

CISB

Coal Industry Superannuation Board

Annual Report 2009



ABN 75 305 378 553 – CISF
ABN 36 645 349 721 – CISB
AFS Licence 255844



**HON NORMAN MOORE MLC
MINISTER FOR MINES AND PETROLEUM**

"In accordance with the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the report of the Coal Industry Superannuation Board for the year ending 30 June 2009."

The report has been prepared in accordance with the provisions of the Financial Management Act 2006 and in conformity with Section 26 of the Coal Industry Superannuation Act 1989.

Barbara White
CHAIRPERSON

[Signature]
MEMBER



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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
- Anti-Money Laundering – Counter Terrorism Financing Act 2006*
- Australian Prudential Regulation Act 1998*
- Auditor General Act 2006
- Coal Industry Superannuation Act 1989
- Coal Industry Superannuation Regulations 1990
- Corporations (Western Australia) Act 1990
- Corporations Act 2001*
- Electoral Act 1907
- Equal Opportunity Act 1984
- Family Law Act 1975*
- Family Law (Superannuation) Regulations 2001*
- Finance Sector (Collection of Data) Act 2001*
- Financial Management Act 2006
- 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
- 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
- State Records Act 2000
- Superannuation (Resolution of Complaints) Act 1993*
- Superannuation Contributions Tax (Assessment and Collection) Act 1997*
- 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 Management Act and Auditor General 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.


 CHAIRPERSON


 CHIEF FINANCE OFFICER


 MEMBER

21/9/2009
 DATE

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 Resources. The Board members are designated the Accountable Authority and the Administration Manager nominated as the Principal Accounting Officer under the constraints of the Financial Management Act 2006.

The Board consists of five members.

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

As at 30 June 2009 the members of the Board were:

Chairperson:

Ms B E Whittle

Employer Nominees:

Mr I Pigott

Manager Business Performance

Griffin Coal Mining Company Pty Ltd

Mr S Reynolds

Human Resources Manager

Premier Coal

Mr D Pullan (Alternate)

Premier Coal

Employee Nominees:

Mr G N Wood

Secretary, CFMEU Mining & Energy Division WA

Mr G Faries

Premier Coal

Mr G Della (Alternate)

Griffin Coal Mining Company Pty 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 \$60,000 per annum.. This is deducted from the total administration expenses.

	2008/09	2007/08
	\$	\$
Office Accommodation Exp's	17,681	15,911
Accounting & Actuarial Advice	60,331	26,415
Auditors Fees	53,350	47,938
Computer Services	39,456	45,391
Consulting Fees	58,960	66,503
FBT Tax / Bank Charges	9,585	9,949
APRA Fees	20,124	20,166
Legal Advice	-	16,696
Motor Vehicle Costs	2,953	3,783
Printing Postage & Stationery	18,082	18,327
Salaries & Board Remun.	155,727	108,845
Sundry Administration	13,111	8,416
Superannuation	19,968	24,541
Travelling Expenses	30,196	27,935
Trustee Liability Insurance	17,555	19,304
Workers Compensation	205	201
Reimbursement CMILSL	(60,000)	(60,000)
TOTAL	457,284	400,321

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 Commlnsure 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 2008/2009 amounted to \$178,709 compared to \$160,094 in 2007/2008.

ACT & REGULATION AMENDMENTS

There were no amendments made to the Act and Regulations in 2008/2009.

TRUSTEE INDEMNITY INSURANCE

The Board has Trustee Indemnity Insurance cover with Vero.

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 for members who have a defined benefit account. For those members with accumulation accounts only a \$1 a week administration fee is charged.
- Account Based and Transition to Retirement Pensions are available to members of the Fund.

MEMBERSHIP OF THE FUND

On 30 June 2009, there were 709 current members, who were required to make contributions to the Fund and 372 retained members, 2 hold, 14 accumulation only and 10 Pension members making a membership of 1107 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.

	2008/09	2007/08
Mine workers beginning of period	646	595
Active LWOP/Maternity	0	2
New Members	151	107
Less Exits		
Retirements 60 years	9	2
Opt. Retirement 55-60 years	3	7
Opt. Retirement 62 years	-	-
Total & Permanent Disablement	-	1
Partial & Permanent Disablement	-	-
Death	1	1
Resignation, Dismissal	71	41
Retrenchment	-	-
Leave Without Pay	2	6
Mine workers at end of period	711	646

CONTRIBUTIONS

The weekly rate of contributions payable by members and employers was 3% and 8.5% of the Benchmark Amount which was \$48,893 until 30 June 2009 when it was indexed by 5.7% to \$51,775 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

New contributions are \$59.74 p/f member and \$169.26 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:

	2008/09	2007/08
	\$	\$
Member	1,170,464	1,079,570
Salary Sacrifice	3,226,185	3,503,099
Employer / Award	4,960,731	4,247,377
Transfers In	668,660	1,613,874
Total Contributions	10,026,040	10,443,920



FUND OPERATIONS (cont.)

BENEFIT PAYMENTS

During the year benefits paid and payable totalled \$6,818,095.

CONTRIBUTION / BENEFIT COMPARISON

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

	2008/09	2007/08
	\$	\$
Contributions	10,026,040	10,443,920
Benefits	6,818,095	7,444,521
Surplus	3,207,945	2,999,399
Deficit		-

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 2006.

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 4.8%.

The average investment return for the Fund over the last three years was 15.2% per annum, net of tax and investment expenses. The corresponding smoothed Fund return averaged 13.0% per annum exceeding the increase in salaries over the three years to 30 June 2006 by 8.2% 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:-

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 by those assets representing the accumulation account liabilities and the accumulation investment fluctuation reserve (that is the accumulation assets).

Net Market Value Assets:	\$126,837,352
less:	
Accumulation Assets	\$37,412,586

leaving:

Net market value of defined benefit Assets	\$89,424,766
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Vested Benefits for Defined Benefits (Category A and Retained)	\$66,300,482
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Minimum Vested Benefits Ratio:	135%
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A ratio of 135% represents a satisfactory level of cover for the Fund's minimum vested benefits. The vested benefits ratio at the last Actuarial Review at 30 June 2003 was 106% and has primarily increased due to strong investment returns.



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 new members are issued with a PDS 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.

Web Site

The CISF website contains general information on the Fund including publications, forms, newsletters, general superannuation information and web links. The website address is www.cisf.com.au

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
PO BOX 492
SUBIACO WA 6904

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 2009 against the benchmark or neutral position and the acceptable ranges as set out in the Investment Policy Statement.

	Shares	Property	Alternatives	Fixed Interest	Cash	Growth Assets	Overseas Unhedged
Range	20%-70%	0%-25%	0%-10%	10%-50%	0%-50%	20%-75%	0%-30%
Benchmark	57.5%	7.5%	5.0%	25.0%	5.0%	70.0%	20.0%
Actual 2009	41.4%	5.0%	4.6%	19.2%	11.9%	68.9%	12.9%
Actual 2008	61.0%	5.0%	4.4%	18.2%	7.9%	70.4%	13.0%

PERFORMANCE

Measured to 30 June 2009 comparative performance statistics (% p.a.) for the last five years are as follows:

	5 Year Av.	2008/09	2007/08	2006/07	2005/06	2004/05
	%	%	%	%	%	%
CISB EARNING NET RATE	4.8	-12.0	-8.4	17.4	16.4	14.6
CISB CREDITING RATE	4.7	-12.0	-5.0	17.0	15.0	11.7

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

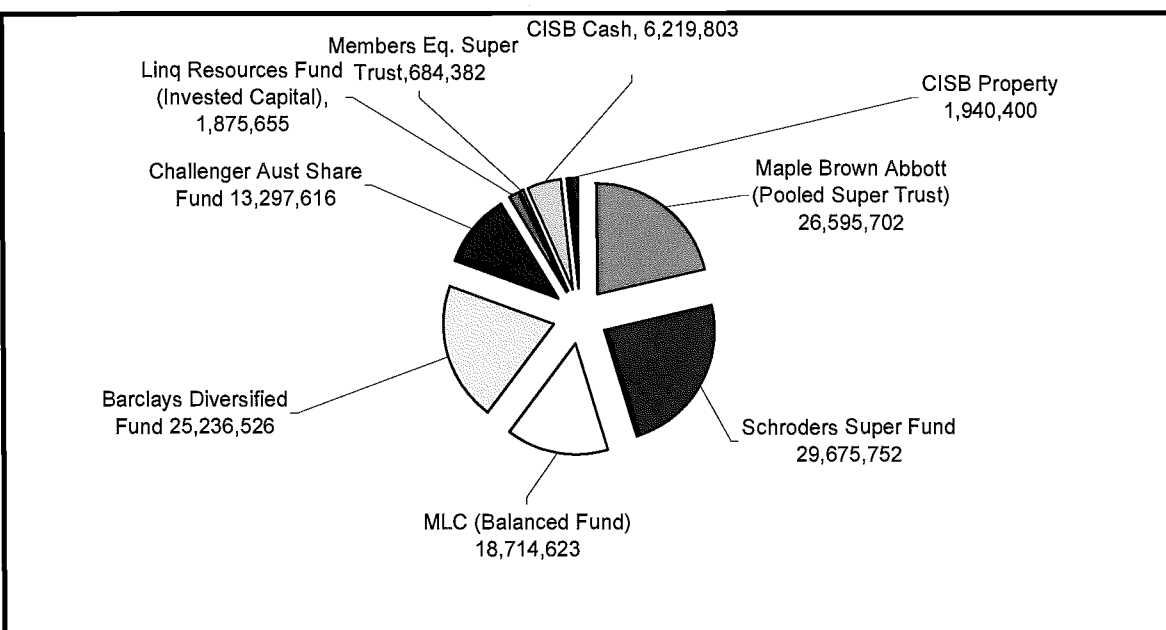
In a year in which the fund earning rate is higher than the return on cash:

- 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.

For the 2008/09 year the Board of Trustees on advice from the Actuary agreed to vary the crediting rate from the Minimum Cash Return Method of 4.7% as there was insufficient reserves to credit that rate.

Pension members were credited at -12.4% for the Growth option and 5.9% for the Cash option.

PORTFOLIO 2008/09





FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS AS AT 30 JUNE 2009

	Notes	2009 \$	2008 \$
ASSETS			
Cash & cash equivalents			
Cash on hand		300	300
Cash at bank		1,441,778	691,627
Receivables			
Accrued income		3,382	-
Trust distributions receivable		47,424	762,298
GST receivable		5,843	5,193
Investments			
Pooled Superannuation Trusts	6	81,643,219	84,440,600
Insurance Policies	7	18,714,623	28,289,588
Equities in Listed Entities	8	1,875,655	4,365,162
Units in Unit Trusts	9	13,981,998	17,250,620
Interest Bearing Investments	10	4,777,725	3,129,499
Land and Buildings	11	1,940,400	2,371,600
Other Assets			
Prepayments		25,364	33,951
Office equipment and furniture		12,500	16,750
Motor vehicle		36,300	25,400
Deferred tax assets	13(e)	366,496	11,268
TOTAL ASSETS		124,873,007	141,393,856
LIABILITIES			
Creditors and accruals	12	105,225	111,962
Current tax liabilities	13(c)	499,138	443,769
Deferred tax liabilities	13(d)	507	346,408
TOTAL LIABILITIES		604,870	902,139
NET ASSETS AVAILABLE TO PAY BENEFITS		124,268,137	140,491,717

The accompanying notes form an integral part of this statement.



FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
INVESTMENT REVENUE			
Interest		172,283	114,159
Trust distributions	14	706,095	1,323,511
Rent received		15,665	15,000
Changes in net market values	15(a)	(19,524,087)	(14,774,807)
Direct investment (expenses)/rebate	16	121,216	189,122
		<u>(18,508,828)</u>	<u>(13,133,015)</u>
CONTRIBUTION REVENUE			
Employer contributions		4,960,731	4,247,377
Salary sacrifice contributions		3,226,185	3,503,099
Member contributions		1,170,464	1,079,570
Transfers in		668,660	1,613,874
		<u>10,026,040</u>	<u>10,443,920</u>
OTHER REVENUE			
Insurance proceeds		73,996	94,526
Changes in net market value other assets	15(b)	(15,190)	(11,274)
		<u>58,806</u>	<u>83,252</u>
TOTAL REVENUE		<u>(8,423,982)</u>	<u>(2,605,843)</u>
EXPENSES			
General administration expenses	17	457,284	400,321
Group life premiums		178,709	160,094
Contribution surcharge		-	292
Benefits paid		6,818,095	7,444,521
TOTAL EXPENSES		<u>7,454,088</u>	<u>8,005,228</u>
CHANGES IN NET ASSETS BEFORE TAX		<u>(15,878,070)</u>	<u>(10,611,071)</u>
INCOME TAX EXPENSE	13(a)(b)	345,510	642,921
CHANGES IN NET ASSETS AFTER TAX		<u>(16,233,580)</u>	<u>(11,253,992)</u>
NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the period		140,491,717	151,745,709
NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the period	2	<u>124,268,137</u>	<u>140,491,717</u>

The accompanying notes form an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial report of Coal Industry Superannuation Fund ("Fund") are general purpose statements which have been drawn up in accordance with Australian accounting standards including AAS 25 "Financial Reporting by Superannuation Funds" ("AAS25") as amended by AASB 2005-13 (December 2005), other applicable Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS") and the provisions of the Act as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

Where modification is required and has a material or significant effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

The Fund is a superannuation fund domiciled in Australia. The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

The financial statements were approved by the Members of the Trustee, Coal Industry Superannuation Board, on _____.

(b) Basis of Preparation

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB"), being the Australian equivalent to IFRS ("AIFRS") to distinguish from previous Australian generally accepted accounting principles ("GAAP"). Since AAS25 is the principal standard that applies to the financial statements, other standards, including AIFRS, are also applied where necessary except to the extent that they differ from AAS25.

At the date of authorisation of the financial report, the following Standards which are expected to be relevant to the Fund were in issue but not yet effective.

(b) Basis of Preparation (continued)

The board anticipates the adoption of these Standards will have no material financial impact on the financial report of the Plan.

- AASB 8 *Operating Segments* replaces the requirements of segment disclosures in AASB 114 *Segment Reporting*. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009.
- AASB 101 *Presentation of Financial Statements* (Revised September 2007) and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (September 2007) and applicable for annual reporting periods beginning on or after 1 January 2009.
- Revised AASB 101 *Presentation of Financial Statements* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income or, in an income statement and a separate statement of comprehensive income.
- AASB 2009-2 Amendments to Australian Accounting Standards – *Improving Disclosures about Financial Instruments* (AASB 4, AASB 7, AASB 1023 AND AASB 1038) requires disclosures of financial instruments measured at fair value to be based on a three-level fair value hierarchy that reflects the significance of the inputs in such fair value measurement as well as requiring qualitative and quantitative disclosures of liquidity risk. AASB 2009-2 will become mandatory for the Fund's 30 June 2010 financial statements. The Fund has not yet determined the potential effect of the revised standard on the Fund's disclosures.
- AASB 123 *Borrowing Costs* and consequential amendments to other accounting standards resulting from its issue for annual reporting periods beginning on or after 1 January 2009.
- AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising from Liquidation* for annual reporting periods beginning on or after 1 January 2009.

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.



(c) Use of Estimates and Judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires the Trustee to exercise its judgement in the process of applying the entity's accounting policies.

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 and in any future periods affected.

There are no critical accounting estimates and judgements contained in these financial statements other than those used to determine the liability for accrued benefits, which are not brought to account but disclosed by way of note.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(d) Investments

Investments of the fund are initially recognised at cost, being the fair value of the consideration given.

After initial recognition assets of the fund are recorded at net market value, after allowing for costs of realisation, as at the reporting date and changes in the net market value of assets 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 Trusts 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.

(d) Investments (continued)

Where material, estimated costs of realisation have been deducted.

The fair value of investments are considered to approximate net market value.

(e) 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.

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.



(f) Contribution Surcharge

The contribution surcharge is recorded as an expense in the Operating Statement 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 (ATO) and was unpaid at balance date.

The Superannuation Laws Amendment (Abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

(g) 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.

(h) 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.

Contribution Revenue

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

(h) Revenue (continued)

Superannuation co-contributions from the Australian government are recognised on a cash basis as this is the only point at which measurement is reliable.

(i) 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 Net Assets.

(j) 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 net market value of the amount payable.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, demand deposits and short term, highly liquid investments that are readily converted to known amounts of cash.

(l) Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Fund transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(m) Excess Contributions Tax

The Australian Taxation Office ("ATO") may issue release authorities to members of the Fund relating to the relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year.

The liability for excess contributions tax will be recognised when the relevant release authorities are received from members, as the Trustee considers this is when it can be reliably measured.

The excess contributions tax liability recognised by the Fund will be charged to the relevant members' accounts.



(n) No-TFN Contributions Tax

Where a member does not provide their tax file number to a fund, the fund may be required to pay no-TFN contributions tax at a rate of 31.5% which is in addition to the concessional tax rate of 15% which applies to the Fund's assessable income.

The no-TFN contributions tax liability recognised by the Fund will be charged to the relevant members' accounts. Where a tax offset is obtained by the Fund in relation to members' no-TFN contributions tax, the tax will be included in the relevant members' accounts.

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 fund 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 2006. Accrued benefits were previously valued as part of a comprehensive actuarial review undertaken at 30 June 2003.

	2006 \$ \$	2003 \$ \$
Accrued Benefits	101,595,374	76,292,530
	=====	=====

The main assumptions used to determine the actuarial value of accrued benefits at the last review date were:

- The future rate of investment return earned on the Fund's investments would be 6%
- The future rate of salary increases would be 4.5%

3 VESTED BENEFITS

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 and elected a cash benefit.

	2009 \$	2008 \$
Vested Benefits	119,197,998	117,977,915
	=====	=====

4 GUARANTEED BENEFITS

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

5 FUNDING ARRANGEMENTS

The funding policy adopted in respect of the fund 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 fund membership, salary growth and average market value of plan assets.

The weekly rate of contributions payable by members and employers was 3% and 8.5% of the Benchmark Amount, which was \$48,983 during the year ended 30 June 2009. At 30 June 2009 the Benchmark Amount was indexed by 5.7% to \$51,775 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

6 POOLED SUPERANNUATION TRUSTS

	2009 \$	2008 \$
Barclays Diversified Share Fund	25,236,526	27,517,189
Maple-Brown Abbott PST	26,595,702	28,224,223
Schroders Superannuation Fund	29,810,991	28,699,188
	-----	-----
	81,643,219	84,440,600
	=====	=====

7 INSURANCE POLICIES

	2009 \$	2008 \$
MLC Balanced Fund	18,714,623	28,289,588
	=====	=====

8 EQUITIES IN LISTED ENTITIES

	2009 \$	2008 \$
Linq Resources Fund	1,875,655	4,365,162
	=====	=====

9 UNITS IN UNIT TRUSTS

	2009 \$	2008 \$
Challenger Australian Share Trust	13,297,616	16,547,864
Super Loans Trust	684,382	702,756
	-----	-----
	13,981,998	17,250,620
	=====	=====

10 INTEREST BEARING INVESTMENTS

	2009 \$	2008 \$
Bankwest Cash Management	3,762,496	3,129,499
Commonwealth Bank Term Deposit	1,015,229	-
	-----	-----
	4,777,725	3,129,499
	=====	=====



11 LAND AND BUILDINGS

	2009 \$	2008 \$
242 Rokeby Rd, Subiaco	1,940,400	2,371,600
	=====	=====

12 CREDITORS AND ACCRUALS

	2009 \$	2008 \$
Accounting fees	11,935	9,625
Actuarial fees	2,321	726
APRA fees	20,111	20,111
Audit fees	48,400	45,870
Consulting fees	4,375	15,142
Direct investment expenses	6,809	6,518
Fringe benefits tax	2,410	2,416
PAYG withholding	7,808	8,626
Sundry expenses	1,056	2,928
	-----	-----
	105,225	111,962
	=====	=====

13 INCOME TAX

(a) Major components of tax expense

	2009 \$	2008 \$
Current income tax		
- Current tax charge	1,258,643	1,261,131
- Adjustment to current tax for prior period	(203,619)	(87,220)
Deferred income tax		
- Relating to the origination and reversal of temporary differences	(709,514)	(531,620)
Income Tax Expense	345,510	642,291
	=====	=====
(b) Income tax expense		
Changes in net assets before tax	(15,878,070)	(10,611,071)
	=====	=====
Tax applicable at the rate of 15% (2008 15%)	(2,381,711)	(1,591,661)
Tax effect of income that is not assessable in determining taxable income		
- Investment income	1,873,176	1,459,944
- Capital gains discount	350,566	237,342
- Members' contributions	(175,570)	(161,936)
- Transfer In	(100,299)	(242,081)
- Insurance proceeds	(11,099)	(14,179)
Tax effect of expenses that are not deductible in determining taxable income		
- Benefit payments	1,022,714	1,116,678
- Contributions Surcharge	-	44
- Legal Fees	-	417
Tax effect of other adjustments		
- Anti-detriment	(20,163)	(15,819)
- Exempt pension income	(8,485)	(9,308)
- Imputation & foreign tax credits	-	(49,300)
- Over provision prior periods	(203,619)	(87,220)
	-----	-----
Income Tax Expense	345,510	642,921
	=====	=====

13 INCOME TAX (continued)

(c) Current tax liabilities

	2009 \$	2008 \$
<u>Provision for current income tax</u>		
Balance at beginning of year	443,769	508,115
Income tax paid – current period	(759,505)	(805,518)
Income tax paid – prior period	(231,766)	(425,318)
Overprovision prior periods	(212,003)	(94,641)
Current years income tax expense	1,258,643	1,261,131
	-----	-----
	499,138	443,769
	=====	=====

(d) Deferred tax liabilities

	2009 \$	2008 \$
The amount of deferred tax liability recognised in the Statement of Net Assets:		
Accrued income	507	-
Unrealised capital gains	-	347,752
Balancing charge other assets	-	(1,344)
	-----	-----
	507	346,408
	=====	=====

(e) Deferred tax assets

	2009 \$	2008 \$
The amount of deferred tax asset recognised in the Statement of Net Assets:		
Accrued Expenses	11,974	11,268
Balancing charge other assets	1,143	-
Unrealised capital losses	353,379	-
	-----	-----
	366,496	11,268
	=====	=====

14 TRUST DISTRIBUTIONS

	2009 \$	2008 \$
Challenger Australian Share Trust	700,853	523,832
Linq Resources Fund	(84,569)	766,514
Super Loans Trust	89,811	33,165
	-----	-----
	706,095	1,323,511
	=====	=====



15 CHANGES IN NET MARKET VALUES

(a) Investments

	2009	2008
	\$	\$
<u>Held at Reporting Date</u>		
Pooled Superannuation Trusts	(7,869,614)	(7,887,664)
Insurance Policies	(3,225,967)	(2,089,664)
Shares in Listed Entities	(2,581,785)	212,641
Unit Trusts	(4,055,434)	(5,512,228)
Land & Buildings	(431,200)	506,730
<u>Realised during the period</u>		
Insurance Policies	(1,360,087)	-
Unit Trusts	-	(4,622)
	(19,524,087)	(14,774,807)
	=====	=====

(b) Other Assets

	2009	2008
	\$	\$
<u>Held at Reporting Date</u>		
Office Equipment	(6,279)	(6,674)
Motor Vehicles	(2,602)	(4,600)
<u>Realised during the period</u>		
Motor Vehicles	(6,309)	-
	(15,190)	(11,274)
	=====	=====

16 DIRECT INVESTMENT EXPENSES/(REBATES)

	2009	2008
	\$	\$
Investment monitoring	24,836	22,033
Property expenses	23,231	16,004
	48,067	38,037
Fee rebates	(169,283)	(227,159)
	(121,216)	(189,122)
	=====	=====

17 GENERAL ADMINISTRATION EXPENSES

	2009	2008
	\$	\$
Accounting fees	22,150	18,256
Actuarial advice	38,181	8,159
APRA fees	20,124	20,166
Audit fees	53,350	47,938
Bank charges	170	322
Board remuneration	25,500	13,205
Computer support and services	39,456	45,391
Consulting fees - PWC	41,410	64,473
Consulting fees - other	17,550	2,030
Electricity	2,873	3,626
Fringe benefits tax	9,415	9,627
Legal advice	-	16,696
Motor vehicle expenses	2,953	3,783
Office cleaning	3,764	3,413
Printing, postage & stationery	18,082	18,327
Salaries & wages	130,227	95,640
Security expenses	1,420	929
Sundry administration	13,111	8,416
Superannuation	19,968	24,541
Telephone	9,624	7,943
Travelling & accommodation expenses	2,560	4,018
Trustee, staff training & conference expenses	27,636	23,917
Trustee insurance	17,555	19,304
Workers compensation	205	201
	517,284	460,321
	-----	-----
Reimbursement CMILSL (Funding) Corporation	(60,000)	(60,000)
	457,284	400,321
	=====	=====

18 AUDITOR'S REMUNERATION

	2009	2008
	\$	\$
Amounts paid or due and payable to the Auditor General for the following services:		
Audit Services	48,400	45,870
Other Services	-	-
	48,400	45,870
	=====	=====



19 GENERAL DISCLOSURE

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

(a) Remuneration of Members of the Accountable Authority

Members of the Accountable Authority have received \$26,670 (2008: \$15,719) in remuneration for attending board meetings.

(b) Remuneration Benefits of Senior Officers

	2009	2008
	\$	\$
The total remuneration of Senior Officers is:	146,687	130,060

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:

	2009	2008
120,000 - 129,999	1	1

(c) Retirement Benefit of Senior Officers

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

	2009	2008
	\$	\$
Total retirement benefits of Senior Officers	21,908	22,026

The Trustee of the Fund throughout the year was The Coal Industry Superannuation Board. The Board is considered to be the Key Management Personnel of the Fund.

20 SEGMENT INFORMATION

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

21 EXPLANATORY STATEMENT

(a) Estimate Comparisons

	Actual 2009 \$	Unaudited Estimate 2009 \$	Variation \$
Interest	172,283	150,000	22,283
Trust distributions	706,095	1,500,000	(794,905)
Rental Income	15,665	16,000	(335)
Changes in NMV	(19,524,087)	5,000,000	(24,524,087)
Direct invest expenses	121,216	170,000	(48,784)
Contribution revenue	10,026,040	10,800,000	(773,960)
Insurance proceeds	73,996	100,000	(26,004)
Changes NMV assets	(15,190)	(15,000)	(190)
TOTAL REVENUE	(8,423,982)	17,721,000	(26,144,982)
General admin expenses	457,284	455,000	(2,284)
Group life premiums	178,709	170,000	(8,709)
Contributions surcharge	-	1,000	1,000
Benefits paid	6,818,095	6,000,000	(818,095)
TOTAL EXPENSES	7,454,088	6,626,000	(828,088)
NET SURPLUS/ (DEFECIT)	(15,878,070)	11,095,000	(26,973,070)
Income Tax Expense	345,510	750,000	404,490
NET SURPLUS AFTER TAX	(16,223,580)	10,345,000	(26,568,580)
Net Assets beginning of period	140,491,717	140,427,734	63,983
Net Assets end of period	124,268,137	150,772,734	(26,504,597)



21 EXPLANATORY STATEMENT (CONTINUED)

Explanation of Significant Variances

Trust Distributions

Trust distributions are dependent on the investment performance of the underlying unit trust. Distributions are declared at the discretion of the Trustee and are a function of the revenue earned by the trust in a particular reporting period. This amount will vary from year to year depending on the circumstances of the trust.

Changes in Net Market Value

Investments declined more than anticipated for the current year due to poor investment performance by the Fund's investment managers.

Contributions

Members can elect to make additional salary sacrifice and member contributions, which the Fund estimated would be a similar amount to the previous year. Members elected to contribute less than anticipated.

Benefits Paid

The estimate for benefits paid was based on the previous year, however, as benefit payments are a function of members terminating employment, the Fund is unable to accurately estimate the number of members who will receive benefit payments in any period.

Income Tax Expense

Income tax expense was lower than estimated due to the poor investment performance during the financial year.

(b) Actual Comparisons

	Actual 2009 \$	Actual 2008 \$	Variation \$
Interest	172,283	114,159	58,124
Trust distributions	706,095	1,323,511	(617,416)
Rental Income	15,665	15,000	665
Changes in NMV	(19,524,087)	(14,774,807)	(4,749,280)
Direct invest expense	121,216	189,122	(67,906)
Contribution revenue	10,026,040	10,443,920	(417,880)
Insurance proceeds	73,996	94,526	(20,530)
Changes NMV assets	(15,190)	(11,274)	(3,916)
TOTAL REVENUE	(8,423,982)	(2,605,843)	(5,818,139)
General admin expenses	457,284	400,321	(56,963)
Group life premiums	178,709	160,094	(18,615)
Contributions surcharge	-	292	292
Benefits paid	6,818,095	7,444,521	626,426
TOTAL EXPENSES	7,454,088	8,005,228	551,140
NET SURPLUS/ (DEFECIT)	(15,878,070)	(10,611,071)	(5,266,999)
Income Tax Expense	345,510	642,921	297,411
NET SURPLUS AFTER TAX	(16,223,580)	(11,253,992)	(4,969,588)
Net Assets beginning of period	140,491,717	151,745,709	(11,253,992)
Net Assets end of period	124,268,137	140,491,717	(16,223,580)

Explanation of Significant Variances

Trust Distributions

Trust distributions are dependent on the investment performance of the underlying unit trust. Distributions are declared at the discretion of the Trustee and are a function of the revenue earned by the trust in a particular reporting period. This amount will vary from year to year depending on the circumstances of the trust.

Changes in Net Market Value

Investments declined more during the financial year than the previous year due to poorer investment performance by the Fund's investment managers.



21 EXPLANATORY STATEMENT (CONTINUED)

Contribution Revenue

Members can elect to make additional salary sacrifice contributions and member contributions at their discretion. Members elected to contribute less than they did in the previous year.

Benefits Paid

Benefit payments are lower than the previous year due to less members leaving the Fund.

Income Tax Expense

Income tax expense was lower than the prior year due to the to the poor investment performance during the financial year.

22 FINANCIAL INSTRUMENTS

The Fund's assets principally consist of financial instruments which comprise units in pooled superannuation trusts, insurance policies, equities in listed entities and units in unlisted trusts. It holds these investment assets in accordance with the Trustee's published investment policy statement.

The allocation of assets between the various types of financial instruments is determined by the Trustee who manages the Fund's portfolio of assets to achieve the Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund on at least a quarterly basis.

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Trustee of the Fund has overall responsibility for the establishment and oversight of the Fund's risk management framework.

22 FINANCIAL INSTRUMENTS (CONTINUED)

The Trustee is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund's investment managers, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

In managing and monitoring the risks the Trustee receives quarterly reports from the Fund's Investment Consultant and management to monitor compliance with the Fund's investment policy statement. The Fund's Investment Consultant provides recommendations in their quarterly report in relation to the review or retention of investments. The Trustee appoints the Investment Consultant to complete independent reviews of the Fund's investments when they consider it necessary.

The Fund's Trustee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Categories of financial instruments

The assets and liabilities of the Fund are recognised at net market value as at the reporting date. Net market value approximates fair value less costs of realisation for investments. The cost of realisation is minimal and therefore net market value that is carrying value approximates fair value. Changes in net market value are recognised through the Statement of Changes in Net Assets.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency Risk

The Fund invests in Australian domiciled investments where the underlying investments may include overseas equities. These investments are all denominated in Australian dollars.



22 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The majority of the Fund's financial assets are non-interest-bearing. The Fund's only direct fixed interest bearing financial instruments is in a cash management trust and term deposit. The Fund invests in Australian domiciled pooled superannuation trusts, insurance policies, listed entities and unlisted trusts where the underlying investments may include interest bearing financial instruments. As a result, the Fund may be subject to indirect exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are invested in an interest bearing bank account.

As the interest rates on the Fund's bank account and cash management trust are floating rates and vary with market interest rates, any change in interest rates will have no impact on the valuation of the account. The amount of interest the Fund receives after interest rate changes is dependent on the Fund's bank balance in the future. As any increase or decrease in interest likely to be received is immaterial, a sensitivity analysis was not performed.

Other market price risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Fund's financial instruments are valued at net market value with changes in net market value recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect investment revenue.

The Trustee has determined that the standard deviation of the rate of return for the Fund will provide a reasonably possible change in the prices of the investments. The five year average standard deviation of rates of return for the Fund, were provided by the Fund's asset consultant. The following table illustrates the effect on change in net assets after tax and net assets available to pay benefits from possible changes in market price risk.

22 FINANCIAL INSTRUMENTS (CONTINUED)

Other market price risk (Continued)

Sensitivity variable	Standard Deviation	Change in accrued benefits as a result of Operations \$	Net Assets available to pay benefits \$
Benchmark standard deviation - 2009	11.0%	12,985,333	12,985,333
Benchmark standard deviation - 2008	6.6%	9,023,360	9,023,360

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Fund's investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each asset classes' expected return in future years.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The net market value of financial assets, included in the Statement of Net Assets represents the Fund's maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by the Trustee by quarterly reporting from its investment consultant.



22 FINANCIAL INSTRUMENTS (CONTINUED)

The Fund does not have any assets which are past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity position is monitored on a weekly basis. The Fund's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, Fund expenses and investing activities.

The following tables summarise the expected maturity profile of the Fund's financial liabilities based on the earliest date on which the Fund can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

30 June 2009	Less than 3 months \$	3 Months to 1 year \$	Total Contractual Cash Flows \$	Carrying Amount (Asset)/ Liabilities \$
Creditors & accruals	105,225	-	105,225	105,225
Current tax liabilities	329,905	169,233	499,138	499,138
Vested benefits	119,197,998	-	119,197,998	119,197,998
Total	119,633,128	169,233	119,802,361	119,802,361

22 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk (continued)

30 June 2008	Less than 3 months \$	3 Months to 1 year \$	Total Contractual Cash Flows \$	Carrying Amount (Asset)/ Liabilities \$
Creditors & accruals	111,962	-	111,962	111,962
Current tax liabilities	353,643	90,126	443,769	443,769
Vested benefits	117,977,915	-	117,977,915	117,977,915
Total	118,443,220	90,126	118,533,646	118,533,646

Vested benefits have been included in the less than 3 months column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

Fair Value Estimation

The carrying amounts of all the Fund's financial instruments at the balance date approximated their fair values.

Derivative financial instruments

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.



23 ACTUARIAL REPORT

A Triennial Actuarial Review of the Fund was undertaken at 30 June 2006. The 30 June 2009 Triennial Actuarial Review is not available yet.

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 45.8%.

The average investment return for the Fund over the last three years to 30 June 2006 was 15.2% per annum, net of tax and investment expenses.

The corresponding smoothed Fund return averaged 13.0% per annum. The increase in the benchmark amount over the three years to 30 June 2006 exceeded the smoothed investment return by 8.2% per annum.

The Fund's Actuary is Janice Jones, FIAA.

Based on the Triennial Actuarial Review undertaken at 30 June 2006 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.

23 ACTUARIAL REPORT (CONTINUED)

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:	124,154,609
less:	
Category A Accumulation Accounts	28,587,786
Category B Accumulation Accounts	159,410
Retained Accumulation Accounts	5,950,152
Pension Accounts	597,544
Accumulation Investment	
Fluctuation Reserve	2,117,694
leaving:	_____
Net Assets	86,742,023
Vested Benefits for Defined Benefits (Category A and Retained)	66,300,482
Minimum Vested Benefits Ratio:	130.8%

A ratio of 130.8% 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 Management Act 2006 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2009 and the financial position as at 30 June 2009.

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".

Barbara M. Le
CHAIRPERSON

21/9/09
DATE

[Signature]
MEMBER

21/9/09
DATE

[Signature]
G E PEIRCE
CHIEF FINANCE OFFICER

21/9/09
DATE



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 81 benefit payments were made during 2008/09 compared to 63 benefit payments during 2007/08. 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.

2008/09		
Days	No. of Benefits	%
1 - 5 days	71	88
6 - 14 days	10	12
15 - 28 days	-	-
over 28 days	-	-
	<u>81</u>	<u>100</u>

2007/08		
Days	No. of Benefits	%
1 - 5 days	55	87
6 - 14 days	8	13
15 - 28 days	-	-
over 28 days	-	-
	<u>63</u>	<u>100</u>

2006/07		
Days	No. of Benefits	%
1 - 5 days	58	72
6 - 14 days	19	23
15 - 28 days	4	5
over 28 days	-	-
	<u>81</u>	<u>100</u>

2005/06		
Days	No. of Benefits	%
1 - 5 days	40	69
6 - 14 days	15	26
15 - 28 days	3	5
over 28 days	-	-
	<u>58</u>	<u>100</u>

2004/05		
Days	No. of Benefits	%
1 - 5 days	34	62
6 - 14 days	17	31
15 - 28 days	3	5
over 28 days	<u>1</u>	<u>2</u>
	<u>55</u>	<u>100</u>

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

	2008/09	2007/08
Administration expenses	\$457,284	\$400,321
Percentage of Contributions received	4.56%	3.83%
Percentage of Total assets	0.37%	0.28%

	2007/08	2006/07
Administration expenses	\$400,321	\$347,212
Percentage of Contributions received	3.83%	2.98%
Percentage of Total assets	0.28%	0.23%

	2006/07	2005/06
Administration expenses	\$347,312	\$374,458
Percentage of Contributions received	2.98%	4.50%
Percentage of Total assets	0.23%	0.29%

	2005/06	2004/05
Administration expenses	\$374,458	\$339,334
Percentage of Contributions received	4.50%	5.62%
Percentage of Total assets	0.29%	0.32%

	2004/05	2003/04
Administration expenses	\$339,334	\$329,668
Percentage of Contributions received	5.62%	4.75%
Percentage of Total assets	0.32%	0.35%

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 2009.

Barbara White
CHAIRPERSON

21/9/09
DATE

[Signature]
MEMBER

21/9/09
DATE



AUDITOR'S OPINION - FINANCIAL STATEMENTS



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

COAL INDUSTRY SUPERANNUATION BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Coal Industry Superannuation Board.

The financial statements comprise the Statement of Net Assets as at 30 June 2009, and the Statement of Changes in Net Assets for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf.

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Coal Industry Superannuation Board
Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Coal Industry Superannuation Board at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2009.



GLEN CLARKE
ACTING AUDITOR GENERAL
22 September 2009



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.

- (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

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 45%'

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 45% 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:

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 2006.

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 by those assets representing the accumulation account liabilities and the accumulation investment fluctuation reserve (that is the accumulation assets).

Minimum Vested Benefits Ratio: 135%

A ratio of 135% 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.



ANNUAL ESTIMATES 2009/10

(NOT SUBJECT TO AUDIT)

	Estimate 2009/10	Actual 2008/09
Investment Revenue		
Interest	150,000	172,283
Trust Distributions	1,000,000	706,095
Rent Received	17,000	15,665
Changes in Net MV	5,000,000	(19,659,326)
Direct Invest Expense	170,000	121,216
	<u>6,337,000</u>	<u>(18,644,067)</u>
Contribution Revenue		
Employer Contributions	5,500,000	4,960,731
Salary Sacrifice Conts	2,500,000	3,226,185
Member Contributions	1,200,000	1,170,000
Transfers In	1,000,000	668,660
	<u>10,200,000</u>	<u>10,026,040</u>
Other Revenue		
Insurance Proceeds	100,000	73,996
Changes NMV Other Assets	(15,000)	(15,190)
	<u>85,000</u>	<u>58,806</u>
TOTAL REVENUE	<u>16,622,000</u>	<u>(8,559,221)</u>
EXPENSES		
Administration Expenses	500,000	457,284
Group Life Premiums	170,000	178,709
Contributions Surcharge	1,000	-
Benefits Paid	6,000,000	6,818,095
	<u>6,671,000</u>	<u>7,454,088</u>
CHANGES IN NET ASSETS BEFORE TAX		
	9,951,000	(16,013,309)
Income Tax Expense	500,000	345,510
CHANGES IN NET ASSETS AFTER TAX		
	10,451,000	16,358,819
Net Assets Available to Pay Benefits (Beg. of Period)	124,132,898	140,491,717
Net Assets Available to Pay Benefits (End of Period)	<u>134,583,898</u>	<u>124,132,898</u>

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

2008/09 Actual	2009-10 Target
1107	1100

Assets under management

2008/09 Actual	2009-10 Target
\$124M	\$135M

Quality

Number of Audit Exceptions

2008/09 Actual	2009-10 Target
Nil	Nil

Investment return compared to median fund manager

2008/09 Actual	2009-10 Target
-12%	5%

Timeliness

Average time to satisfy member queries

2008/09 Actual	2009-10 Target
24hrs	24hrs

Cost

Management Expense Ratio (MER)

2008/09 Actual	2009-10 Target
0.58	0.58