



CONTENTS

Page

Statement of Compliance	(Inside Front Cover)
Statement of Compliance with relevant written law	2
Chairman's Statement	3
Constitution and Functions of the Board	3
Administration	4
Review of Activities	4
Fund Operations	5
Actuarial Review	6
Publication and Advisory Information	7
Investments	9
Financial Statements	11
Certification of Financial Statements	24
Auditor's Opinion - Financial Statements	25
Performance Indicators	26
Certification of Performance Indicators	27
Annual Estimates 2004/05	28
Auditor's Opinion - Performance Indicators	29



STATEMENT OF COMPLIANCE WITH RELEVANT WRITTEN LAW

ENABLING LEGISLATION

The administration of the Superannuation Fund is established under the Coal Industry Superannuation Act 1989 and Coal Industry Superannuation Regulations 1990.

LEGISLATION ADMINISTERED

The Board is responsible for the administration of the enabling legislation.

LEGISLATION IMPACTING ON THE BOARD'S ACTIVITIES

Anti - Corruption Commission Act 1988
Coal Industry Superannuation Act 1989
Coal Industry Superannuation Regulations 1990
Corporations (Western Australia) Act 1990
Electoral Act 1907
Equal Opportunity Act 1984
Family Law Act 1975*
Financial Administration and Audit Act 1985
Financial Services Reform Act 2001*
Freedom of Information Act 1992
Income Tax Assessment Act 1936*
Industrial Relations Act 1979
Interpretation Act 1984
Minimum Conditions of Employment Act 1993
Occupational Safety and Health Act 1984
Occupational Superannuation Standards Act 1987 and Regulations*
Privacy Act 1988*
Public Sector Management Act 1994
Public and Bank Holidays Act 1972
Salaries and Allowances Act 1975
Sex Discrimination Act 1984*
Stamp Act 1921
Superannuation (Resolution of Complaints) Act 1993*
Superannuation Guarantee (Administration Act) 1992*
Superannuation Guarantee Charge Act 1992*
Superannuation Industry Supervision Act 1993 and Regulations*
Trustees Act 1962
Workers' Compensation and Rehabilitation Act 1981

* Denotes Federal legislation

In the financial administration of the Coal Industry Superannuation Board we have complied with the requirements of the Financial Administration and Audit Act and every other relevant written law and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing we are not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

CHAIRMAN

MEMBER

PRINCIPAL ACCOUNTING OFFICER

DATE



CHAIRMAN'S REVIEW

In my review of the Fund last year, I made reference to the Board's focus on the strategic direction of the Fund, the importance of ensuring that the Fund continues to meet the expectation of members, and delivers acceptable levels of performance when compared with like funds.

I am pleased to say that for the 2003/04 year, this focus has resulted in the Fund achieving an investment return of 14.6% measured against the medium growth manager of 13.9% (net of fees and taxes).

In addition, the Benchmark Amount for defined benefits increased by 5.26% in line with Average Weekly Ordinary Times Earnings. The crediting rate for accumulation accounts was set at 11.6%.

An Actuarial Review for the period 1 July 2000 to 30 June 2003 was commissioned by the Board and undertaken by the Fund's Actuary – PricewaterhouseCoopers which showed that:

- “the net assets available for members' benefits was more than sufficient to meet the liabilities of the Fund in terms of :
- vested resignation/retirement benefits, and
 - accrued retirement benefits”

In other words the Fund is in a sound financial position. (A copy of the Actuarial Statement is available from the Administration Manager).

The Fund's Financial Services Licence was granted on the 25th February 2004. This licence ensures that the Fund complies with the Federal Governments strict new Financial Services legislation.

During the year the Board reviewed its Strategic Plan in order to be satisfied that the overall direction of the Fund continues to provide an optimal range of products and services to members.

I wish to thank the Trustees of the Board and the Administration Manager and staff for their support and continued efforts throughout the year.

I am pleased to present the Annual Report of the Coal Industry Superannuation Board for the 2003/04 financial year.

G R GILLIES
CHAIRMAN

CONSTITUTION AND FUNCTIONS OF THE BOARD

The Coal Industry Superannuation Act 1989 is administered by the Coal Industry Superannuation Board which is responsible to the Honourable Minister for State Development. The Board members are designated the Accountable Authority and the Administration Manager nominated as the Principal Accounting Officer under the constraints of the Financial Administration and Audit Act 1985.

The Board consists of five members.

Two employer representatives are nominated by the companies, two employee representatives are elected by the members and a Chairman is appointed by the Governor.

As at 30 June 2004 the members of the Board were:

Chairman:
Mr G R Gillies

Employer Nominees:
Mr R D Banks
Manager Human Resources
Griffin Coal Mining Company Pty Ltd

Mr B J Kelly
General Manager, Marketing & Business
Development, Wesfarmers Energy

Mr G Reid (Alternate Member)
Griffin Coal Mining Company Pty Ltd

Employee Nominees:
Mr G N Wood
Secretary, CFMEU Mining & Energy Division WA

Mr G Della
Griffin Coal Mining Company Pty Ltd

Mr G Faries (Alternate)
Wesfarmers Premier Coal Ltd

FUNCTIONS OF THE BOARD

The main functions of the Coal Industry Superannuation Board are to:-

Apply the Coal Industry Superannuation Act fairly and equitably for its members;

Conduct the Board's operations in an efficient manner in accordance with sound administration and financial principals; and

Ensure sufficient funds are accrued to meet superannuation entitlements.



ADMINISTRATION

ADMINISTRATION STAFF

Administration staff of the Board are as follows:-

Administration Manager:- Mr G E Peirce

Admin. Assistant (Part-time):- Ms J Reynolds

ADMINISTRATION EXPENSES

The expenses involved with the administration of the Fund are chargeable to the Fund under Section 9(3) of the Act.

The Fund has entered into an arrangement to provide administration services to the Coal Mining Industry Long Service Leave (Funding) Corporation (CMILSL) at a cost of \$40,000 per annum. This is deducted from the total administration expenses.

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Office Accommodation Exp's	15,698	14,143
Accounting & Actuarial Advice	39,023	23,888
Auditors Fees	15,950	13,750
Computer Services	17,423	18,378
Consulting Fees	37,823	22,729
FBT Tax / Bank Charges	9,210	8,217
APRA Fees	38,387	35,329
Legal Advice	110	19,285
Motor Vehicle Costs	4,254	3,771
Printing Postage & Stationery	9,257	10,081
Salaries & Board Remun.	114,840	104,591
Sundry Administration	6,317	7,500
Superannuation	22,844	17,736
Travelling Expenses	16,679	18,446
Trustee Liability Insurance	21,692	14,290
Workers Compensation	181	175
Reimbursement CMILSL	(40,000)	(40,000)
TOTAL	329,688	292,309

REVIEW OF ACTIVITIES

COMPLIANCE WITH GOVERNMENT SUPERANNUATION STANDARDS

The Board has made an irrevocable election to be a Regulated Superannuation Fund under the SIS legislation.

LEGISLATION

The Coal Industry Superannuation Act and Regulations are the enabling legislation for the Fund.

INSURANCE OF MEMBERS

The Board continued to insure with Colonial to cover the Fund against death and total and permanent disablement for members both on and off the job to age 60 years. Insurance premiums for 2003/2004 amounted to \$206,698 compared to \$151,601 in 2002/2003.

ACT & REGULATION AMENDMENTS

On the 30 April 2002 the Coal Industry Superannuation Regulations were amended to alter the method for calculating members benefits. The vesting factor was removed permanently from the formula for calculating defined benefits and the discount factor has for the time being been reduced to zero.

TRUSTEE INDEMNITY INSURANCE

The Board has Trustee Indemnity Insurance cover.

ELECTORAL ACT

As per section 175ZE (1) of the Electoral Act the Coal Industry Superannuation Board report that there was no expenditure in relation to:

- Advertising Agencies
- Market research organisations
- Polling organisations
- Direct mail organisations
- Media advertising organisations



FUND OPERATIONS

The Coal Industry Superannuation Fund provides a superannuation scheme to coal mine workers which provides:

- A defined benefit scheme based on a benchmark amount for all members.
- Cost to the member is 3% of the benchmark amount.
- Cost to the employer can range between 7% and 10% of the benchmark amount and is currently set at 8.5%.
- Administration charges are not directly deducted from members benefits but have been taken into account in the formula calculations for benefit payments by the Actuary.
- Death and disability cover is included in the benefits at no additional cost (subject to a medical report).
- Preservation of benefits is available to members.
- Member Protection is automatically provided in that no member's benefit, including preserved benefits, is diminished by fees.
- Members may make after tax contributions, salary sacrifice contributions and award contributions to an accumulation account in the Fund. No fees or charges are deducted from this account.

MEMBERSHIP OF THE FUND

On 30 June 2004, there were 524 **current** members, who were required to make contributions to the Fund and 265 **retained** members and 4 accumulation only members making a membership of 793 **in total** who were eligible for benefits under the Act.

The following table provides a comparison of new employees and exits over the last two years.

	2003/04	2002/03
Mine workers beginning of period	545	616
New Members	23	27
Less Exits		
Retirements 60 years	1	2
Opt. Retirement 55-60 years	8	27
Opt. Retirement 62 years	-	-
Total & Permanent Disablement	1	-
Partial & Permanent Disablement	-	-
Death	-	2
Resignation, Dismissal	29	42
Retrenchment	4	25
Leave Without Pay	-	-
Mine workers at end of period	525	545

CONTRIBUTIONS

The weekly rate of contributions payable by members and employers was 3% and 8.5% of the Benchmark Amount which was \$39,212 until 30 June 2004 when it was indexed by 5.26% to \$41,275 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

New contributions are \$47.63 p/f member and \$134.94 p/f employer. Both the employer contributions from the coal mining companies required to be contributed have been received.

Contributions paid into the Fund during the year were:

	2003/04	2002/03
	\$	\$
Member	923,863	914,846
Salary Sacrifice	2,778,024	2,783,223
Employer / Award	2,713,338	2,752,237
Transfers In	735,550	721,256
Total Contributions	7,150,775	7,171,562



FUND OPERATIONS (cont.)

BENEFIT PAYMENTS

During the year benefits paid and payable totalled \$4,491,087.

CONTRIBUTION / BENEFIT COMPARISON

A comparative table of contributions received and benefits paid is shown below.

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Contributions	7,150,775	7,171,562
Benefits	4,491,087	8,358,143
Surplus	2,659,688	-
Deficit	-	1,186,581

CONSULTANTS TO THE BOARD

The Board retains the following consultants to provide advice as and when required.

Accounting & Taxation

Sharyn Long - Chartered Accountants

Actuarial & Investment Advice

PriceWaterhouse Coopers - Actuaries & Consultants

ACTUARIAL REVIEW

A Triennial Actuarial Review of the Fund was undertaken at 30 June 2003.

The benefits of members continues to be based on the benchmark amount at the time of the benefit payment. The benchmark amount is increased each year in line with the annual increase in Average Weekly Ordinary Time Earnings. Over the three year period, the increase in the benchmark amount was an average of 5.1%.

The average investment return for the Fund over the last three years was 1.6% per annum, net of tax and investment expenses. The corresponding smoothed Fund return averaged 4.7% per annum exceeding the increase in salaries over the three years to 30 June 2003 by 0.4% per annum.

The Actuary has advised that the Fund is in a sound financial position, and the benefits of all members remain well secured by the current level of assets. Projections for the next ten years indicate that the Fund is likely to remain in a satisfactory financial position, with the current level of assets, together with the future contributions and investment earnings, being adequate to cover members accruing benefits.

The member's benefits on resignation/retirement (Minimum Vested Benefits) are all well covered by the existing assets, as are the retrenchment benefits. Details of Minimum Vested Benefits are as follows:-



Minimum Vested Benefits

This ratio measures the extent to which the minimum entitlements of contributing members are covered by the net market value of assets of the Fund. The minimum entitlements are those benefits payable if all members voluntarily resigned or retired, where aged over 55, as at the valuation date.

For the purposes of calculating the vested benefits, the Actuary has assumed that the resignation benefit is to be the cash/transfer resignation benefit.

Before calculating this ratio, the net market value of assets must be reduced for the liabilities relating to non contributing defined benefit members and additional accumulation balances. In the case of retained members, it was assumed that the retained benefit was transferred out of the Fund, using the current discount rate of 0% per annum.

Net Market Value Assets:	\$80,068,028
less:	
Category A Accumulation Accounts	\$14,514,958
Category B Accumulation Accounts	\$64,072
Retained Accumulation Accounts	\$2,380,416
Accumulation Investment	
Fluctuation Reserve	\$0
leaving:	

Net Assets	\$63,108,582

Vested Benefits for Defined Benefits (Category A and Retained)	\$59,333,084

Minimum Vested Benefits Ratio:	106%

A ratio of 106% represents a good level of cover for the Fund's minimum vested benefits.

PUBLICATION AND ADVISORY INFORMATION

The Board produces and makes available to members the following:

Coal Industry Superannuation Fund Product Disclosure Statement

The Product Disclosure Statement (PDS) is the Board's main advisory publication. All members have been issued with the new PDS with their 2003/04 Benefit Statements and copies can be obtained from the Board offices.

Members Newsletter

A newsletter for members advising of updates and relevant news items is produced and distributed on a regular basis.

Coal Industry Superannuation Act and Regulations

Copies of the Act and Regulations are available for inspection at either Colliery Office or at the Coal Industry Superannuation Board.

Annual Report

Fund members are provided with a summarised Annual Report (Report to Members). Copies of the Annual Report containing full audited Financial Statements are available on request from the Board offices.

Members Benefit Statements

Members are provided with Benefit Statements annually and upon request.

Actuarial Statement and APRA Notices

Copies of Actuarial Statements and APRA Notices are available to members on request.



Member Complaints

Should you ever need to dispute a matter in relation to your superannuation, please contact the Administration Manager or one of the Board members. The Board has procedures in place to deal with any query or complaint within 90 days. A complaint will need to be put in writing to the Administration Manager.

External Complaints Tribunal

If you are not satisfied with the handling of your complaint or the Board decision, you may contact the Superannuation Complaints Tribunal.

The Tribunal is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints with Fund Trustees.

The Tribunal may be able to assist you to resolve your complaint but only if you are not satisfied with the response from the Coal Industry Superannuation Board. If the Tribunal accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the Coal Industry Superannuation Board to come to a mutual agreement. If conciliation is unsuccessful, the complaint is referred to the Tribunal for a determination which is binding.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, telephone one of the following numbers, for the cost of a local call anywhere in Australia:

Superannuation Complaints Tribunal
☎ 1300 884 114

Australian Prudential Regulation Authority
☎ 1300 131060

If you require any assistance to make a complaint, please contact the Administration Manager.

Member Enquiries

Members should address correspondence and enquiries to:-

The Administration Manager
Coal Industry Superannuation Board
242 Rokeby Road
SUBIACO WA 6008

Telephone No: (08) 9388 1840
Facsimile No: (08) 9388 3545
Email: cisb@bigpond.com



INVESTMENTS

COAL INDUSTRY SUPERANNUATION FUND INVESTMENT POLICY

The Investment Policy for the Coal Industry Superannuation Fund has been put in place by the Coal Industry Superannuation Board (CISB) to maximise long term investment returns compatible with a prudent level of risk for comparable funds. In pursuing this policy, the CISB will have regard for risk, diversification, liquidity, liabilities and cash flow.

INVESTMENT OBJECTIVES

Specific objectives are:

1. To achieve a minimum long term rate of return, after taxes and fees, of 2% per annum ahead of growth in the benchmark wage. It was noted that the benchmark wage would move with Average Weekly Ordinary Time Earnings (AWOTE).
2. The required rate of return is the minimum necessary to ensure that the Fund meets its liabilities.
3. The required level of investment return will be measured over 3-year rolling periods. Measurement will commence with effect from 30 June 1995 and will be no less frequently than quarterly.
4. To outperform the average pooled superannuation trust, ignoring all fees and taxes involved in administering and advising the CISB. Measurement will take place on a 3 year rolling basis, commencing 30 June 1995 and will be measured no less frequently than quarterly.

INVESTMENT STRATEGY

1. The strategy is growth orientated.
2. Investment vehicles are pooled superannuation trusts with the addition of, as necessary to achieve benchmark asset allocation, sector specific funds.

Notwithstanding the overall intention to use pooled and sector specific funds, the CISB retains the flexibility to invest in alternative specific investments. Such investments would only be made if the CISB considered them to be suitable and provided it had received the appropriate professional advice. In such cases, specific investments could comprise up to 20% of the Fund's assets.

INVESTMENTS AND INVESTMENT MANAGERS

1. The type of investment management preferred is the active approach.
2. Investments will be primarily pooled superannuation trusts. Where deemed appropriate, to bring about a specific portfolio composition within the asset allocation ranges, sector specific investments may be used.
3. Investments will be selected by the CISB from a short list recommended by the investment adviser to the CISB. Sector specific investments when required can be in any of the major investment sectors as shares, listed property trusts, real property, fixed interest, cash and derivatives, provided asset backed and/or guaranteed.
4. Using derivatives to increase exposure of the portfolio to more than 100% of its value is excluded, as is investment in any fund which uses derivatives in this manner.



ASSET ALLOCATION

The following details the actual asset allocation of the Fund as at 30 June 2004 against the benchmark or neutral position and the acceptable ranges as set out in the Investment Policy Statement.

	Shares	Property	Fixed Interest	Cash	Growth Assets Overseas	Unhedged
Range	20-60%	0-10%	10-25%	0-5%	0-75%	0-20%
Benchmark	60%	10%	25%	5%	75%	20%
Actual 2004	62.5%	6.9%	21.9%	8.7%	69.4%	14.1%
Actual 2003	64.2%	8.2%	20.4%	7.2%	72.4%	17.0%

PERFORMANCE

Measured to 30 June 2004 comparative performance statistics (% p.a.) for the last five years are as follows:

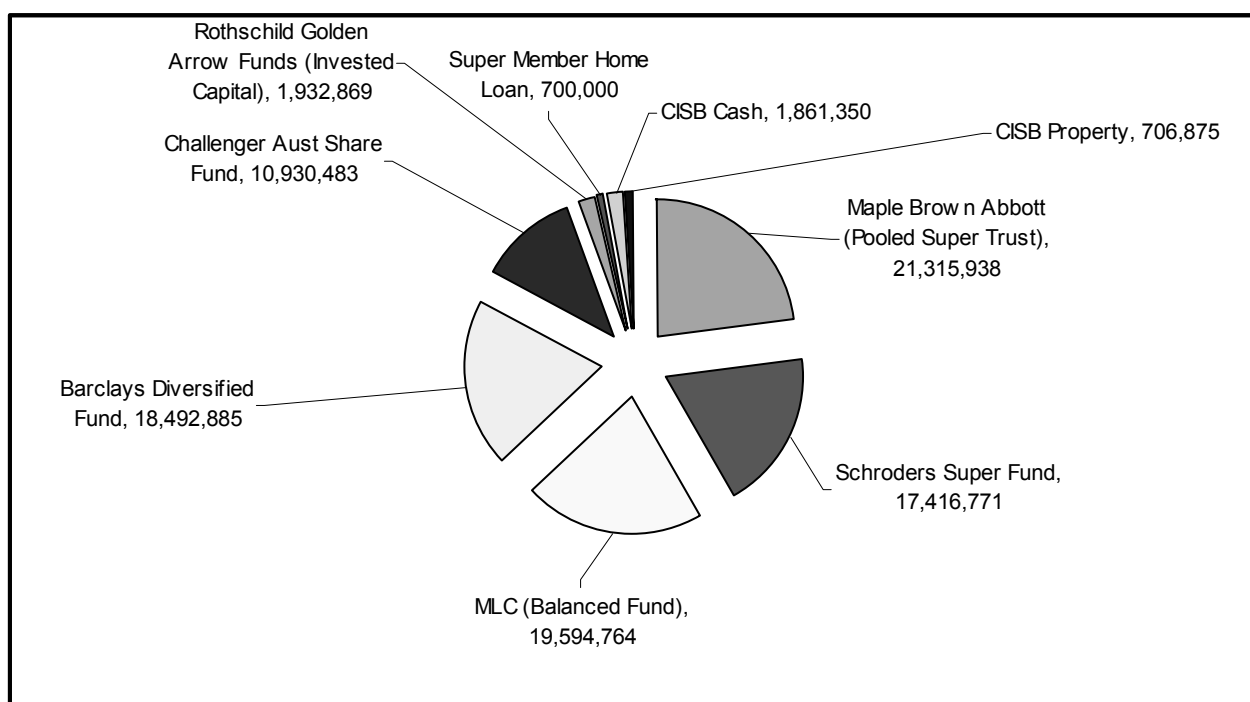
	5 Year Av.	2003/04	2002/03	2001/02	2000/01	1999/00
		%	%	%	%	%
CISB EARNING RATE	6.64	14.6	-1.7	-2.4	9.2	13.5
CISB CREDITING RATE	6.12	11.6	0.0	0.0	8.0	11.0

The rate of return credited to members accumulation accounts unless otherwise agreed is the Minimum Cash Return Method which involves the following:

In a year in which the fund earning rate is higher than the return on cash:

- Crediting Rate = Net cash return + 70% x (Fund return – Net cash return);
- Provided that this does not result in a reserve greater than, say, 20% of assets – in which case a higher rate would be declared.
- In a year where the Fund return is less than the return on cash:
- Crediting Rate = Net cash return
- Provided the reserves are sufficient to allow it.

PORTFOLIO 2003/04





FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS AS AT 30 JUNE 2004

	Notes	2004 \$	2003 \$
ASSETS			
Cash Assets			
Cash on hand		300	300
Cash at bank		675,284	445,290
Receivables			
Accrued income		356	1,578
Sundry receivable		10,998	-
PAYG withholding tax refundable		5,365	-
GST receivable		5,136	13,710
Investments			
Pooled Superannuation Trusts	6	57,225,594	31,445,475
Insurance Policies	7	19,594,764	33,939,178
Equity Sector Managed Funds	8	-	10,893,409
Units in Unit Trusts	9	14,109,599	3,013,802
Interest Bearing Investments	10	1,886,066	2,171,597
Land and Buildings	11	706,875	614,250
Other Assets			
Prepayments		195,271	51,256
Office equipment and furniture		7,200	13,094
Motor vehicle		24,900	30,000
Deferred tax assets	13(d)	19,068	17,354
TOTAL ASSETS		94,466,776	82,650,293
LIABILITIES			
Payables			
Creditors and accruals	12	124,477	89,632
Uncalled capital – Rothschild Golden Arrow		60,000	60,000
Uncalled capital – Rothschild Golden Arrow II		1,186,247	1,875,000
Provision for employee entitlements		60,782	57,095
Current tax liabilities	13(b)	262,849	237,668
Deferred tax liabilities	13(c)	110,544	262,870
TOTAL LIABILITIES		1,804,899	2,582,265
NET ASSETS AVAILABLE TO PAY BENEFITS		92,661,877	80,068,028

The accompanying notes form an integral part of this statement.



FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$	2003 \$
INVESTMENT REVENUE			
Interest		122,649	104,090
Trust distributions	14	380,116	275,613
Dividends received	15	174,564	382,167
Rent received		18,000	18,000
Changes in net market values	16(a)	10,721,440	(2,346,936)
Direct investment expenses	17	(92,318)	(154,946)
		<u>11,324,451</u>	<u>(1,722,012)</u>
CONTRIBUTION REVENUE			
Employer contributions		2,713,338	2,752,237
Salary sacrifice contributions		2,778,024	2,783,223
Member contributions		923,863	914,846
Transfers in		735,550	721,256
		<u>7,150,775</u>	<u>7,171,562</u>
OTHER REVENUE			
Insurance proceeds		245,463	226,039
Changes in net market value other assets	16(b)	(10,994)	(20,639)
		<u>234,469</u>	<u>205,400</u>
TOTAL REVENUE FROM ORDINARY ACTIVITIES		18,709,695	5,654,950
EXPENSES			
Administration Systems Upgrade		-	20,074
General administration expenses	18	329,688	292,309
Group life premiums		206,698	151,601
Contribution surcharge		199,819	308,029
Benefits paid		4,491,087	8,358,143
		<u>5,227,292</u>	<u>9,130,156</u>
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		5,227,292	9,130,156
CHANGES IN NET ASSETS BEFORE TAX		13,482,403	(3,475,206)
INCOME TAX EXPENSE	13(a)	888,554	604,276
CHANGES IN NET ASSETS AFTER TAX		12,593,849	(4,079,482)
NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the period		80,068,028	84,147,510
NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the period	2	92,661,877	80,068,028

The accompanying notes form an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following explains the significant accounting policies which have been adopted in the preparation of the financial statements. Unless otherwise stated such accounting policies were also adopted in the corresponding preceding reporting period.

The financial statements have been prepared in accordance with the historical cost convention, except for the assets that are measured at net market value.

The financial statements constitute a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards and Urgent Issues Group Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over applicable Australian Accounting Standards and Urgent Issues Group Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements. If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable the resulting financial effect are disclosed in individual notes to these financial statements.

The financial statements have been drawn up in accordance with Australian Accounting Standard AAS 25 "Financial Reporting by Superannuation Plans".

In accordance with Treasurer's Instruction 1101 where the requirements of AAS 25 are inconsistent with the requirements of the Treasurer's Instructions AAS 25 shall, to the extent of the inconsistency prevail.

Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in

disclosure with current financial year information and other disclosures.

Investments

Investments of the plan are recorded at net market value as at the reporting date and changes in net market values are recognised in the Statement of Changes in Net Assets in the periods in which they occur.

Net market values have been determined as follows:

Pooled Superannuation Trust and Unit Trusts

Based on the redemption price of the units as notified by the investment managers.

Insurance Policies

The surrender value of insurance policies at balance date as advised by the Insurer.

Securities and Other Equities

The value is determined using external market price data published by the appropriate information vendors. Unlisted investments are valued on the basis of independent valuations.

Interest Bearing Investments

By reference to the principle invested.

Land and Buildings

Land and buildings are valued at independent valuation conducted at balance date.

Where material, estimated costs of realisation have been deducted.

The net fair value of investments are considered to be equal to the net market value.

Income Tax

The fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act and accordingly the concessional tax rate of 15% has been applied.

The fund adopts the liability method of tax effect accounting.

Income tax expense is calculated on the changes in net market value adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried in the statement of net assets as a deferred tax assets or deferred tax liabilities.

Income Tax (continued)



Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

Contributions Surcharge

The contribution surcharge is recorded as an expense in the Statement of Changes in Net Assets if an amount has been paid or an assessment has been received during the period irrespective of the period to which the surcharge related. A liability for future payments is only recognised if an assessment has been issued by the Australian Taxation Office and was unpaid at balance date.

Insurance

The Coal Industry Superannuation Board insures against the death and total and permanent disability of members on and/or off the job to age 60 years.

Revenue

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

Changes in net market value of investments

Changes in net market value of investments are recognised as income in the Statement of Changes in Net Assets in the periods in which they occur. Changes in net market values are determined as the difference between the net market value at balance date or consideration received (if sold during the year) and the net market value at the previous balance date or the cost (if the investment was acquired during the year).

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Trust Distributions

Trust distribution revenue is recognised when the Fund has established that it has a right to receive the distribution.

Contributions

Member and employer contributions and transfers in are recognised when the control of the asset has been attained and are recorded in the period in which they are received.

Goods and Services Tax

GST incurred that is not recoverable from the Australian Taxation Office (ATO) has been

recognised as part of the cost of acquisition of the asset or as part of the expense to which it relates.

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

The amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Changes in Net Assets.

Receivables and other Payables

Receivables are carried at nominal amounts due which approximate fair value.

Other payables are recognised when the Fund is obligated to make future payments for services received and are carried at the amount payable on demand.

2 LIABILITY FOR ACCRUED BENEFITS

The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the plan up to the measurement date. The figure reported is determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

The valuation of accrued benefits was undertaken by the Actuary as part of a comprehensive actuarial review undertaken at 30 June 2003. Accrued benefits were previously valued as part of a comprehensive actuarial review undertaken at 30 June 2000.

	2003 \$	2000 \$
Accrued Benefits	76,292,530	66,445,496
	=====	=====

3 VESTED BENEFITS

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

	2004 \$	2003 \$
Vested Benefits	84,008,385.56	76,622,587
	=====	=====



4 GUARANTEED BENEFITS

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

5 FUNDING ARRANGEMENTS

The funding policy adopted in respect of the plan is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in framing employer and member contribution rates, the Actuary has considered long-term trends in such factors as plan membership, salary growth and average market value of plan assets.

The weekly rate of contributions payable by members and employers was 3.0% and 8.5% of the Benchmark Amount which was \$39,212 during the year ended 30 June 2004. At 30 June 2004 the Benchmark Amount was indexed by 5.26% to \$41,275 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

6 POOLED SUPERANNUATION TRUSTS

	2004 \$	2003 \$
Barclays Diversified Share Fund	18,492,885	-
Maple-Brown Abbott PST	21,315,938	18,442,123
Schroders Superannuation Fund	17,416,771	13,003,352
	57,225,594	31,445,475
	=====	=====

7 INSURANCE POLICIES

	2004 \$	2003 \$
MLC Balanced Fund	19,594,764	17,282,593
Zurich Australian Life	-	16,656,585
	19,594,764	33,939,178
	=====	=====

8 EQUITY SECTOR MANAGED FUNDS

	2004 \$	2003 \$
Challenger Investment	-	10,893,409
	=====	=====

9 UNITS IN UNIT TRUSTS

	2004 \$	2003 \$
Challenger Australian Share	10,930,483	-
Rothschild Golden Arrow	451,161	504,502
Rothschild Golden Arrow II	2,727,955	2,509,300
	14,109,599	3,013,802
	=====+	=====

10 INTEREST BEARING INVESTMENTS

	2004 \$	2003 \$
Bankwest Cash Management	672,663	1,471,597
Grange Floating Rate Note	513,403	-
Members Home Loan Bond	700,000	700,000
	1,886,066	2,171,597
	=====	=====

11 LAND AND BUILDINGS

	2004 \$	2003 \$
242 Rokeby Rd, Subiaco	706,875	614,250
	=====	=====

12 CREDITORS AND ACCRUALS

	2004 \$	2003 \$
Accounting fees	11,825	9,900
Actuarial fees	1,298	-
APRA fees	38,364	34,984
Audit fees	15,950	13,750
Consulting fees	17,325	15,103
Fringe benefits tax	1,959	1,706
Direct investment expenses	4,730	4,730
PAYG withholding	-	6,087
Salary & wages	31,696	2,527
Superannuation expense	839	-
Sundry expenses	491	784
Legal expenses	-	61
	124,477	89,632
	=====	=====



13 INCOME TAX

The difference between income tax expense provided in the accounts and the prima facie income tax expense is reconciled as follows:

(a) Income Tax Expense

	2004 \$	2003 \$
Changes in net assets before tax	13,482,403 =====	(3,475,206) =====
Prima facie tax @ 15%	2,022,360	(521,281)
Tax effect of permanent differences		
Changes NMV	(1,340,354)	217,111
Franking credits	(50,991)	(108,187)
Workers' contributions	(138,581)	(137,227)
Transfer In	(93,664)	(54,739)
Insurance proceeds	(36,819)	(33,906)
Benefit payments	673,663	1,253,721
Indexation	-	(13,605)
Discounted capital gains	(155,474)	(30,656)
Contributions Surcharge	29,973	46,204
Anti detriment payment	(17,816)	-
Other non deductible expenses	17	2,893
Overprovision prior years	(3,760)	(16,052)
Income Tax Expense	888,554 =====	604,276 =====

(b) Current tax liabilities

	2004 \$	2003 \$
<u>Provision for current income tax</u>		
Balance at beginning of year	237,668	255,248
Income tax paid – current period	(821,512)	(562,703)
Income tax paid – prior period	(195,901)	(239,195)
Overprovision prior years	(41,767)	(16,052)
Current years income tax expense	1,084,361	800,370
	262,849 =====	237,668 =====

(c) Deferred tax liabilities

	2004 \$	2003 \$
<u>Provision for deferred income tax</u>		
Provision for deferred income tax comprises the estimated expense at the applicable rate of 15% on the following items:		
Unrealised capital gains	51,743	240,597
Written down value of other assets	29,011	14,348
Accrued interest	500	237
Prepayments	29,290	7,688
	110,544 =====	262,870 =====

13 INCOME TAX (continued)

(d) Deferred tax assets

	2004 \$	2003 \$
<u>Future income tax benefit</u>		
Future income tax benefit comprises the estimated benefit at the applicable rate of 15% on the following items:		
Accrued Expenses	9,951	8,790
Provision for employee entitlements	9,117	8,564
	19,068 =====	17,354 =====

14 TRUST DISTRIBUTIONS

	2004 \$	2003 \$
Challenger Australian Share	347,664	-
Challenger Investment	-	21,951
Golden Arrow Fund	32,452	253,662
Total	380,116 =====	275,613 =====

15 DIVIDENDS RECEIVED

	2004 \$	2003 \$
Challenger Investment	174,564 =====	382,167 =====

16 CHANGES IN NET MARKET VALUES

(a) Investments

	2004 \$	2003 \$
<u>Held at Reporting Date</u>		
Pooled Superannuation Trusts	5,199,735	36,941
Insurance Policies	2,312,171	(480,902)
Equity Sector Managed Funds	-	74,902
Unit Trusts	399,158	(813,054)
Land & Buildings	92,625	9,750
<u>Realised during the period</u>		
Insurance Policies	1,423,800	-
Pooled Superannuation Trusts	-	(1,003,423)
Equity Sector Managed Funds	1,293,951	(171,150)
Total	10,721,440 =====	(2,346,936) =====

(b) Other Assets

	2004 \$	2003 \$
<u>Held at Reporting Date</u>		
Office Equipment	(5,894)	(7,776)
Motor Vehicles	(5,100)	(8,313)
<u>Realised during the period</u>		
Motor Vehicles	-	(4,550)
Total	(10,994) =====	(20,639) =====



17 DIRECT INVESTMENT EXPENSES

	2004 \$	2003 \$
Investment monitoring	30,955	17,015
Challenger Investment fees	48,663	144,244
Property expenses	12,700	12,972
	-----	-----
	92,318	174,231
Fee rebates	-	(19,285)
	-----	-----
	92,318	154,946
	=====	=====

18 GENERAL ADMINISTRATION EXPENSES

	2004 \$	2003 \$
Accounting fees	19,650	16,959
Actuarial advice	19,373	6,929
APRA fees	38,387	35,329
Audit fees	15,950	13,750
Bank charges	1,119	1,327
Board remuneration	17,188	8,438
Computer support and services	17,423	18,378
Consulting fees	37,823	22,729
Electricity	5,162	4,782
Fringe benefits tax	8,091	6,890
Legal advice	110	19,285
Motor vehicle expenses	4,254	3,771
Office cleaning	3,279	3,086
Printing/postage/stationery	9,257	10,081
Salaries & wages	97,652	96,153
Security expenses	742	582
Sundry administration	6,317	7,500
Superannuation	22,844	17,736
Telephone	6,515	5,693
Travelling & accommodation expenses	3,158	5,109
Trustee and staff training & conference expenses	13,521	13,337
Trustee insurance	21,692	14,290
Workers compensation	181	175
	-----	-----
	369,688	332,309
Reimbursement CMILSL (Funding) Corporation	(40,000)	(40,000)
	-----	-----
	329,688	292,309
	=====	=====

19 AUDITOR'S REMUNERATION

	2004 \$	2003 \$
Amounts paid or due and payable to the Auditor General for the following services:		
Audit Services	15,950	13,750
Other Services	-	-
	-----	-----
	15,950	13,750
	=====	=====

20 GENERAL DISCLOSURE

In accordance with Treasurer's Instruction 952 the following general disclosure is made:

a) Remuneration of Members of the Accountable Authority

Members of the Accountable Authority have received \$17,188 (\$8,438 - 2003) in remuneration for attending board meetings.

b) Remuneration of Senior Officers

	2004 \$	2003 \$
The total remuneration of Senior Officers is:	93,399	82,572

The number of Senior Officers, other than Members of the Accountable Authority, whose Total of fees, salaries and other benefits received, or due and receivable, for the financial year, fall within the following bands are:

	2004	2003
80,000 - 90,000	-	1
90,000 - 100,000	1	-

c) Retirement Benefit of Senior Officers

The following amounts in respect of retirement benefits were paid or became payable for the financial year:

	2004 \$	2003 \$
Total retirement benefits of Senior Officers	22,844	17,736

21 SEGMENT INFORMATION

The Fund operates solely in the business of provision of benefits to members and operates in Australia only.



22 EXPLANATORY STATEMENT

(a) Estimate Comparisons

	Actual 2003/04 \$	Unaudited Estimate 2003/04 \$	Variation \$
Interest	122,649	100,000	22,649
Trust distributions	380,116	150,000	230,116
Dividends received	174,564	400,000	(225,436)
Rental Income	18,000	18,000	-
Changes in NMV	10,721,440	2,000,000	8,721,440
Contribution revenue	7,150,775	6,600,000	550,775
Insurance proceeds	245,463	400,000	(154,537)
Changes NMV assets	(10,994)	(10,000)	(994)
Direct invest expenses	(92,318)	(150,000)	57,682
TOTAL REVENUE	18,709,695	9,508,000	9,201,695
Admin system upgrade	-	20,000	(20,000)
General admin expenses	329,688	300,000	29,688
Group life premiums	206,698	180,000	26,698
Contributions surcharge	199,819	300,000	(100,181)
Benefits paid	4,491,087	4,000,000	491,087
TOTAL EXPENSES	5,227,292	4,800,000	427,292
NET SURPLUS	13,482,403	4,708,000	8,774,403
Income Tax Expense	888,554	800,000	88,554
NET SURPLUS AFTER TAX	12,593,849	3,908,000	8,685,849
Net Assets beginning of period	80,068,028	80,068,028	-
Net Assets end of period	92,661,877	83,976,028	8,685,849

Explanation of Significant Variances

Trust Distributions

Revenue from trust distributions was higher than anticipated due to an increase in the number of unit trust investments held.

Dividends

Dividends received from the equity sector manager were lower than estimated due to the redemption of the investment in January.

Changes in Net Market Value

The performance of investments was higher than expected due to an improvement in economic conditions.

22 EXPLANATORY STATEMENT (CONTINUED)

(a) Estimate Comparisons (continued)

Contributions

Contributions received were estimated based on previous experience however due to its nature the Fund is unable to accurately estimate this amount.

Insurance Proceeds

The Fund has made less insurance claims for death or disability benefits during the year than estimated.

Direct Investment Expense

Direct investment expenses were lower than estimated due to the redemption of the equity sector investment in January 2004.

Contributions Surcharge

Contributions surcharge was estimated based on previous experience. The amount of the surcharge is dependent on the taxable income of the members and the Fund cannot accurately estimate these amounts.

Benefits Paid

Benefits paid were estimated based on previous experience however due to its nature the Fund is unable to accurately estimate this amount.



22 EXPLANATORY STATEMENT (CONTINUED)

(b) Actual Comparisons

	Actual 2003/04 \$	Actual 2002/03 \$	Variation \$
Interest	122,649	104,090	18,559
Trust distributions	380,116	275,613	104,503
Dividends received	174,564	382,167	(207,603)
Rental Income	18,000	18,000	-
Changes in NMV	10,721,440	(2,346,936)	13,068,376
Contribution revenue	7,150,775	7,171,562	(20,787)
Insurance proceeds	245,463	226,039	19,424
Changes NMV assets	(10,994)	(20,639)	9,645
Direct invest expense	(92,318)	(154,946)	62,628
TOTAL REVENUE	18,709,695	5,654,950	13,054,745
Admin system upgrade	-	20,074	(20,074)
General admin expenses	329,688	292,309	37,379
Group life premiums	206,698	151,601	55,097
Contributions surcharge	199,819	308,029	(108,210)
Benefits paid	4,491,087	8,358,143	(3,867,056)
TOTAL EXPENSES	5,017,429	9,130,156	(3,902,864)
NET SURPLUS	13,482,403	(3,475,206)	16,957,609
Income Tax Expense	888,554	604,276	284,278
NET SURPLUS AFTER TAX	12,593,849	(4,079,482)	16,673,331
Net Assets beginning of period	80,068,028	84,147,510	(4,079,482)
Net Assets end of period	92,661,877	80,068,028	12,593,849
	=====	=====	=====

Explanation of Significant Variances

Trust Distributions

The revenue from trust distribution was higher due to an increase in the number of unit trust investments held.

Dividends Received

The dividend income was lower due to the redemption of the investment in January 2004.

Changes in Net Market Value

The performance of investments was higher than expected due to an improvement in economic conditions.

22 EXPLANATORY STATEMENT (CONTINUED)

(b) Actual Comparisons (continued)

Contribution Revenue

Contribution revenue was lower due to members electing not to contribute the same levels personally as they had in the previous year.

Direct Investment Expense

Direct investment expenses were lower than the prior year due to redemption of the equity sector investment in January 2004.

General Administration Expenses

The administration fees are greater than the prior year due to consulting fees and actuarial fees being higher than previous years. Consulting fees are higher due to work completed as a result of the Australian Financial Services Licence application. Actuarial fees are higher due to the actuarial review being completed during the year.

Group Life Premiums

Group life premiums are higher due to a change in the term of group life policies.

Contributions Surcharge

Contributions surcharge differs from period to period due to the taxable income of members for whom the surcharge is assessed.

Benefits Paid

Benefits paid were lower than the prior year due to a large number of retrenchments in the industry in the prior year.



23 FINANCIAL INSTRUMENTS

The Fund has an investment directly in a floating rate note through Grange Securities Limited.

Use of derivative financial instruments

The Fund is not exposed to derivative financial instruments through its floating rate note.

Credit risk

The Fund does not have any significant exposure to credit risk.

Currency risk exposures

The Fund does not have any significant exposure to foreign exchange movements.

Market risk

The Fund does not have any significant exposure to market risk with its direct investment in the floating rate note.

Liquidity and cash flow risk

The Fund does not have any significant exposure to liquidity and cash flow risks with its direct investment in the floating rate note.

Scrip Lending

The Fund has not entered into any scrip lending arrangements.

Net fair values of financial assets and liabilities

The Fund's financial assets and liabilities are included in the statement of net assets at amounts that approximate net fair value.



Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments on behalf of its members. The Fund's investments are subject to interest rate risks and the return on the investments will fluctuate in accordance with movements in the market interest rates. The Fund's exposure to interest rate movements on those investments at period end was as follows:

Financial Statements	Floating Interest Rate		Fixed Interest Rate						Non Interest Bearing		Total		Weighted Average Interest Rate	
			1 year of less		1 – 5 years		Over 5 years						2004	2003
			2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000					2004 \$'000	2003 \$'000
<i>i) Financial Assets</i>														
Cash	1,348	1,917	-	-	-	-	-	-	-	-	1,348	1,917	3.55	4.35
Investments														
Floating rate note	513	-	-	-	-	-	-	-	-	-	513	-	5.51	-
Subscriber bonds	700	700	-	-	-	-	-	-	-	-	700	700	2.80	3.89
Pooled superannuation trusts	-	-	-	-	-	-	-	-	57,226	31,446	57,226	31,446	-	-
Insurance policies	-	-	-	-	-	-	-	-	19,595	33,940	19,595	33,940	-	-
Australian equities	-	388	-	-	-	-	-	-	-	10,505	-	10,893	-	3.89
Australian unit trusts	-	-	-	-	-	-	-	-	14,110	3,014	14,110	3,014	-	-
Receivables	-	-	-	-	-	-	-	-	22	15	22	15	-	-
Total Financial Assets	2,561	3,005	-	-	-	-	-	-	90,953	78,920	93,514	81,925		
<i>ii) Financial Liabilities</i>														
Creditors and accruals	-	-	-	-	-	-	-	-	1,370	2,025	1,370	2,025	-	-
Current tax liabilities	-	-	-	-	-	-	-	-	263	238	263	238	-	-
Total Financial Liabilities	-	-	-	-	-	-	-	-	1,633	2,263	1,633	2,263		



24. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue AASB equivalents to IFRS, and Urgent Issues Group abstracts corresponding to International Financial Reporting Interpretations adopted by the International Accounting Standards Board. These Australian pronouncements will be known as Australian International Financial Reporting Pronouncements (AIFRPs). The adoption of AIFRPs will be first reflected in the Fund's financial statements for the year ending 30 June 2006.

The Trustee of the Fund has implemented a process to ensure that the financial statements of the Fund comply with all relevant International Financial Reporting Standards (or the Australian equivalent) by the time the adoption of such standards is required on 30 June 2006 (or appropriate year end).

This process will include discussion with external advisors to evaluate the impact on the financial statements and where appropriate, change internal processes to ensure that all required information is captured.

The Trustee believes that the adoption of the Australian equivalent to the IFRS will have minimal impact on the financial statements of the Fund as no significant change to accounting policies is expected as a result, however some changes in presentation and disclosure are expected. The Trustee has not yet attempted to identify all such presentation and disclosure differences that may alter the way that events and transactions are disclosed in the financial report.

The main change is expected to be in relation to tax effect accounting. The concept of timing and permanent differences will be replaced with a balance sheet approach giving rise to temporary differences. This may permit the recognition of deferred tax assets or liabilities not previously recognised. Although differences in recognition cannot be reliably measured at this point in time, it is expected that any difference will be minimal.

24. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

Other potential implications are as follows:

- financial assets and liabilities will be subject to recognition, measurement and disclosure requirements of AASB 132 and 139 to the extent that the requirements do not conflict with AAS 25.
- changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.
- financial statements disclosures may be impacted by AASB 101 to the extent that AAS 25 is silent on disclosure requirements.
- transitional rules set out in AASB 1 will apply to the first IFRS reporting period.

25 ACTUARIAL REPORT

A Triennial Actuarial Review of the Fund was undertaken at 30 June 2003.

The benefits of members continue to be based on the benchmark amount at the time of the benefit payment. The benchmark amount is increased each year in line with the annual increase in Average Weekly Ordinary Time Earnings. Over the three year period, the increase in the benchmark amount was an average of 5.1%.

The average investment return for the Fund over the last three years was 1.6% per annum, net of tax and investment expenses.

The corresponding smoothed Fund return averaged 4.7% per annum. The increase in the benchmark amount over the three years to 30 June 2003 exceeded the smoothed investment return by 0.4% per annum.

The Fund's Actuary is Catherine Nance, BA, BSC, FIAA.

The Actuary has advised that the Fund is in a sound financial position, and the benefits of all members remain well secured by the current level of assets. Projections for the next ten years indicate that the Fund is likely to remain in a satisfactory financial position, with the current level of assets, together with the future contributions and investment earnings, being adequate to cover members accruing benefits.



25 ACTUARIAL REPORT (continued)

The member's benefits on resignation/retirement (Minimum Vested Benefits) are all well covered by the existing assets, as are the retrenchment benefits. Details of Minimum Vested Benefits are as follows:-

Minimum Vested Benefits

This ratio measures the extent to which the minimum entitlements of contributing members are covered by the net market value of assets of the Fund. The minimum entitlements are those benefits payable if all members voluntarily resigned or retired, where aged over 55, as at the valuation date.

For the purposes of calculating the vested benefits, the Actuary has assumed that the resignation benefit is to be the cash/transfer resignation benefit.

Before calculating this ratio, the net market value of assets must be reduced for the liabilities relating to non contributing defined benefit members and additional accumulation balances.

In the case of retained members, it was assumed that the retained benefit was transferred out of the Fund, using the current discount rate of 0% per annum.

	\$
Net Market Value Assets:	80,068,028
less:	
Category A Accumulation Accounts	14,514,958
Category B Accumulation Accounts	64,072
Retained Accumulation Accounts	2,380,416
Accumulation Investment	
Fluctuation Reserve	0
leaving:	

Net Assets	63,108,582

Vested Benefits for Defined Benefits (Category A and Retained)	59,333,084

Minimum Vested Benefits Ratio:	106%

A ratio of 106% represents a good level of cover for the Fund's minimum vested benefits.



CERTIFICATION OF FINANCIAL STATEMENTS

"The accompanying financial statements of the Coal Industry Superannuation Board have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2004 and the financial position as at 30 June 2004.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate".

G R GILLIES
CHAIRMAN

DATE

MEMBER

DATE

G E PEIRCE
PRINCIPAL ACCOUNTING OFFICER

DATE



AUDITOR'S OPINION - FINANCIAL STATEMENTS



PERFORMANCE INDICATORS

The Coal Industry Superannuation Board's primary outcome is to:

Apply the Coal Industry Superannuation Act fairly and equitably for its members. In doing so, ensuring benefit payments are made in accordance with the Coal Industry Superannuation Act, compliance with other relevant legislation and maintaining the viability of the Fund for both current and future members.

EFFECTIVENESS INDICATORS

PERFORMANCE INDICATOR

'TO ENSURE COMPLIANCE WITH COMMONWEALTH GOVERNMENT SUPERANNUATION STANDARDS TO ENABLE THE FUND TO BE TAXED AT THE REDUCED RATE OF 15% TAXATION IN LIEU OF THE TOP MARGINAL RATE OF 47%'

From 1 July 1988 superannuation funds such as the Coal Industry Superannuation Fund have been liable to taxation on all earnings of the Fund. The Coal Industry Superannuation Fund has been granted compliance status by the Commissioner of Taxation as a complying superannuation fund since inception to 30 June 1994 and the Coal Industry Superannuation Board has made an irrevocable election to be a Regulated Superannuation Fund under the SIS legislation.

As a complying fund, the Fund has been taxed at the reduced rate of 15% in lieu of the top marginal rate of 47% thus ensuring members funds are protected.

No audit report required pursuant to the Superannuation Industry Supervision (SIS) legislation has ever reported any breaches.

NOTES:

This indicator is a key indicator in ensuring the Fund's compliance with Commonwealth Government Superannuation Standards ensuring a reduced taxation rate. Compliance also covers other administrative aspects of the Fund relating to:

- (a) Trustee issues

- (b) Trust Deed Amendments
- (c) Investments
- (d) Information Disclosure
- (e) Contributions
- (f) Benefit Issues
- (g) Administrative Matters
- (h) Employer Issues
- (i) Actuaries and Auditors

PERFORMANCE INDICATOR

'THE EXTENT TO WHICH THE FUND'S LIABILITIES ARE COVERED BY THE ASSETS'

A triennial Actuarial Review of the Fund was undertaken as at 30 June 2003.

The Actuary has indicated that the Fund is in a sound financial state and that assets are sufficient to cover:

Minimum Vested Benefits

This ratio measures the extent to which the minimum entitlements of contributing members are covered by the net market value of assets of the Fund. The minimum entitlements are those benefits payable if all members voluntarily resigned or retired, where aged over 55, as at the valuation date.

For the purposes of calculating the vested benefits, the Actuary has assumed that the resignation benefit is to be the cash/transfer resignation benefit.

Before calculating this ratio, the net market value of assets must be reduced for the liabilities relating to non contributing defined benefit members and additional accumulation balances.

In the case of retained members, it was assumed that the retained benefit was transferred out of the Fund, using the current discount rate of 0% per annum.

Minimum Vested Benefits Ratio: 106%

A ratio of 106% represents a good level of cover for the Fund's minimum vested benefits.

NOTES:

This indicator has been derived to ensure the viability of the Fund is monitored, therefore allowing adjustments to benefits or contributions to be made if necessary.



EFFICIENCY INDICATORS

(i) TO ENSURE MEMBERS RECEIVE PROMPT BENEFIT PAYMENTS.

Payments to Fund members are processed by the Board immediately the Board receives coal mining companies fortnightly contribution returns which provide Fund members ceasing details.

'AVERAGE TIME TAKEN TO PROVIDE A BENEFIT PAYMENT TO FUND MEMBERS.'

A total of 89 benefit payments were made during 2002/03 compared to 48 benefit payments during 2001/02. The following comparative tables reflect the time taken to process benefits once the members ceasing details are received. Payments made later than 14 days were due to members indecision on benefit rollovers.

2003/04		
Days	No. of Benefits	%
1 - 5 days	22	41
6 - 14 days	22	41
15 - 28 days	4	7
over 28 days	<u>6</u>	<u>11</u>
	<u>54</u>	<u>100</u>

2002/03		
Days	No. of Benefits	%
1 - 5 days	37	42
6 - 14 days	36	40
15 - 28 days	11	12
over 28 days	<u>5</u>	<u>6</u>
	<u>89</u>	<u>100</u>

2001/02		
Days	No. of Benefits	%
1 - 5 days	17	35
6 - 14 days	17	35
15 - 28 days	6	13
over 28 days	<u>8</u>	<u>17</u>
	<u>48</u>	<u>100</u>

2000/01		
Days	No. of Benefits	%
1 - 5 days	16	33
6 - 14 days	21	43
15 - 28 days	4	8
over 28 days	<u>8</u>	<u>16</u>
	<u>49</u>	<u>100</u>

1999/00		
Days	No. of Benefits	%
1 - 5 days	9	43
6 - 14 days	3	14
15 - 28 days	2	10
over 28 days	<u>7</u>	<u>33</u>
	<u>21</u>	<u>100</u>

(ii) THE EXTENT TO WHICH THE COST OF ADMINISTERING THE FUND IS MINIMISED.

	2003/04	2002/03
Administration expenses	\$329,688	\$276,182
Percentage of Contributions received	4.75%	3.85%
Percentage of Total assets	0.35%	0.34%

	2002/03	2001/02
Administration expenses	\$276,182	\$227,230
Percentage of Contributions received	3.85%	3.71%
Percentage of Total assets	0.34%	0.27%

	2001/02	2000/01
Administration expenses	\$227,230	\$185,523
Percentage of Contributions received	3.71%	4.02%
Percentage of Total assets	0.27%	0.22%

	2000/01	1999/00
Administration expenses	\$185,523	\$194,770
Percentage of Contributions received	4.02%	4.49%
Percentage of Total assets	0.22%	0.25%

	1999/00	1998/99
Administration expenses	\$194,770	\$188,434
Percentage of Contributions received	4.49%	4.81%
Percentage of Total assets	0.25%	0.28%

CERTIFICATION OF PERFORMANCE INDICATORS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Coal Industry Superannuation Board's performance, and fairly represent the performance of the Coal Industry Superannuation Board for the financial year ended 30 June 2004.

G R GILLIES
CHAIRMAN

DATE

MEMBER

DATE



ANNUAL ESTIMATES 2004/05

(NOT SUBJECT TO AUDIT)

	Estimate 2004/05	Actual 2003/04
<u>Investment Revenue</u>		
Interest	100,000	122,649
Trust Distributions	300,000	380,116
Dividends Received	150,000	174,564
Rent Received	18,000	18,000
Changes in Net MV	6,000,000	10,721,440
Direct Invest Expense	(100,000)	(92,318)
	<hr/>	<hr/>
	6,468,000	11,324,451
	<hr/>	<hr/>
<u>Contribution Revenue</u>		
Employer Contributions	2,700,000	2,713,338
Salary Sacrifice Conts	2,750,000	2,778,024
Member Contributions	900,000	923,863
Transfers In	700,000	735,550
	<hr/>	<hr/>
	7,050,000	7,150,775
	<hr/>	<hr/>
<u>Other Revenue</u>		
Insurance Proceeds	200,000	245,463
Changes NMV Other Assets	(10,000)	(10,994)
	<hr/>	<hr/>
	190,000	234,469
	<hr/>	<hr/>
TOTAL REVENUE	13,708,000	18,709,695
	<hr/>	<hr/>
EXPENSES		
Admin System Upgrade	20,000	-
Administration Expenses	350,000	329,688
Group Life Premiums	220,000	206,698
Contributions Surcharge	200,000	199,819
Benefits Paid	4,000,000	4,491,087
	<hr/>	<hr/>
Total Expenses	4,790,000	5,227,292
	<hr/>	<hr/>
CHANGES IN NET ASSETS BEFORE TAX		
	8,918,000	13,482,403
Income Tax Expense	600,000	888,554
	<hr/>	<hr/>
CHANGES IN NET ASSETS AFTER TAX		
	8,318,000	12,593,849
Net Assets Available to Pay Benefits (Beg. of Period)	92,661,877	80,068,028
	<hr/>	<hr/>
Net Assets Available to Pay Benefits (End of Period)	100,979,877	92,661,877
	=====	=====

OUTCOME MEASURES

(NOT SUBJECT TO AUDIT)

Outcome:

To provide superannuation and related benefits to members of the Fund in accordance with legislative requirements.

Output:

Provision of Superannuation service to members.

Description:

This output involves the induction of new members, receipt of contributions, investment of funds, reporting to members and payment of benefits.

Output Measures:

Quantity

Number of members serviced

2003-04 Actual	2004-05 Target
549	550

Assets under management

2003-04 Actual	2004-05 Target
\$93M	\$101M

Quality

Number of Audit Exceptions

2003-04 Actual	2004-05 Target
Nil	Nil

Investment return compared to median fund manager

2003-04 Actual	2004-05 Target
+ 0.7	+0.5%

Timeliness

Average time to satisfy member queries

2003-04 Actual	2004-05 Target
24 Hours	24 Hours

Cost

Management Expense Ratio (MER)

2003-04 Actual	2004-05 Target
0.93	0.94



AUDITOR'S OPINION - PERFORMANCE INDICATORS



**HON CLIVE BROWN MLA
MINISTER FOR STATE DEVELOPMENT**

"In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and presentation to Parliament, the report of the Coal Industry Superannuation Board for the year ending 30 June 2004."

The report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985 and in conformity with Section 26 of the Coal Industry Superannuation Act 1989.

**G R GILLIES
CHAIRMAN**

MEMBER