

Mine Superannuation Fund

ABN 16 457 520 308

Financial Statements

for the Year Ended 30 June 2023

Statement of Financial Position as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Cash on hand		43,035	51,010
Contributions receivable	10	1,514	2,449
Receivables		4,510	768
Financial investments	11	12,829,268	11,771,919
Income tax receivable		3,184	20,329
Total Assets		<u>12,881,511</u>	<u>11,846,475</u>
Liabilities			
Benefits payable	4	(8,104)	(5,154)
Other payables	4	(12,298)	(17,791)
Derivative financial liabilities	11	(45,924)	(169,502)
Deferred tax liabilities	3	(282,802)	(158,099)
Total Liabilities excluding Member Benefits		<u>(349,128)</u>	<u>(350,546)</u>
Net Assets available for Member Benefits		<u>12,532,383</u>	<u>11,495,929</u>
Defined contribution (DC) member liabilities		(12,340,073)	(11,309,927)
Defined benefit (DB) member liabilities		(78,404)	(71,285)
Total Member Benefits		<u>(12,418,477)</u>	<u>(11,381,212)</u>
Total Net Assets		<u>113,906</u>	<u>114,717</u>
Equity			
Operational risk reserve	6 (a)	(41,221)	(37,636)
Other reserves	6 (c)	(19,724)	(18,244)
Defined benefits that are over funded	5	(52,961)	(58,837)
Total Equity		<u>(113,906)</u>	<u>(114,717)</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Income Statement for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Superannuation activities			
Interest revenue		63,377	35,718
Dividend revenue		240,746	317,934
Distribution income		124,998	115,789
Other income		8,933	6,364
Changes in assets measured at fair value	7	939,025	(1,168,089)
Total (Loss)/revenue		<u>1,377,079</u>	<u>(692,284)</u>
Investment expenses		(37,547)	(45,486)
Operating expenses		(44,134)	(39,380)
Advice fees		(454)	(486)
Other expenses		(9)	(7)
Total Expenses		<u>(82,144)</u>	<u>(85,359)</u>
Results from activities before income tax expense		1,294,935	(777,643)
Income tax benefit/(expense)	3	(72,276)	151,165
Results from activities after income tax expense		1,222,659	(626,478)
Net losses/(benefits) allocated to defined contribution members		(1,211,404)	613,388
Net change in defined benefit member benefits		(14,563)	14,825
Operating Result after Income Tax		<u>(3,308)</u>	<u>1,735</u>

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Member Benefits for the year ended 30 June 2023

	DC Member Benefits \$'000	DB Member Benefits \$'000	Total \$'000
Opening Balance as at 1 July 2022	11,309,927	71,285	11,381,212
Employer contributions	532,759	2,844	535,603
Member contributions	153,903	1,081	154,984
Transfers from other superannuation entities	135,204	-	135,204
Transfers to other superannuation entities	(370,260)	-	(370,260)
Income tax on contributions	(72,642)	(391)	(73,033)
Net after tax contributions	378,964	3,534	382,498
Benefits paid to members	(513,656)	(9,808)	(523,464)
Insurance premiums charged to members	(67,030)	(235)	(67,265)
Death and disability benefits	22,961	-	22,961
Reserve transfers to/(from) members:			
Administration reserve	(2,497)	-	(2,497)
Net benefits allocated, comprising:			
Net benefits allocated to DC members	1,211,404	-	1,211,404
Change in Contributions receivable from employer sponsor for DB Members	-	(935)	(935)
Net change in DB member benefits	-	14,563	14,563
Closing Balance as at 30 June 2023	12,340,073	78,404	12,418,477
	DC Member Benefits \$'000	DB Member Benefits \$'000	Total \$'000
Opening Balance as at 1 July 2021	12,096,788	97,653	12,194,441
Employer contributions	484,192	3,061	487,253
Member contributions	157,088	1,107	158,195
Transfers from other superannuation entities	125,541	-	125,541
Transfers to other superannuation entities	(391,109)	-	(391,109)
Income tax on contributions	(64,916)	(416)	(65,332)
Net after tax contributions	310,796	3,752	314,548
Benefits paid to members	(440,264)	(13,523)	(453,787)
Insurance premiums charged to members	(65,324)	(289)	(65,613)
Death and disability benefits	23,696	-	23,696
Reserve transfers to/(from) members:			
Administration reserve	(2,377)	-	(2,377)
Net benefits allocated, comprising:			
Net losses allocated to DC members	(613,388)	-	(613,388)
Change in Contributions receivable from employer sponsor for DB Members	-	(1,483)	(1,483)
Net change in DB member benefits	-	(14,825)	(14,825)
Closing Balance as at 30 June 2022	11,309,927	71,285	11,381,212

The above Statement of Changes in Member Benefits should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2023

	Operational Risk Reserve \$'000	Other Reserves \$'000	Defined Benefit Surplus/(Deficiency) \$'000	Total Equity \$'000
Opening Balance as at 1 July 2022	37,636	18,244	58,837	114,717
Transfers (to)/from DC members	-	2,497	-	2,497
Transfers (to)/from DB members	-	-	-	-
Transfers (to)/from other reserves	-	-	-	-
Operating Result	3,585	(1,017)	(5,876)	(3,308)
Closing Balance as at 30 June 2023	41,221	19,724	52,961	113,906

	Operational Risk Reserve \$'000	Other Reserves \$'000	Defined Benefit Surplus/(Deficiency) \$'000	Total Equity \$'000
Opening Balance as at 1 July 2021	39,318	18,451	52,835	110,604
Transfers (to)/from DC members	-	2,378	-	2,378
Transfers (to)/from DB members	-	-	-	-
Transfers (to)/from other reserves	-	-	-	-
Operating Result	(1,682)	(2,585)	6,002	1,735
Closing Balance as at 30 June 2022	37,636	18,244	58,837	114,717

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes, in particular note 6 regarding the reserves and note 5 regarding the over/(under) funding of DB plans.

Statement of Cash Flows for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Cash Flows from Operating Activities		
Notes		
Interest received	2,125	224
Insurance proceeds received	23,356	23,806
Other income	5,877	494
Insurance premiums paid	(66,547)	(66,167)
Operating expenses paid	(54,396)	(33,710)
Advice fees	(484)	(481)
Other expenses paid	(9)	(7)
Income tax paid	(3,377)	(101,758)
Net Cash Outflows from Operating Activities	8 (93,455)	(177,599)
Cash Flows from Investing Activities		
Net capital flows from Custodian	170,275	270,041
Investment expenses	(18,772)	(12,052)
Net Cash Inflows from Investing Activities	151,503	257,989
Cash Flows from Financing Activities		
Employer contributions received	534,561	486,469
Member contributions received	154,984	158,195
Net transfers (to)/from other superannuation funds	(235,056)	(265,568)
Benefits paid	(520,512)	(455,097)
Net Cash Outflows from Financing Activities	(66,023)	(76,001)
Net Increase/(Decrease) in Cash	(7,975)	4,389
Cash at beginning of the financial year	51,010	46,621
Cash at End of the Financial Year	43,035	51,010

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1 – General Information

Mine Superannuation Fund (the “Fund”) was created in 1941. The current Trust Deed is dated 6 October 1988. The purpose of the Fund is to provide retirement benefits to its members. The Fund operates on a profit for member basis but for the purposes of the financial statements it is a for profit entity. The Fund consists of a defined contribution plan and multiple defined benefit plans.

The Fund is managed by AUSCOAL Superannuation Pty Ltd (the “Trustee”) which is incorporated in Australia. The registered office of the Trustee is 168 Parry Street, Newcastle West, NSW 2302. Both the Trustee and the Fund are domiciled in Australia and registered with the Australian Prudential Regulation Authority.

These financial statements cover the Fund as an individual entity. The financial statements of the Fund were authorised for issue by the Directors of the Trustee on 20 September 2023. The Directors of the Trustee have the power to amend and re-issue these financial statements.

Note 2 – Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”), the *Superannuation Industry (Supervision) Act 1993 and Regulations* and the provisions of the Trust Deed.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial investments, derivative liabilities and net assets available for member benefits.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars except where otherwise indicated.

(b) New and amended standards adopted

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

(c) New Accounting Standards and Interpretations not yet adopted

Certain new Australian Accounting Standards and Interpretations have been published that are not mandatory for the 30 June 2023 reporting period and have not been early adopted by the Fund. These standards are not expected to have a material impact on the financial statements of the Fund in the current or future reporting periods.

Notes to the Financial Statements (Cont.)

Note 2 – Summary of Significant Accounting Policies (Cont.)

(d) Significant Accounting Estimates and Assumptions

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques.

(e) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and short-term deposits with an original maturity of three months or less that are readily convertible to cash, and subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of uninvested cash. Cash and cash equivalents held for investing activities is reported separately in Note 11.

(f) Income Recognition

Interest revenue from financial instruments that are held at fair value is determined based on the contractual coupon interest rate and includes interest from cash and cash equivalents. Dividend and distributions income are recognised gross of withholding tax in the income statement within dividend income and distribution income when the Fund's right to receive payment is established.

Other changes in fair value for financial instruments are recorded in accordance with the policies described in note 2(h) to the financial statements.

(g) Contributions received and transfers from other superannuation funds

Contributions received and transfers from other superannuation funds are recognised in the Statement of Changes in Member Benefits when control of the contribution or transfer has transferred to the Fund. They are recognised gross of any taxes.

Notes to the Financial Statements (Cont.)

Note 2 – Summary of Significant Accounting Policies (Cont.)

(h) Financial Assets and Liabilities

(i) Classification

The Fund classifies its financial assets and financial liabilities at fair value through profit or loss (“FVTPL”) in accordance with AASB 1056.

(ii) Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs for financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of financial instruments.

Fair values of financial assets and financial liabilities have been determined as follows:

- Shares in listed equities, listed unit trusts, money market securities and fixed interest securities are valued at the last quoted price by an exchange at close of business on the reporting date;
- Private equity investments are valued according to the most recent valuation obtained from the underlying manager at fair value adjusted for subsequent new investments, redemptions and significant changes in underlying market conditions through to reporting date;
- Units in unlisted unit trusts are stated at the redemption price quoted by the investment managers as at the reporting date and are based on the fair value of the underlying investments;
- Derivative financial instruments including forward foreign exchange contracts and fixed interest rate futures are valued based on market rates at close of business on the reporting date;
- Financial assets and financial liabilities denominated in a foreign currency are translated to Australian dollars at exchange rates current at reporting date.

(iii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability at the same time.

Notes to the Financial Statements (Cont.)

Note 2 – Summary of Significant Accounting Policies (Cont.)

(i) Receivables and Other Payables

Receivables are initially recognised at fair value. Receivables are normally settled within 30 days.

The Fund applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Other payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid when the Fund becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled within 30 days.

(j) Benefits Payable

Benefits payable are valued at fair value which comprises the entitlements of members who have made application for benefits prior to the reporting date but had not been paid at that time. Benefits payable are normally settled within 3 business days.

(k) Member Liabilities

Member liabilities are measured at the amount of accrued benefits as at the reporting date being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

DB member liabilities are measured as the estimated present value of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits on the date they are expected to fall due.

DC member liabilities are measured using unit prices determined by the Trustee based on the underlying investment option values selected by members.

Notes to the Financial Statements (Cont.)

Note 2 – Summary of Significant Accounting Policies (Cont.)

(l) Income Tax

Under the Income Tax Assessment Act, the Fund is a complying superannuation fund. As such, a concessional tax rate of 15% is applied on net investment earnings with deductions allowable for administrative and operational expenses. Financial assets held for less than 12 months are taxed at the Fund's rate of 15%. For financial assets held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

Income tax is the expected tax payable or receivable on the taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the Australian Taxation Office during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(m) Goods and Services Tax (GST)

Revenues are recognised net of the amount of GST where applicable. Expenses and assets are also recognised net of the amount of GST where applicable to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from the taxation authority is included as part of receivables in the Statement of Financial Position.

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

Notes to the Financial Statements (Cont.)

Note 2 – Summary of Significant Accounting Policies (Cont.)

(n) Foreign Currency Translation

The functional and presentation currency of Mine Superannuation Fund is Australian Dollars (\$).

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Income Statement in the period in which they arise.

(o) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 11.

(p) Reserves

The Trustee maintains an operational risk reserve to provide the Trustee with access to funds to protect members' interests and mitigate the impact of an adverse event. The Fund also maintains other reserves. Further information on reserves is provided in Note 6. All reserves are operated in accordance with the Fund's Reserving Policy.

(q) Expenditure Recognition

The Fund recognises expenditure when incurred using an accruals basis of accounting.

(r) Consolidation

The Fund is an investment entity and does not consolidate the entities it controls. Instead, interests in subsidiaries are classified at fair value through profit or loss and measured at fair value.

Notes to the Financial Statements (Cont.)

Note 3 – Income Tax

Income tax expenses and assets and liabilities arising from the levying of income tax on the Fund have been determined in accordance with the provisions of Australian Accounting Standard AASB 112 *Income Taxes*.

	2023	2022
	\$'000	\$'000
Income Tax Expense		
Current income tax benefit/(expense)	42,397	42,991
Deferred tax	(124,703)	106,395
Over provision in previous year	10,030	1,779
Income tax benefit/(expense) reported in the Income Statement	<u>(72,276)</u>	<u>151,165</u>
Reconciliation between income tax expense and operating result before Income tax multiplied by the applicable tax rate is as follows:		
Operating result before income tax expense	1,294,935	(777,643)
Income tax benefit/(expense)/calculated at 15%	<u>(194,240)</u>	<u>116,646</u>
Increase/(Decrease) in Income tax expense due to:		
Imputation and foreign tax credits	57,062	87,520
Non-assessable income	467	(13,507)
Capital gains tax discount	54,405	(41,273)
Over provision in previous year	10,030	1,779
Income Tax Benefit/(Expense)	<u>(72,276)</u>	<u>151,165</u>
Deferred Income Tax		
Deferred tax liabilities		
Unrealised gains on investments	(283,653)	(158,873)
Deferred tax assets		
Accounts payable	851	744
Unrealised losses on investments	-	30
	<u>(282,802)</u>	<u>(158,099)</u>

Notes to the Financial Statements (Cont.)

Note 4 – Other Liabilities

	2023	2022
	\$'000	\$'000
Due within 12 months		
Benefits payable	8,104	5,154
Trade and other payables	1,782	8,479
Custody and investment manager fees payable	4,425	4,334
Insurance premiums payable	5,675	4,957
Group insurance proceeds payable to members	416	21
	<u>20,402</u>	<u>22,945</u>

Note 5 – Member Liabilities

(a) DC Member Liabilities

DC members bear the investment risk relating to the underlying assets and unit prices are used to measure DC member liabilities. Unit prices are updated each pricing day for movements in investment markets.

The Fund's management of the investment market risks is as disclosed within Note 11.

(b) DB Member Liabilities

The Fund engages external consulting actuaries on an annual basis to measure the defined benefits members' liabilities in each of its three defined benefit sub plans. The Fund has no information that would lead it to adjust the assumptions in respect to discount rate, salary adjustment rate, resignations and mortality.

The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death and disability. This annual assessment may result in an employer being required to make additional contributions to the sub plan. The three defined benefit sub plans are quarantined from the other assets of the Fund. In an event that the assets of a particular sub plan are not adequate to provide for members' liabilities and if the employer contributions are insufficient, the member liabilities are limited to the assets of the particular sub plan.

The last comprehensive actuarial review was conducted for the 30 June 2022 reporting period for the WA, Part 3 and Mines Rescue defined benefit plans. The key assumptions used to determine the actuarial value of accrued benefits for these sub-plans were:

	Future rate of investment return (net of fees and tax) (%)	Future rate of salary inflation (above CPI) (%)
Defined benefit fund – WA	5.2	3.0
Defined benefit fund – Part 3	3.1	2.5
Defined benefit fund – Mines Rescue	2.8	2.5

Any realistic change in these key assumptions would not have a material impact on the member benefit liability.

Notes to the Financial Statements (Cont.)

Note 5 – Member Liabilities (Cont.)

(b) DB Member Liabilities (Cont.)

The Trustee has steps in place to manage the risks associated with defined benefit sub plans. The Trustee has appointed external consulting actuaries to advise on the risks, including establishing suitable funding objectives. These funding objectives and the defined benefit sub plans circumstances are taken into account by the actuaries when recommending the required employer contribution levels.

The Actuary will report to management on the status of the defined benefit sub plans. Where a sub plan is in or is likely to enter an unsatisfactory financial position, the report will set out any remedial action and agreed rectification programs in respect of each employer-sponsor.

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

	2023	2022
	\$'000	\$'000
Vested benefits		
Defined benefit plan – WA	76,187	85,301
Defined benefit plan – Part 3	12,895	14,964
Defined benefit plan – Mines Rescue	951	926
	<u>90,033</u>	<u>101,191</u>

(c) Defined Benefit Plans that are Under/(Over) Funded

	2023	2022
	\$'000	\$'000
(Over)/Under Funded		
Defined benefit plan – WA	(49,071)	(54,832)
Defined benefit plan – Part 3	(3,576)	(3,890)
Defined benefit plan – Mines Rescue	(314)	(115)
	<u>(52,961)</u>	<u>(58,837)</u>

The amounts reported above have been estimated in conjunction with the Actuary's Financial Update as at 30 June 2023.

In the report to the Trustee on the actuarial valuation of the Mine Superannuation Fund Western Australia (WA) Coal Division as at 30 June 2023, the Actuary stated that the value of assets of the sub-plan were sufficient to cover the value of accrued benefit liabilities at 30 June 2023.

In the report to the Trustee on the actuarial valuation of the Part 3 sub-plan as at 30 June 2023, the Actuary, stated that the value of assets of the sub-plan were sufficient to cover the value of accrued benefit liabilities at 30 June 2023.

In the report to the Trustee on the actuarial valuation of the Mines Rescue DB sub-plan as at 30 June 2023, the Actuary, stated that the value of assets of the sub-plan were sufficient to cover the value of accrued benefit liabilities at 30 June 2023.

Notes to the Financial Statements (Cont.)

Note 6 – Reserves

(a) Operational Risk Reserve

The Operational Risk Reserve was established on 1 July 2010 in accordance with the Superannuation Prudential Standards SPS 114 Operational Risk Financial Requirements. This Reserve may be used in certain circumstances to address operational risk events or claims against the Fund arising from operational risk.

The Trustee has assessed an Operational Risk Reserve of approximately 0.3% of funds under management as appropriate for the Fund in respect of both DC and DB member interests.

	2023	2022
	\$'000	\$'000
Operational Risk Reserve	41,221	37,636

(b) Administration Reserve

The Administration Reserve receives fees from members and other revenues and incurs operating expenditure to operate the Fund.

	2023	2022
	\$'000	\$'000
Opening Balance	11,536	11,732
Collections from members	23,387	23,471
Interest and other revenue	22,039	15,713
Operating expenses per the Income Statement	(44,134)	(39,380)
(Shortfall)/surplus for the year	1,292	(196)
Closing Balance	12,828	11,536

(c) Other Reserves

Part 2 Death and Disability Reserve. Provides for the payment of benefits in the event of the NSW members as at 30 June 2006 whose death or total and permanent disability benefit is in excess of the member's accrued entitlements. The amount to be set aside is actuarially determined.

Part 4 Contingent Liability and Pensioners Reserve. This represents funds set aside for the payment of pensions previously held by the pension fund, to provide for the return of mine workers not in the industry at the date of transfer and to provide for any unforeseen liabilities arising out of the transfer.

Closing balance in other reserves is comprised of:

	2023	2022
	\$'000	\$'000
Administration Reserve	12,828	11,536
Part 2 Death and Disability Reserve	5,444	5,294
Part 4 Contingent Liability and Pensioners Reserve	1,452	1,414
	19,724	18,244

Notes to the Financial Statements (Cont.)

Note 7 – Changes in assets measured at fair value

	2023 \$'000	2022 \$'000
Investments held at reporting date		
Money market securities and short term deposits	(723)	1,749
Fixed Interest securities	(4,560)	(80,525)
Equities and unlisted unit trusts	1,048,006	(619,076)
Derivatives	118,999	(70,657)
Total unrealised (losses)/gains	<u>1,161,722</u>	<u>(768,509)</u>
Investments realised during the year		
Money market securities and short term deposits	2,590	4,024
Fixed Interest securities	4,092	(38,392)
Equities and unlisted unit trusts	44,151	(248,474)
Derivatives	(273,530)	(116,738)
Total realised (losses)/gains	<u>(222,697)</u>	<u>(399,580)</u>
Total changes in assets measured at fair value	<u>939,025</u>	<u>(1,168,089)</u>

The amounts recorded as 'realised gains/(losses)' above is the difference between the fair value at sale and the carrying amount at the beginning of the reporting period or when acquired, if acquired during the year.

Note 8 – Notes to the Statement of Cash flows

	2023 \$'000	2022 \$'000
Operating result after income tax	(3,308)	1,735
Less: Investment income and changes in assets measured at fair value	(1,331,386)	738,685
Add: Net benefits credited to members	1,225,967	(628,211)
Less: Insurance flows not in income statement	(43,191)	(42,361)
(Increase)/decrease in other debtors	(3,751)	(741)
Increase/(decrease) in accounts payable and sundry creditors	(6,601)	6,216
(Decrease)/increase in provision for current tax	(55,889)	(146,528)
(Decrease)/increase in provision for deferred tax	124,704	(106,394)
Net Cash (Outflows)/Inflows from Operating Activities	<u>(93,455)</u>	<u>(177,599)</u>

Note 9 – Guaranteed Benefits

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

Notes to the Financial Statements (Cont.)

Note 10 – Contributions Receivable

The Fund has a contractual agreement with employer sponsors to meet the shortfall for the DB members' liabilities, as determined by the Actuary. For the Part 3 DB sub-plan the amount is \$1,514,000 (2022: \$2,449,000). For the WA DB sub-plan the amount is \$Nil (2022: \$Nil). For the Mines Rescue DB plan the amount is \$Nil (2022: \$Nil).

	2023 \$'000	2022 \$'000
Contributions receivable from employer sponsor for DB Members	1,514	2,449

Note 11 – Financial Instruments

(a) Classification of Financial Instruments under the Fair Value Hierarchy

AASB 13 requires enhanced disclosure about fair value measurement. The standard requires an entity to provide a quantitative and qualitative analysis of those instruments recognised at fair value based on a three-level measurement hierarchy. The different levels have been defined as follows:

Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to note 2 (d) for details of the valuation of investments, including a description of the types of unobservable inputs.

Financial instruments which are classified as level 2 investments comprise publicly held private equity investments generally obtained through initial public offering and valued at quoted public values less adjustments for sales restrictions, money market and fixed income securities where prices are provided by a vendor or broker, unlisted unit trust investments which are valued based on the redemption value provided by the investment manager and over the counter derivatives where prices are provided by vendor or broker.

Financial instruments which are classified as level 3 investments comprise unlisted equity securities for which no comparable valuations are available and financial information is used to calculate the valuation, money market and fixed income securities where prices are provided by a vendor or broker where there is limited activity, unlisted unit trust investments which are valued based on the redemption value provided by the investment manager and derivatives that are normally traded less actively and/or traded in less developed markets.

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(a) Classification of Financial Instruments under the Fair Value Hierarchy (Cont.)

30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Cash and cash equivalents invested	578,610	-	-	578,610
Money market securities and short term deposits	-	37,950	-	37,950
Equities	7,958,356	6,356	457,416	8,422,128
Unlisted unit trusts	-	897,058	1,551,456	2,448,514
Fixed interest securities	-	1,295,465	12,108	1,307,573
Derivatives	465	34,028	-	34,493
	<u>8,537,431</u>	<u>2,270,857</u>	<u>2,020,980</u>	<u>12,829,268</u>
Financial liabilities at fair value through profit or loss				
Derivatives	(1,515)	(44,409)	-	(45,924)

The following table represents the movement in Level 3 instruments for the year ended 30 June 2023:

	Equity and Unlisted Unit Trusts \$'000	Fixed Interest Securities \$'000	Derivatives \$'000	Total \$'000
Opening Balance	1,991,058	-	-	1,991,058
Purchases	61,116	12,108	-	73,224
Sales	(66,158)	-	-	(66,158)
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Gains and losses recognised in profit or loss	22,856	-	-	22,856
Closing Balance	<u>2,008,872</u>	<u>12,108</u>	<u>-</u>	<u>2,020,980</u>
Total gains/(losses) for the year included in the Income Statement	<u>22,856</u>	<u>-</u>	<u>-</u>	<u>22,856</u>

The following table represents the transfers between levels for the year ended 30 June 2023:

	Level 1 to Level 3 \$'000	Level 3 to Level 1 \$'000	Level 2 to Level 3 \$'000	Level 3 to Level 2 \$'000
Equity and unlisted unit trusts	-	-	-	-

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(a) Classification of Financial Instruments under the Fair Value Hierarchy (Cont.)

30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Cash and cash equivalents invested	679,126	-	-	679,126
Money market securities and short term deposits	-	160,761	-	160,761
Equities	6,533,521	1,518	490,851	7,025,890
Unlisted unit trusts	-	1,147,664	1,500,207	2,647,871
Fixed interest securities	-	1,220,722	-	1,220,722
Derivatives	481	37,068	-	37,549
	<u>7,213,128</u>	<u>2,567,733</u>	<u>1,991,058</u>	<u>11,771,919</u>
Financial liabilities at fair value through profit or loss				
Derivatives	<u>(1,342)</u>	<u>(168,160)</u>	<u>-</u>	<u>(169,502)</u>

The following table represents the movement in Level 3 instruments for the year ended 30 June 2022:

	Equity and Unlisted Unit Trusts \$'000	Fixed Interest Securities \$'000	Derivatives \$'000	Total \$'000
Opening Balance	1,684,567	-	-	1,684,567
Purchases	218,274	-	-	218,274
Sales	(61,888)	-	-	(61,888)
Transfers into Level 3	500	-	-	500
Transfers out of Level 3	-	-	-	-
Gains and losses recognised in profit or loss	149,605	-	-	149,605
Closing balance	<u>1,991,058</u>	<u>-</u>	<u>-</u>	<u>1,991,058</u>
Total gains/(losses) for the year included in the Income Statement	<u>149,605</u>	<u>-</u>	<u>-</u>	<u>149,605</u>

The following table represents the transfers between levels for the year ended 30 June 2022:

	Level 1 to Level 3 \$'000	Level 3 to Level 1 \$'000	Level 2 to Level 3 \$'000	Level 3 to Level 2 \$'000
Equity and unlisted unit trusts	-	-	500	-

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(a) Classification of Financial Instruments under the Fair Value Hierarchy (Cont.)

Valuation inputs and relationships to fair value

The Fund's level 3 investments comprise units in unit trusts which hold illiquid investments such as unlisted property and private equity. The following table summarises the quantitative information about the significant unobservable inputs used by the Trustee in level 3 fair value measurements.

Description	Fair Value at 30 June \$'000	Unobservable inputs	Relationship of unobservable inputs to fair value
2023			
Equities	457,416	Last available price/valuation	Higher/(lower) price (+/-10%) would increase/(decrease) fair value by \$45,742,000
Unlisted unit trusts	1,551,456	Redemption price	Higher/(lower) redemption price (+/-10%) would increase/(decrease) fair value by \$155,146,000
Fixed Interest	12,108	Amortised cost	Higher/(lower) amortised cost (+/-10%) would increase/(decrease) fair value by \$1,211,000
2022			
Equities	490,851	Last available price/valuation	Higher/(lower) price (+/-10%) would increase/(decrease) fair value by \$49,085,000
Unlisted unit trusts	1,500,207	Redemption price	Higher/(lower) redemption price (+/-10%) would increase/(decrease) fair value by \$150,020,000

(b) Derivative Financial Instruments

In the normal course of business, the Trustee enters into transactions in various derivative financial instruments indirectly through the appointed investment manager which carries certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument type, foreign exchange rate or other variable.

The Fund's investment manager may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets. Derivative financial instruments are included in the associated asset category in the Statement of Financial Position.

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(c) Financial Risk Management

The Fund's activities expose it to a variety of financial risks. These risks include market risk, price risk, currency risk, interest rate risk, credit risk and liquidity risk. The Fund manages this investment risk as part of its overall management framework. Further details on how the Fund manages these risks are detailed below. The Fund's investment managers may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets within pre-determined ranges. Investments in derivatives are not used to gear the Fund's investment portfolio and are limited to the asset allocation limits for the underlying investment class.

The Fund offers sixteen (2022: sixteen) age-based default investment options under the MySuper reforms. For these options, the Trustee determines the asset allocation to different asset classes within specific ranges.

It is ultimately the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Fund. The Trustee has developed, implemented and maintains a Risk Management Framework.

(d) Market Risk

(i) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments in the market. Equity price risk exposure arises from the Fund's investment portfolio.

Investments in the Fund that are exposed to price risk include Australian and international equities and unlisted unit trusts.

To limit price risk the Trustee diversifies its investment portfolio in line with the Fund's mandate. The majority of equity investments are of a high quality and are publicly traded on recognised exchanges through the ASX or the MSCI World Index. The Trustee monitors the Fund's exposure to various indices on an ongoing basis throughout the year ensuring the mandate is not breached.

Price Risk Sensitivity Analysis

A 10% change in the relevant asset classes at the reporting date would have increased/(decreased) the net assets available to pay benefits by \$1,087,064,000/(\$1,087,064,000) (2022: \$967,376,000/(\$967,376,000)). These reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate and are consistent with industry standards.

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(d) Market Risk (Cont.)

(ii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of significant investments held in the United States and Europe, the Fund's Statement of Financial Position and Income Statement can be affected significantly by movements in USD, GBP, JPY and EUR when translated to AUD. The Fund manages its exposure to foreign currency risk and mitigates effects of its foreign currency translation exposure by adhering to the Fund mandate which limits the portion of the Fund's assets which can be invested in different currencies in addition to taking out foreign exchange contracts.

Foreign exchange policy is monitored by the currency overlay manager, who takes out forward foreign exchange contracts ranging between 50% to 100% of foreign exposure as appropriate.

For accounting purposes, the Fund does not designate any derivatives as hedges in a hedging relationship, and hence, these derivative financial instruments are accounted for on the Statement of Financial Position at fair value. Compliance with the Fund's policy is reported to the Investment Committee on a regular basis.

The table below summarises the Fund's exposures to currency risk at reporting date:

	2023 \$'000	2022 \$'000
United States of America (USD)	4,007,500	3,115,157
European community (EUR)	740,862	589,062
Great Britain (GBP)	203,496	162,963
Japan (JPY)	361,705	258,269
Other currencies	783,052	510,672
	6,096,615	4,636,123

Unsettled sales and purchases, dividends and interest receivable are included in the net exposure figures shown above.

Currency Risk Sensitivity Analysis

The table below indicates the currencies to which the Fund had significant exposure at reporting date (on its monetary assets and liabilities and forecasted cash flows). The analysis calculates the effect of a reasonably possible movement of global currency rates over the last 10 years against the AUD on the Statement of Financial Position and the Income Statement, with all other variables held constant.

Currency	2023		2022	
	Change in Currency Rate (%)	Effect on Net Assets/ Investment Returns (\$'000)	Change in Currency Rate (%)	Effect on Net Assets/ Investment Returns (\$'000)
United States of America (USD)	10/(10)	50,250/(50,250)	10/(10)	46,838/(46,838)
European community (EUR)	10/(10)	24,187/(24,187)	10/(10)	19,967/(19,967)
Great Britain (GBP)	10/(10)	1,280/(1,280)	10/(10)	873/(873)
Japan (JPY)	10/(10)	8,285/(8,285)	10/(10)	4,382/(4,382)

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(d) Market Risk (Cont.)

(iii) Interest Rate Risk

The Fund's activities expose it to the financial risk of changes in interest rates. Floating rate instruments expose the Fund to cash flow risk, whereas fixed interest rate instruments expose the fund to fair value interest rate risk. The Fund's Trustee monitors its exposures to interest rate risk. The Fund has set investment allocation ranges to meet its objectives of holding a balanced portfolio, including limits on investments in interest bearing assets, which are monitored regularly. The Trustee may authorise the Investment Managers to enter into derivative financial instruments to mitigate the risk of future interest rate changes.

The Fund's exposure to interest rate risk at reporting date is as follows:

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
30 June 2023				
Assets				
Cash and cash equivalents invested	214,151	-	364,459	578,610
Money market securities and short term deposits	-	37,950	-	37,950
Fixed interest securities	203,509	1,104,064	-	1,307,573
Units in unlisted unit trusts	-	-	2,448,514	2,448,514
Equities	-	-	8,422,127	8,422,127
Derivatives	22	6,101	28,371	34,494
Cash at bank	43,035	-	-	43,035
Receivables	-	-	6,024	6,024
Tax assets	-	-	3,184	3,184
Liabilities				
Derivative financial liabilities	-	(7,695)	(38,229)	(45,924)
Accounts payable and other liabilities	-	-	(20,402)	(20,402)
Tax liabilities	-	-	(282,802)	(282,802)
	460,717	1,140,420	10,931,246	12,532,383

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(d) Market Risk (Cont.)

30 June 2022	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
Assets				
Cash and cash equivalents invested	282,856	-	396,271	679,127
Money market securities and short term deposits	-	160,761	-	160,761
Fixed interest securities	186,463	1,034,259	-	1,220,722
Units in unlisted unit trusts	-	-	2,647,871	2,647,871
Equities	-	-	7,025,889	7,025,889
Derivatives	18	5,765	31,766	37,549
Cash at bank	51,010	-	-	51,010
Receivables	-	-	3,217	3,217
Tax assets	-	-	20,329	20,329
Liabilities				
Derivative financial liabilities	(17)	(6,557)	(162,928)	(169,502)
Accounts payable and other liabilities	-	-	(22,945)	(22,945)
Tax liabilities	-	-	(158,099)	(158,099)
	520,330	1,194,228	9,781,371	11,495,929

Interest Rate Risk Sensitivity Analysis

The sensitivity of the Fund's operating profits and net assets is the effect of the assumed changes in interest rates on:

The interest income for one year, based on the floating rate financial assets held at the reporting date; and

Changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the reporting date.

An increase/(decrease) of 100 basis points in interest rates would have increased/(decreased) the net assets available to pay benefits and the net investment revenue by \$6,865,000/(\$6,865,000) (2022: \$4,250,000/(\$4,250,000)). The impact mainly arises from the reasonably possible change in interest rates on the fair value of fixed interest securities. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, having regard to a number of factors including the average absolute movement in the yields of 10 year Australian and US Government bonds over a 10 year period.

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(e) Credit Risk

Credit risk is the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The Fund is exposed to the risk of credit related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations.

Credit risk arises from investments in debt securities and from trading derivative products. Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values (i.e. derivative assets). The risk associated with these contracts is minimised by undertaking transactions with high quality counterparties on recognised exchanges and ensuring that transactions are undertaken with a number of unrelated counterparties.

The Fund invests in debt securities which have an investment grade as rated by a well-known rating agency. The Fund manages its exposure to credit risk by setting minimum grade ratings by investment type and a minimum overall weighted average credit rating in its investment mandates. Compliance with mandates is reported to the Investment Committee on a monthly basis.

The Fund does not have any significant exposure to any individual counterparty or industry. Its assets are invested by individual investment managers and in specific investment trusts.

The fair value of financial assets included in the Statement of Financial Position represent the Fund's exposure to credit risk in relation to those assets.

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(f) Liquidity Risk

Liquidity Risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund's significant financial liabilities are benefits payable to members, trade and other payables, current tax liabilities and vested benefits.

The Fund manages its obligation to pay the DC component on an expected maturity basis based on management's estimates of when such funds will be drawn down by members. The Fund considers it is highly unlikely that all DC members will request to roll over their superannuation fund account at the same time.

Other financial liabilities of the Fund comprise net settled derivative liabilities whose maturity can extend to being greater than 12 months.

The Fund's financial instruments include unlisted investments that are not traded in organised public markets and may be illiquid. As a result, the Fund may not be able to quickly liquidate some of its investments at an amount close to fair value in order to meet its liquidity requirements. The value of these investments is monitored to comply with the asset allocation stipulated in the Fund's investment strategy and cash flow projections are analysed as part of the regular rebalancing review of the Fund's investments. The risk in relation to illiquid investments is therefore considered minimal.

The table below analyses the contractual maturities of the Fund's financial liabilities, excluding gross settled derivative liabilities, based on the remaining period to the contractual maturity date at the year end. Liabilities to DB members are payable upon the member meeting a vesting condition (such as resignation or retirement) in accordance with the terms of the Fund's Trust Deed. The Fund considers it is highly unlikely that all liabilities to members would fall due at the same time.

30 June 2023	Carrying Amount \$'000	< 1 Month \$'000	1-6 Months \$'000	6-12 Months \$'000	> 12 Months \$'000
Benefits payable	8,104	8,104	-	-	-
Net settled derivatives	45,924	7,360	32,394	4,352	1,818
Other liabilities	12,298	12,298	-	-	-
DC member liabilities	12,340,073	12,340,073	-	-	-
Total financial liabilities (excluding gross settled derivatives)	12,406,399	12,367,835	32,394	4,352	1,818

Notes to the Financial Statements (Cont.)

Note 11 – Financial Instruments (Cont.)

(f) Liquidity Risk (Cont.)

30 June 2022	Carrying Amount \$'000	< 1 Month \$'000	1-6 Months \$'000	6-12 Months \$'000	> 12 Months \$'000
Benefits payable	5,154	5,154	-	-	-
Net settled derivatives	169,502	97,402	65,813	26	6,261
Other liabilities	17,791	17,791	-	-	-
DC member liabilities	11,309,927	11,309,927	-	-	-
Total financial liabilities (excluding gross settled derivatives)	11,502,374	11,430,274	65,813	26	6,261

The table below analyses the contractual maturities of the Fund's derivative financial instruments that will be settled on a gross basis, based on the remaining period to the contractual maturity date at the year end.

30 June 2023	Carrying Amount \$'000	< 1 Month \$'000	1-6 Months \$'000	6-12 Months \$'000	> 12 Months \$'000
Forward foreign currency contracts:					
Gross cash inflows	4,375,552	1,408,408	2,967,144	-	-
Gross cash outflows	(4,385,678)	(1,411,783)	(2,973,895)	-	-
Total undiscounted gross settled derivatives (outflow)/inflow	(10,126)	(3,375)	(6,751)	-	-

30 June 2022	Carrying Amount \$'000	< 1 Month \$'000	1-6 Months \$'000	6-12 Months \$'000	> 12 Months \$'000
Forward foreign currency contracts:					
Gross cash inflows	3,872,211	1,751,428	2,120,783	-	-
Gross cash outflows	(4,002,537)	(1,834,267)	(2,168,270)	-	-
Total undiscounted gross settled derivatives (outflow)/inflow	(130,326)	(82,839)	(47,487)	-	-

Notes to the Financial Statements (Cont.)

Note 12 – Auditors’ Remuneration

	2023	2022
	\$	\$
Amount received or due and receivable by PwC Australia		
Audit and review of financial reports and compliance – PwC Australia	331,900	262,000
Taxation services – PwC Australia	51,800	70,500
Other services – PwC Australia	2,250	81,350
Other services – Other network firms of PwC Australia	101,758	185,782
	487,708	599,632

Note 13 Insurance arrangements

The Fund is not exposed to material insurance risk as:

- members only receive insurance benefits if the external insurer pays a claim;
- insurance premiums are paid through the fund for administrative benefits; and
- insurance premiums are set by reference to premiums from the external insurer.

Note 14 – Related Party Disclosures

(a) Trustee and Key Management Personnel

The Trustee of the Fund throughout the year was AUSCOAL Superannuation Pty Ltd. The names of persons who were directors of the Trustee and key management personnel at any time during the financial year are:

Member sponsor representatives:

Grahame Kelly
 Mark Watson
 Anthony (Tony) Maher
 Paul Bastian

Employer sponsor representatives:

Christina Langby
 Robert Dougall
 Glenn Buckner
 Judith Bertram

Independent representative:

Deirdre Wroth

Notes to the Financial Statements (Cont.)

Note 14 – Related Party Disclosures (Cont.)

(a) Trustee and Key Management Personnel (Cont.)

In addition to the directors, the following employees were also key management personnel of AUSCOAL Superannuation Pty Ltd:

Vasyl Nair (Chief Executive Officer)
 Stephen Rowbottom (Chief Financial Officer)
 Nicole Killen (Chief Governance Officer)
 Jason Theng (Chief Risk Officer)
 Pat Maher (Chief People Officer)
 Tristan Reis-Freeman (Chief Strategy Officer)
 Callum Masson (Chief Information Security Officer)
 Seamus Collins (Chief Investment Officer)
 Louis Leung (Chief Transformation Officer)
 Sarah Acocks (Chief Marketing Officer)

In addition, the following employees were also key management personnel of Mine Super Services Pty Ltd:

Grace MacPherson (Chief Administration Officer) – ceased executive role 22 August 2022
 Dean Knox (General Manager Transformation) - ceased executive role 31 January 2023

The Trustee holds an RSE Licence No. L0002783. The Trustee holds an AFSL Licence No. 246864.

Remuneration of Key Management Personnel

The remuneration of key management personnel set out below includes Directors, the Chief Executive Officer and his direct reports.

	2023	2022
	\$	\$
Short term benefits (salaries, director fees)	5,587,672	6,754,108
Post-employment benefits (superannuation)	355,155	364,638
Long term benefits	95,222	38,572
Termination benefits	334,425	-
	<u>6,372,474</u>	<u>7,157,318</u>

By the nature of their appointment by sponsoring organisations, Trustee director fees are paid to either their sponsoring organisation or directly to the director based on an agreement between the relevant Trustee director and their sponsoring organisation.

The membership terms and conditions, contributions and benefit entitlements for the directors of the Trustee who are also members of the Fund are determined in accordance with the Trust Deed on the same basis available to other members of the Fund.

Notes to the Financial Statements (Cont.)

Note 14 – Related Party Disclosures (Cont.)

(b) Related Companies

Mine Super Services Pty Ltd, a wholly owned subsidiary of AUSCOAL Superannuation Pty Ltd, provided administrative services to the Mine Superannuation Fund on a commercial arm's length basis until 31 January 2023. M Watson, G Kelly and C Langby are directors of this company and the Trustee. E Herlihy is a Director of this company and an Alternate Director of the Trustee.

Mine Super Services Pty Ltd	2023	2022
	\$	\$
Administration Fees	14,379,408	17,114,483
Member Advice Fees	453,851	486,482
	<u>14,833,259</u>	<u>17,600,965</u>
AUSCOAL Superannuation Pty Ltd	2023	2022
	\$	\$
Trustee Fees	29,754,624	22,265,722
Internal Investment Costs	12,217,932	9,677,041
	<u>41,972,556</u>	<u>31,942,763</u>

Recreo Financial Pty Ltd

The Mine Superannuation Fund has an investment in Recreo Financial Pty Ltd valued at \$23,983,000 (2022: \$35,510,000) and held a secured loan to Recreo Financial Pty Ltd valued at \$12,108,092 as at 30 June 2023. Convertible notes valued at \$17,000,000 held as at 30 June 2022 were converted to equity on 30 September 2022.

Stephen Rowbottom and Sarah Acocks were directors of Recreo Financial Pty Ltd for the full financial year. On 8 December 2022, Vasyi Nair was appointed as a director of Recreo Financial Pty Ltd and resigned on 5 June 2023.

During the year ended 30 June 2023 the Group paid \$658,401 (2022: \$3,077,101) to Recreo in relation to software hosting, platform licence fees and project services. All transactions were on an arm's length basis and on no more favourable terms than would apply to others.

Notes to the Financial Statements (Cont.)

Note 14 – Related Party Disclosures (Cont.)

(c) Other Related Party Transactions

The following directors of AUSCOAL Superannuation Pty Ltd were members of the Fund:

Grahame Kelly

Mark Watson

Anthony (Tony) Maher

Robert Dougall

Christina Langby

Glenn Power (Alternate Director)

Shane Thompson (Alternate Director – resigned 23 September 2022)

The aggregate sum of contributions paid by Mine Super Services Pty Ltd and AUSCOAL Superannuation Pty Ltd during the year for the directors of the Trustee, as members of the Fund was \$38,598 (2022: \$20,764).

The aggregate sum of Directors fees paid to sponsoring organisations by Mine Super Services Pty Ltd and AUSCOAL Superannuation Pty Ltd during the year was \$500,500 (2022: \$624,500).

The following transactions were paid by the group to shareholders of the AUSCOAL Superannuation Pty Ltd throughout the year.

The group paid \$249,193 (2022: \$180,719) to Construction Forestry Maritime Mining Energy Union – Mining and Energy Division during the financial year in relation to sponsorship, advertising and office space rental. The group also paid an amount of \$18,260 (2022: \$30,030) as a security bond on an office space rental. All transactions were on an arm's length basis and on no more favourable terms than would apply to others.

The group paid \$4,185 (2022: \$6,674) to Queensland Resources Council during the financial year in relation to sponsorship and advertising. All transactions were on an arm's length basis and on no more favourable terms than would apply to others.

The group paid \$24,750 (2022: \$Nil) to New South Wales Minerals Council Limited during the financial year in relation to sponsorship and advertising. All transactions were on an arm's length basis and on no more favourable terms than would apply to others.

Note 15 – Commitments and Contingent Liabilities

(a) Investment Commitments

The Fund has made commitments to invest in certain managed investment schemes. are as follows:

	2023 \$'000	2022 \$'000
Commitments contracted for at the end of the reporting period but not recognised as assets	407,431	274,905

(b) Benefit Entitlement Contingent Liabilities

Other than items disclosed at Note 5 the Fund is not aware of any entitlements at reporting date.

Notes to the Financial Statements (Cont.)

Note 16 – Proposed Merger

In April 2023, Auscoal Superannuation Pty Ltd as Trustee of the Mine Superannuation Fund executed a Heads of Agreement with TWU Nominees Pty Ltd as Trustee of TWU Superannuation Fund to work towards a merger. The next phase of the merger will be focussed on planning to ensure a seamless transition to the merged fund for all members. If successful it is anticipated that the merger will be finalised in early 2024.

Note 17 – Significant Events after Reporting Date

Since 30 June 2023 there has not been any other matter or circumstance not otherwise dealt with in the financial statements that has significantly affected or may significantly affect the Fund.

Trustee's Statement for the year ended 30 June 2023

In the opinion of the directors of the Trustee of Mine Superannuation Fund:

- (a) the accompanying financial statements and notes set out on pages 2 to 33 are in accordance with
 - (i) applicable Australian Accounting Standards and other mandatory professional reporting requirements, and
 - (ii) present fairly the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- (b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the *Superannuation Industry (Supervision) Act 1993* and its accompanying Regulations; the relevant requirements of the *Corporations Act 2001 and Regulations*; the requirements under *section 13 of the Financial Sector (Collection of Data) Act 2001*, during the year ended 30 June 2023, and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of AUSCOAL Superannuation Pty Ltd as Trustee for Mine Superannuation Fund.



.....
Christina Langby
Chair



.....
Mark Watson
Deputy Chair

SYDNEY
20 September 2023



Independent Auditor's report on financial statements

Independent Auditor's report approved form for an RSE that is a reporting entity

**Report by the RSE Auditor to the trustee of Mine Superannuation Fund ABN:
(16 457 520 308)**

Opinion

I have audited the financial statements of Mine Superannuation Fund for the year ended 30 June 2023, comprising the Statement of Financial Position, Income Statement, Statement of Changes in Member Benefits, Statement of Changes in Equity and Statement of Cash Flows. In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards, the financial position of Mine Superannuation Fund as at 30 June 2023 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2023.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgement and maintained professional scepticism throughout the audit. I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control;
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee;
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my audit opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern;
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

VINCENZO DEDE'

Vincenzo Dede
Partner

Sydney
20 September 2023