees and before taxes for the period 1 July 2008 to 30 June 2009.

Investment managers

The HESTA Super Income Stream is invested through the Super Members Pooled Super Trust (SMPST). The HESTA Super Income Stream investment options reflect portfolios managed through the SMPST.

At the date of the *Annual Report*, the following investment managers are used by the SMPST:

Asset class	Investment manager
Cash	<ul style="list-style-type: none"> Industry Funds Management
Australian Fixed Interest	<ul style="list-style-type: none"> Barclays Global Investors Industry Funds Management
International Fixed Interest	<ul style="list-style-type: none"> Barclays Global Investors
Property	<ul style="list-style-type: none"> Industry Superannuation Property Trust Barclays Global Investors
Australian Shares	<ul style="list-style-type: none"> Perpetual Investments Perennial Investment Partners Ltd Industry Funds Management Acadian Asset Management
International Shares	<ul style="list-style-type: none"> Capital National Alliance AllianceBernstein Australia Limited Barclays Global Investors

The Trustee of the SMPST has a discretion to change investment options, the asset allocation within each option and the investment managers used.

Financial statements

These figures relate to the HESTA Super Income Stream only. The audited accounts for the HESTA Super Fund and Auditor's Report are available on request.

Operating statement	2008	2009
Investment revenue	(\$1,283,601)	(\$10,158,616)
Contribution revenue	\$85,127,388	\$107,357,903
Other revenue	\$115,693	\$134,105
Total revenue from ordinary activities	\$83,959,480	\$97,333,392
Benefits accrued as a result of operations before income tax	\$83,959,480	\$97,333,392
Benefits accrued as a result of operations after income tax	\$83,959,480	\$97,333,392

Statement of cash flows	2008	2009
Cash flows from operating activities	\$81,472,815	\$85,317,583
Cash flows from investing and other activities	(\$79,856,712)	(\$85,608,704)
Net cash flow	\$1,616,103	(\$291,120)
Cash at the beginning of reporting period	\$0	\$1,616,103
Cash at the end of reporting period	\$1,616,103	\$1,324,983

Statement of financial position	2008	2009
Fixed Interest Option	\$2,652,854	\$14,828,599
Balanced Option	\$47,139,133	\$65,761,959
Active Option	\$4,089,431	\$4,837,610
Property Option	\$760,203	\$1,503,195
Defensive Option	\$8,774,385	\$14,008,090
Conservative Option	\$15,157,105	\$23,602,013
Australian Shares Option	–	\$5,635,663
Cash Option	–	\$22,426,836
International Share Option	–	\$919,705
Sustainable Australian Share Option	–	\$381,238
Other assets		
Cash at Bank	\$1,616,103	\$1,443,273
Total assets	\$80,189,214	\$155,348,180
Liabilities	\$1,658,764	\$1,437,783
Net assets available to pay benefits	\$78,530,450	\$153,910,398
Represented by:		
Allocated to Super Income Stream Accounts	\$79,698,358	\$163,949,220
Not Yet Allocated to Member Accounts	(\$1,167,908)	(\$10,038,823)

HESTA's Board

The Trustee Directors 1 July 2008 to 30 June 2009

Employer Representatives (nominated by their organisations)



Glenn Bunney

Aged & Community Services Australia

Appointed 1 January 2007



Lindsay Doherty

Aged Care Association Australia

Appointed 1 January 2007



Angela Emslie

Victorian Employers' Chamber of Commerce and Industry

Appointed 15 December 1994



Don Good

Catholic Health Australia

Appointed 16 November 1989



Denis Hogg (Chair)

Australian Private Hospitals' Association

Appointed 20 December 2005



Valerie Lyons

Aged & Community Services Australia

Appointed 1 January 2007



Tony Smith

Aged Care Association Australia

Reappointed 19 April 2007

Employee Representatives (nominated by their organisations)



Rob Elliott

Health Services Union

Appointed 21 November 1997



Pauline Fegan

Health Services Union

Appointed 31 July 2008 and ceased 10 March 2009



Janine Freeman (Deputy Chair)

Liquor, Hospitality and Miscellaneous Union

Appointed 1 January 2007



Brett Holmes

Australian Nursing Federation

Appointed 28 September 2000



Kathy Jackson

Health Services Union

Appointed 20 August 1999, resigned 10 July 2008 and reappointed 10 March 2009



Gerardine Kearney

Australian Nursing Federation

Appointed 1 April 2004



Beth Mohle

Australian Nursing Federation

Appointed 28 June 2001



David Whiteley

Australian Council of Trade Unions

Appointed 27 September 2001

HESTA Directors' attendance at meetings held

Director	Board		Audit		Board Development		Marketing	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Glenn Bunney	10	10			3	3	1	1
Lindsay Doherty	10	9					1	1
Rob Elliott	10	7	3	2				
Angela Emslie	10	9			3	2	1	1
Pauline Fegan	10	5 (out of 7)					1	1
Janine Freeman	10	8	3	2	3	3		
Don Good	10	8	3	2				
Denis Hogg	10	9			3	3		
Brett Holmes	10	8					1	1
Kathy Jackson	10	2 (out of 3)						
Gerardine Kearney	10	8					1	1
Valerie Lyons	10	10	3	2				
Beth Mohle	10	10			3	3		
Tony Smith	10	9	3	3				
David Whiteley	10	10	3	1	3	2		

The Board Committees

The Board committees as at 30 June 2009

Specialised responsibilities are delegated to Board-appointed committees consisting of Directors who report to the full Board meeting.

Audit Committee

Chair: Don Good

Members: Rob Elliott, Janine Freeman, Valerie Lyons, Tony Smith, David Whiteley

The Audit Committee is responsible for ensuring the Fund observes high standards of business behaviour and ethics, complies with all legal and regulatory requirements, manages risk effectively and provides assurance regarding the quality and reliability of financial information.

Board Development Committee

Chair: Denis Hogg

Members: Glenn Bunney, Angele Emslie, Janine Freeman, Beth Mohle, David Whiteley

The Board Development Committee is responsible for ensuring the Board maintains the appropriate balance of skills and expertise to perform the functions required. The committee also reviews and makes recommendations on the level of training and education require, Directors' remuneration and Board performance processes.

Marketing Committee

Chair: Gerardine Kearney

Members: Glenn Bunney, Lindsay Doherty, Angela Emslie, Brett Holmes, Valerie Lyons

The Marketing Committee is involved in HESTA's marketing

function at a strategic level. This ad-hoc committee participates in the development and monitoring of the marketing strategy and the Fund's product portfolio.

Remuneration of HESTA Directors

The total amount of remuneration paid or payable to the Directors of HESTA for the year 1 January to 31 December 2008 (including superannuation contributions) was \$409,500. The table below lists the number of Directors of the Trustee company whose income from the Trustee company or any related party falls within the bands.

Amounts between	2008 No of Directors
Less than \$9,999	1
\$10,000 and \$19,999	1
\$20,000 and \$29,999	10
\$30,000 and \$39,999	2
\$40,000 and \$49,999	1
\$50,000 and \$59,999	0

General information

Complaints

Something not right?

Free call 1300 734 479 to discuss your inquiry or complaint. If you require further assistance you can take these steps:

- 1 Write to the Complaints Officer at HESTA Super Fund, Locked Bag 200, Carlton South, Vic 3053, outlining the relevant details.
- 2 If the matter is not resolved within 90 days, or you are not satisfied with the outcome, you may contact the Superannuation Complaints Tribunal (SCT) — an independent body set up to assist super fund members or their beneficiaries in resolving superannuation-related complaints. Contact the SCT at Locked Bag 3060, GPO Melbourne VIC 3001, phone 1300 780 808 or visit www.sct.gov.au

If you have a non-superannuation related complaint which is not resolved in 45 days, or you are not satisfied with the outcome, you can access the Financial Ombudsman Service at GPO Box 3, Melbourne VIC 3001, phone 1300 780 808, or visit www.fos.org.au

Who takes care of your fund?

HESTA is run by H.E.S.T. Australia Limited, an APRA and ASIC licensed trustee company. Although the Trustee Company is required to hold professional indemnity insurance, there has never been a claim under the insurance policy and no penalties have been imposed under the Superannuation Industry (Supervision) Act 1993.

Eligible rollover funds

If you become a lost member, the Trustee may transfer your balance to an Eligible Rollover Fund (ERF). The Trustee will treat a member as 'lost' if at least 2 written communications sent by the Trustee have been returned unclaimed. The ERF nominated by the Trustee for this purpose is AUSfund.

When your money is transferred to AUSfund (ABN 85 945 681 973, SPIN HST 0100AU), any insurance cover you have with HESTA will cease and your HESTA account will be closed. You will become a member of AUSfund and subject to its governing rules. If HESTA can provide your current contact details, AUSfund will send you a copy of its Product Disclosure Statement (PDS).

AUSfund accounts of \$50 or more attract an administration levy of \$10 a year. Lower balances are not subject to the levy and do not earn interest. However all accounts are protected from erosion by the levy so that the levy cannot exceed the interest credited to each account. AUSfund may have a different investment strategy than HESTA. If your account is transferred to AUSfund, HESTA will disclose your personal information to allow AUSfund to administer your account.

AUSfund Administration
PO Box 2468, Kent Town SA 5071
Phone: 1300 361 798
Fax: 1300 366 233
Email: admin@ausfund.net.au
www.unclaimedsuper.com.au

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

Derivatives

Financial derivatives may be used by appointed external investment managers consistent with their own internal policies. The Trustee expects that derivatives will be used to either enhance the returns or control the volatility for a particular investment option.

Reserves

The HESTA Super Income Stream does not hold reserves.

Why choose the HESTA Super Income Stream?

- ✓ Stay with HESTA, the fund you know and trust
- ✓ Choose how and when you access your super
- ✓ Choose from a range of investment options
- ✓ Take advantage of tax benefits
- ✓ Enjoy your retirement!



Email hestasis@hesta.com.au

Mail Locked Bag 200, Carlton South Vic 3053

Fax 1300 368 636

Free call 1300 734 479

www.hesta.com.au/sis



This booklet has been produced using recycled paper and environmentally friendly printing techniques.

H.E.S.T. Australia Limited
ABN 66 006 818 695
AFSL No. 235249
HESTA Super Fund
ABN 64 971 749 321
SPIN HST0100AU

This information is of a general nature. It does not take into account your objectives, financial situation or specific needs so you should look at your own financial situation and requirements before making a decision. You may wish to consult an adviser when doing this. Past returns are not necessarily an indication of future performance.