



CONTENTS

Page

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 2003/04.....	28
Auditor's Opinion - Performance Indicators.....	29
Statement of Compliance.....	30



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

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

It is important to recognise that 2002/03 was the second successive year where investment returns for most funds have been generally negative.

Despite this, our Fund over the past twelve months has continued to perform well as is evidenced in the Funds investment return of -1.7% against the median fund growth manager of -2.1% as measured by the Intech Growth Funds (Australia wide) survey of investment managers.

Over the last three year period the Fund when compared to the median growth manager (on average) returned 1.6% compared to -0.1% which ranked the Fund 4th out of 31 funds in that survey.

In addition, the Benchmark Amount (level) for defined benefits increased by 4.64% in line with Average Weekly Ordinary Time Earnings (AWOTE).

During the year the Board also introduced additional benefits and services including Allocated Pensions, Health Benefits, Financial Planning Seminars and additional optional insurance cover which have resulted from the Board's continuing efforts to position the Fund ahead of the rest.

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

In accordance with the Coal Industry Superannuation Act and Regulations I am pleased to present the Annual Report of the Coal Industry Superannuation Board for the 2002/03 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 who 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 2003 the members of the Board were:

Chairman:

Mr G R Gillies
Adviser to the Managing Director
Western Power Corporation

Employer Nominees:

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

Mr B J Kelly
General Manager Marketing & Business
Wesfarmers Ltd

Mr T Morgan (Alternate Member)
Wesfarmers Premier Coal Ltd

Employee Nominees:

Mr G N Wood, Secretary
Coal Miners Industrial Union of Workers

Mr M Pokrywka
Metal and Engineering Workers Union - (Rep)

Mr G Della (Alternate Member)
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):- Mrs 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>2002/03</u>	<u>2001/02</u>
	\$	\$
Office Accommodation Exp's	14,143	11,656
Accounting & Actuarial Advice	23,888	23,465
Auditors Fees	13,750	13,200
Computer Services	2,251	4,399
Consulting Fees	22,729	16,804
FBT Tax / Bank Charges	8,217	7,682
APRA Fees	35,329	24,805
Legal Advice	19,285	6,661
Motor Vehicle Costs	3,771	4,128
Printing Postage & Stationery	10,081	9,366
Salaries & Board Remun.	104,591	101,247
Sundry Administration	7,500	6,524
Superannuation	17,736	15,542
Travelling Expenses	18,446	12,325
Trustee Liability Insurance	14,290	9,249
Workers Compensation	175	177
Reimbursement CMILSL	(40,000)	(40,000)
TOTAL	276,182	227,230

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 itself against death and total and permanent disablement for members both on and off the job to age 60 years. Insurance premiums for 2002/2003 amounted to \$151,601 compared to \$154,112 in 2001/2002.

ACT & REGULATION AMENDMENTS

On the 23 May 2003 the Coal Industry Superannuation Regulations were amended to allow for Allocated Pensions and allow short term employees to be members of the accumulation only section of the Fund.

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 2003, there were 545 **current** members, who were required to make contributions to the Fund and **265 retained** members making a membership of **810 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.

	2002/03	2001/02
Mine workers beginning of period	616	639
New Members	27	20
Less Exits		
Retirements 60 years	2	1
Opt. Retirement 55-60 years	27	9
Opt. Retirement 62 years	-	-
Total & Permanent Disablement	-	4
Partial & Permanent Disablement	-	-
Death	2	1
Resignation, Dismissal	42	18
Retrenchment	25	10
Leave Without Pay	-	-
Mine workers at end of period	545	616

CONTRIBUTIONS

The weekly rate of contributions payable by members and employers was 3% and 8.5% of the Benchmark Amount which was \$37,473 until 30 June 2003 when it was indexed by 4.64% to \$39,212 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

New contributions are \$45.24 p/f member and \$128.19 p/f employer. Both employer contributions required to be contributed have been received.

Contributions paid into the Fund during the year were:

	2002/03	2001/02
	\$	\$
Member	914,846	643,118
Salary Sacrifice	2,783,223	2,725,978
Employer / Award	2,752,237	2,537,523
Transfers In	721,256	217,021
Total Contributions	7,171,562	6,123,640



FUND OPERATIONS (cont.)

BENEFIT PAYMENTS

During the year benefits paid and payable totalled \$8,358,143.00.

CONTRIBUTION / BENEFIT COMPARISON

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

	<u>2002/03</u>	<u>2001/02</u>
	\$	\$
Contributions	7,171,562	6,123,640
Benefits	8,358,143	3,383,271
Surplus		2,740,369
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 2000.

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 3.7%.

The average investment return for the Fund over the last three years was 10% per annum, net of tax and investment expenses. The corresponding smoothed Fund return averaged 11.7% per annum exceeding the increase in salaries over the three years to 30 June 2000 by 8% 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 2.5% per annum.

Net Market Value Assets:	\$77,981,569
less:	
Category A Award Accounts	\$2,026,468
Category A Voluntary contribution (including Salary Sacrifice)	\$2,954,881
Category A Rollover Accounts	\$4,443,704
Category B Contribution Accounts	\$25,036
Accumulation Investment	
Fluctuation Reserve	<u>\$430,000</u>
Sub Total Accumulation Balances	\$9,880,089
Pensioners' Assets	\$1,667
Vested Benefits of Retained members	\$3,100,208
leaving:	
Net Assets	\$64,999,605
Minimum defined Vested Benefits for Category A members	\$43,953,262
Minimum Vested Benefits Ratio:	148%

A ratio of 148% represents a good level of cover for the Fund's minimum vested benefits.

With the downturn in the investment markets over the last two years the Board has continually monitored the financial position of the Fund. An interim actuarial review was undertaken in February 2003 which indicated that the Fund was still in a satisfactory financial position.

A full Actuarial review will be undertaken as at 30 June 2003.

PUBLICATION AND ADVISORY INFORMATION

The Board produces and makes available to members the following:

Coal Industry Superannuation Fund Members Booklet

This booklet is the Board's main advisory publication and copies can be obtained from employers (Wesfarmers Premier Coal Ltd and Griffin Coal Mining Company Pty Ltd), Coal Miners Industrial Union of Workers and directly 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 at either Colliery Offices, Coal Miners Industrial Union of Workers or 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

☎ 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 2003 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 2003	64.2%	8.2%	20.4%	7.2%	72.4%	17.0%
Actual 2002	65.7%	7.8%	21.0%	5.5%	73.6%	17.6%

PERFORMANCE

Measured to 30 June 2003 comparative performance statistics (% p.a.) for the last five years are as follows:

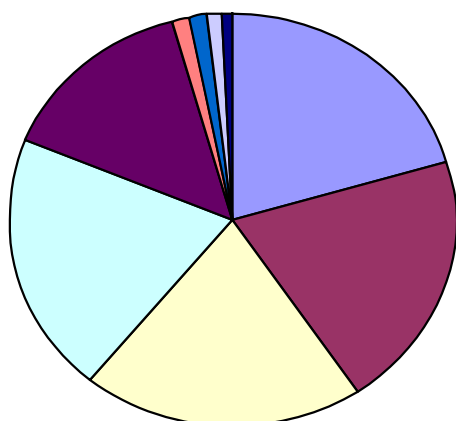
	5 Year Av. %	2002/03 %	2001/02 %	2000/01 %	1999/00 %	1998/99 %
CISB EARNING RATE	5.4	-1.7	-2.4	9.2	13.5	8.5
CISB CREDITING RATE	5.4	0.0	0.0	8.0	11.0	8.0

The rate of return to members 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 2002/03



Maple Brown Abbott (Pooled)	\$18,442,1
Schroders	\$13,003,352. NB Replaced Rothschilds
MLC (Balanced Fund)	
Zurich Australian Life Fund)	
Challenger Professional Management (Direct Equity)	\$10,893,4
Rothschild (Golden Arrow Fund) Capital)	
CISB Cash	
Super Member Home Loans	
CISB Land and Building	



FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS AS AT 30 JUNE 2003

	Notes	2003 \$	2002 \$
ASSETS			
Cash Assets			
Cash on hand		300	300
Cash at bank		445,290	183,482
Receivables			
Accrued income		1,578	738
Sundry receivable		-	108,177
GST receivable		13,710	2,039
Investments			
Pooled Superannuation Trusts	6	31,445,475	34,386,387
Insurance Policies	7	33,939,178	34,420,079
Equity Sector Managed Funds	8	10,893,409	12,226,408
Units in Unit Trusts	9	3,013,802	1,326,856
Interest Bearing Investments	10	2,171,597	1,694,211
Land & Buildings	11	614,250	604,500
Other Assets			
Prepayments		51,256	47,990
Office equipment & furniture		13,094	5,400
Motor vehicle		30,000	28,000
Deferred tax assets	13(d)	17,354	17,290
TOTAL ASSETS		82,650,293	85,051,857
LIABILITIES			
Payables			
Creditors and accruals	12	89,632	90,924
Uncalled capital – Rothschild Golden Arrow		60,000	60,000
Uncalled capital – Rothschild Golden Arrow II		1,875,000	-
Provision for employee entitlements		57,095	55,322
Current tax liabilities	13(b)	237,668	255,248
Deferred tax liabilities	13(c)	262,870	442,853
TOTAL LIABILITIES		2,582,265	904,347
NET ASSETS AVAILABLE TO PAY BENEFITS		80,068,028	84,147,510

The accompanying notes form an integral part of this statement.



FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS FOR THE REPORTING PERIOD ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
INVESTMENT REVENUE			
Interest		104,090	73,877
Trust distributions	14	275,613	160,948
Dividends received	15	382,167	415,983
Rent received		18,000	18,000
Changes in net market value	16(a)	(2,346,936)	(2,742,138)
		<u>(1,567,066)</u>	<u>(2,073,330)</u>
CONTRIBUTION REVENUE			
Employer contributions		2,752,237	2,537,523
Salary sacrifice contributions		2,783,223	2,725,978
Member contributions		914,846	643,118
Transfers in		721,256	217,021
		<u>7,171,562</u>	<u>6,123,640</u>
OTHER REVENUE			
Insurance proceeds		226,039	126,013
Group life rebate		-	14,167
Changes in net market value other assets	16(b)	(20,639)	(7,824)
		<u>205,400</u>	<u>132,356</u>
TOTAL REVENUE FROM ORDINARY ACTIVITIES		5,809,896	4,182,666
EXPENSES			
Direct investment expenses	17	154,946	280,736
Administration Systems Upgrade		36,201	18,785
General administration expenses	18	276,182	227,230
Group life premiums		151,601	154,112
Contribution surcharge		308,029	956
Benefits paid		8,358,143	3,383,271
		<u>9,285,102</u>	<u>4,065,090</u>
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		9,285,102	4,065,090
CHANGES IN NET ASSETS BEFORE TAX		(3,475,206)	117,576
INCOME TAX EXPENSE	13(a)	604,276	592,318
		<u>(4,079,482)</u>	<u>(474,742)</u>
CHANGES IN NET ASSETS AFTER TAX		(4,079,482)	(474,742)
NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the period		84,147,510	84,622,252
NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the period	2	80,068,028	84,147,510

The accompanying notes form an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

for the reporting period ended 30 June 2003

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 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 AAS25 are inconsistent with the requirements of the Treasurer's Instructions AAS25 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.

Real Estate

Real property is 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 future income tax benefit or a provision for deferred tax.

Future income tax benefits 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 Financial Position.

Receivables and other Payables

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

Other payables are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the Fund and are normally settled on 30 day terms.



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 2000. Accrued benefits were previously valued as part of a comprehensive actuarial review undertaken at 30 June 1997. A new actuarial review will be undertaken as at the date of this report.

	2000 \$	1997 \$
Accrued Benefits	66,445,496	43,095,013
	=====	=====

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.

	2003 \$	2002 \$
Vested Benefits	76,622,587	75,125,427
	=====	=====

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% and 8.5% of the Benchmark Amount which was \$37,473 during the year ended 30 June 2003. At 30 June 2003 the Benchmark Amount was indexed by 4.64% to \$39,212 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

6 POOLED SUPERANNUATION TRUSTS

	2003 \$	2002 \$
Rothschild Bal. Super Trust	-	16,935,410
Maple-Brown Abbott PST	18,442,123	17,450,977
Schroders Superannuation Fund	13,003,352	-
	31,445,475	34,386,387
	=====	=====

7 INSURANCE POLICIES

	2003 \$	2002 \$
MLC Balanced Fund	17,282,593	17,285,142
Zurich Australian Life	16,656,585	17,134,937
	33,939,178	34,420,079
	=====	=====

8 EQUITY SECTOR MANAGED FUNDS

	2003 \$	2002 \$
Challenger Investment	10,893,409	12,226,408
	=====	=====

9 UNIT TRUSTS

	2003 \$	2002 \$
Rothschild Golden Arrow	504,502	1,326,856
Rothschild Golden Arrow II	2,509,300	-
	3,013,802	1,326,856
	=====	=====



10 INTEREST BEARING INVESTMENTS

	2003 \$	2002 \$
Bankwest Cash Management	1,471,597	994,211
National Mutual Super		
Members Home Loan Bond	700,000	700,000
	-----	-----
	2,171,597	1,694,211
	=====	=====

11 LAND AND BUILDINGS

	2003 \$	2002 \$
242 Rokeby Rd, Subiaco	614,250	604,500
	=====	=====

12 CREDITORS AND ACCRUALS

	2003 \$	2002 \$
Accounting fees	9,900	9,900
APRA fees	34,984	24,900
Audit fees	13,750	13,200
Consulting fees	15,103	8,986
Fringe benefits tax	1,706	1,643
Direct investment expenses	4,730	4,400
PAYG withholding	6,087	838
Salary & wages	2,527	25,876
Sundry expenses	784	1,181
Legal expenses	61	-
	-----	-----
	89,632	90,924
	=====	=====

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

	2003 \$	2002 \$
Changes in net assets before tax	(3,475,206)	117,576
	=====	=====
Prima facie tax @ 15%	(521,281)	17,636
Tax effect of permanent differences		
Changes NMV	217,111	381,042
Franking credits	(108,187)	(136,489)
Workers' contributions	(137,227)	(96,468)
Transfer In	(54,739)	(32,471)
Insurance proceeds	(33,906)	(18,902)
Benefit payments	1,253,721	507,491
Indexation	(13,605)	(2,026)
Discounted capital gains	(30,656)	(28,312)
Contributions Surcharge	46,204	143
Other non deductible expenses	2,893	674
Overprovision prior years	(16,052)	-
	-----	-----
Income Tax Expense	604,276	592,318
	=====	=====

(b) Current tax liabilities

	2003 \$	2002 \$
Provision for current income tax		
Balance at beginning of year	255,248	189,478
Income tax paid – current period	(562,703)	(535,188)
Income tax paid – prior period	(239,195)	(152,518)
Overprovision prior years	(16,052)	-
Current years income tax expense	800,370	753,476
	-----	-----
Income Tax Expense	237,668	255,248
	=====	=====

(c) Deferred tax liabilities

	2003 \$	2002 \$
Provision for deferred income tax		
Provision for deferred income tax comprises the estimated expense at the applicable rate of 15% on the following items:		
Unrealised capital gains	240,597	412,881
Written down value of other assts	14,348	22,663
Accrued interest	237	111
Prepayments	7,688	7,198
	-----	-----
	262,870	442,853
	=====	=====



13 INCOME TAX (continued)

(d) Deferred tax assets	2003	2002
	\$	\$
<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	8,790	8,992
Provision for employee entitlements	8,564	8,298
	-----	-----
	17,354	17,290
	=====	=====

14 TRUST DISTRIBUTIONS

	2003	2002
	\$	\$
Challenger Investment	21,951	160,948
Golden Arrow Fund	253,662	-
	-----	-----
Total	275,613	160,948
	=====	=====

15 DIVIDENDS RECEIVED

	2003	2002
	\$	\$
Challenger Investment	382,167	415,983
	=====	=====

16 CHANGES IN NET MARKET VALUES

(a) Investments	2003	2002
	\$	\$
<u>Held at Reporting Date</u>		
Pooled Superannuation Trusts	36,941	(865,159)
Insurance Policies	(480,902)	(1,675,113)
Equity Sector Managed Funds	74,902	(1,251,354)
Unit Trusts	(813,054)	184,425
Land & Buildings	9,750	(7,475)
<u>Realised during the period</u>		
Pooled Superannuation Trusts	(1,003,423)	-
Equity Sector Managed Funds	(171,150)	872,538
	-----	-----
Total	(2,346,936)	(2,742,138)
	=====	=====

(b) Other Assets	2003	2002
	\$	\$
<u>Held at Reporting Date</u>		
Office Equipment	(7,776)	(3,075)
Motor Vehicles	(8,313)	(4,749)
<u>Realised during the period</u>		
Motor Vehicles	(4,550)	-
	-----	-----
Total	(20,639)	(7,824)
	=====	=====

17 DIRECT INVESTMENT EXPENSES

	2003	2002
	\$	\$
Investment monitoring	17,015	16,400
Challenger Investment fees	144,244	287,553
Rental property expenses	12,972	11,626
	-----	-----
	174,231	315,579
Fee rebates	(19,285)	(34,843)
	-----	-----
	154,946	280,736
	=====	=====

18 GENERAL ADMINISTRATION EXPENSES

	2003	2002
	\$	\$
Accounting fees	16,959	16,700
Actuarial advice	6,929	6,765
APRA fees	35,329	24,805
Audit fees	13,750	13,200
Bank charges	1,327	816
Board remuneration	8,438	4,500
Computer services	2,251	4,399
Consulting fees	22,729	16,804
Electricity	4,782	5,107
Fringe benefit tax	6,890	6,866
Legal advice	19,285	6,661
Motor vehicle expenses	3,771	4,128
Office cleaning	3,086	2,320
Printing/postage/stationery	10,081	9,366
Salaries & wages	96,153	96,747
Security expenses	582	644
Sundry administration	7,500	6,524
Superannuation	17,736	15,542
Telephone	5,693	3,585
Travelling & accommodation expenses	5,109	9,178
Trustee and staff training & conference expenses	13,337	3,147
Trustee insurance	14,290	9,249
Workers compensation	175	177
	-----	-----
	316,182	267,230
Reimbursement CMILSL (Funding) Corporation	(40,000)	(40,000)
	-----	-----
	276,182	227,230
	=====	=====

A new account was included in the 2003 financial year to separately identify these expenses, the comparative has been updated accordingly.

19 AUDITOR'S REMUNERATION

	2003	2002
	\$	\$
Amounts paid or due and payable to the Auditor General for the following services:		
Audit Services	13,750	13,200
Other Services	-	-
	-----	-----
	13,750	13,200
	=====	=====



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 did not receive remuneration for attending board meetings.

b) Remuneration of Senior Officers

	2003	2002
	\$	\$
The total remuneration of Senior Officers is:	82,572	78,186

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:

	2003	2002
80,000 – 90,000	1	-
70,000 – 80,000	-	1

c) Retirement Benefit of Senior Officers

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

	2003	2002
	\$	\$
Total retirement benefits of Senior Officers	17,736	15,542

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 2002/03 \$	Unaudited Estimate 2002/03 \$	Variation \$
Interest	104,090	50,000	54,090
Trust distributions	275,613	150,000	125,613
Dividends received	382,167	500,000	(117,833)
Rental Income	18,000	18,000	-
Changes in NMV	(2,346,936)	2,000,000	(4,346,936)
Contribution revenue	7,171,562	6,150,000	1,021,562
Insurance proceeds	226,039	400,000	(173,961)
Changes NMV assets	(20,639)	(10,000)	(10,639)
TOTAL REVENUE	5,809,896	9,258,000	(3,448,104)
Direct invest expenses	154,946	88,000	66,946
Admin system upgrade	36,201	20,000	16,201
General admin expenses	276,182	250,000	26,182
Group life premiums	151,601	180,000	(28,399)
Contributions surcharge	308,029	5,000	303,029
Benefits paid	8,358,143	5,000,000	3,358,143
TOTAL EXPENSES	9,285,102	5,543,000	3,742,102
NET SURPLUS	(3,475,206)	3,715,000	(7,190,206)
Income Tax Expense	604,276	650,000	(45,724)
NET SURPLUS AFTER TAX	(4,079,482)	3,065,000	(7,144,482)
Net Assets beginning of period	84,147,510	84,147,510	-
Net Assets end of period	80,068,028	87,212,510	(7,144,482)
	=====	=====	=====

Explanation of Significant Variances

Interest Income

Interest revenue was higher than expected due to higher cash balances than the time of preparing the estimates.

Trust Distributions

Revenue from trust distributions was higher than anticipated due to an unexpected distribution.

Dividends

Dividends received from the equity sector manager were lower than estimates due to lower than expected dividend yields.

Changes in Net Market Value

The performance of investments was lower than expected due to continued poor economic conditions.



22 EXPLANATORY STATEMENT (CONTINUED)

(a) Estimate Comparisons (continued) **Explanation of Significant Variances**

Contributions

Contribution revenue was higher than estimated due to greater salary sacrifice and member voluntary transfers during the period.

Insurance Proceeds

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

Changes in Net Market Values of Other Assets

Due to the purchase of office computers and a motor vehicle during the period, greater depreciation than expected was experienced on other assets.

Direct Investment Expense

Direct investment expenses were higher than estimated due to an additional performance fee of \$127,462 for the 12 months to 31 January 2003 being paid to the equity sector manager.

Administration Systems Upgrade

System fees were estimated based on the standard yearly maintenance fee and did not include the additional function specifications and on site assistance performed during the year.

General Administration Expenses

Actuarial and consulting fees were estimated based on the standard retainer and did not include the additional investigations that were performed during the year. Legal fees were also higher for the period relating to fund structure.

Group Life Premiums

Group life premiums are estimated on prior year claims. An unexpected group life refund was received on the 2003 premiums paid.

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 higher than estimated due to an increase in the level of retrenchments from the industry during the period.



22 EXPLANATORY STATEMENT (CONTINUED)

(b) Actual Comparisons

	Actual 2002/03 \$	Actual 2001/02 \$	Variation \$
Interest	104,090	73,877	30,213
Trust distributions	275,613	160,948	114,665
Dividends received	382,167	415,983	(33,816)
Rental Income	18,000	18,000	-
Changes in NMV	(2,346,936)	(2,742,138)	395,202
Contribution revenue	7,171,562	6,123,640	1,047,922
Insurance proceeds	226,039	126,013	100,026
Group life rebate	-	14,167	(14,167)
Changes NMV assets	(20,639)	(7,824)	(12,815)
TOTAL REVENUE	5,809,896	4,182,666	1,627,230
Direct invest expense	154,946	280,736	(125,790)
Admin system upgrade	36,201	18,785	17,416
General admin expenses	276,182	227,230	48,952
Group life premiums	151,601	154,112	(2,511)
Contributions surcharge	308,029	956	307,073
Benefits paid	8,358,143	3,383,271	4,974,872
TOTAL EXPENSES	9,285,102	4,065,090	5,220,012
NET SURPLUS	(3,475,206)	117,576	(3,592,782)
Income Tax Expense	604,276	592,318	11,958
NET SURPLUS AFTER TAX	(4,079,482)	(474,742)	(3,604,740)
Net Assets beginning of period	84,147,510	84,622,252	(474,742)
Net Assets end of period	<u>80,068,028</u>	<u>84,147,510</u>	<u>(4,079,482)</u>

Explanation of Significant Variances

Interest

Interest revenue was higher than last year due to higher cash balances than the previous year.

Trust Distributions

The trust distribution received from the equity sector manager was higher due to an unexpected distribution.

Dividends Received

The dividend income received from investments managed by the equity sector manager was lower in the current year due to lower dividend yields in the current period.

Changes in Net Market Value

The Fund's investment strategy remained the same in 2003 as for the previous year, poor economic conditions continued.



22 EXPLANATORY STATEMENT (CONTINUED)
(b) Actual Comparisons (continued)

Contribution Revenue

Contribution revenue was higher due to members electing to contribute more. Also member voluntary transfers into the Fund were higher than in the previous year.

Insurance Proceeds

The Fund made insurance claims for death and disability benefits during the year greater than the prior year.

Group Life Rebate

The Fund received no rebate for the current period. The new premium will be calculated in September 2003.

Change in Net Market Value of Other Assets

The Fund purchased new computers and a motor vehicle during the period resulting in losses on the assets disposed.

Direct Investment Expense

Direct investment expenses were lower than the prior year due to lower monthly management fees. The fee rebate income received is lower due to no March or June rebate.

Administration System Upgrade

System fees include the additional function specification fee and on site assistance performed during the year.

General Administration Expenses

The administration fees are greater than the prior year due to consulting fees for various investigations performed by the actuary. Legal fees are higher due to investigation on the Fund structure. APRA fees are higher due to Financial Assistance Funding Levy.

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 higher than the prior year due to retrenchments in the industry.

23 FINANCIAL INSTRUMENTS

The Fund also has invested directly in a portfolio of financial instruments managed through Challenger Professional Investment Management Limited.

Use of derivative financial instruments

The Fund is not exposed to derivative financial instruments through its portfolio managed by Challenger Professional Investment Management Limited.

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 is exposed through its equity portfolio to changes in market prices influencing valuations of the equities in the portfolio. In general market risk is mitigated by the diversification of the portfolio.

Liquidity and cash flow risk

Liquidity and cash flow risk in the Fund's equity portfolio is minimised through investments in actively traded equities or securities with short term maturities.

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.



23 FINANCIAL INSTRUMENTS (Continued)

The Fund's exposure to interest rate movements on those investments at period end was as follows:

30 June 2003	Floating Rate \$'000	Non- Interest Bearing \$'000	Total \$'000	Weighted Average Interest Rate %
Financial Assets				
Cash	445	-	445	4.35%
Floating rate note	1,471	-	1,471	4.35%
Corporate bonds	700	-	700	-
Australian equities	388	10,505	10,893	3.89%
Australian unit trusts	-	3,014	3,014	-
Receivables	-	14	14	-
Total	3,004	13,533	16,537	
Financial Liabilities				
Creditors & accruals	-	2,025	2,025	-
Current tax liabilities	-	238	238	-
Total	-	2,263	2,263	

30 June 2002	Floating Rate \$'000	Non- Interest Bearing \$'000	Total \$'000	Weighted Average Interest Rate %
Financial Assets				
Cash	183	-	183	3.75%
Floating rate note	994	-	994	3.75%
Corporate bonds	700	-	700	-
Australian equities	1,137	11,089	12,226	4.47%
Australian unit trusts	-	1,327	1,327	-
Receivables	-	110	110	-
Total	3,014	12,526	15,540	
Financial Liabilities				
Creditors & accruals	-	151	151	-
Current tax liabilities	-	255	255	-
Total	-	406	406	



24 ACTUARIAL REPORT

A Triennial Actuarial Review of the Fund was undertaken at 30 June 2000.

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 3.7%.

The average investment return for the Fund over the last three years was 10% per annum, net of tax and investment expenses. The corresponding smoothed Fund return averaged 11.7% per annum exceeding the increase in salaries over the three years to 30 June 2000 by 8% 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.

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 2.5% per annum.

	\$
Net Market Value Assets:	77,981,569
less:	
Category A Award Accounts	2,026,468
Category A Voluntary contribution (including Salary Sacrifice)	2,954,881
Category A Rollover Accounts	4,443,704
Category B Contribution Accounts	25,036
Accumulation Investment	
Fluctuation Reserve	430,000
Pensioners' Assets	1,667
Vested Benefits of Retained members leaving:	3,100,208
	<hr/>
Net Assets	64,999,605
	<hr/>
Minimum defined Vested Benefits for Category A members	43,953,262
	<hr/>
Minimum Vested Benefits Ratio:	148%

A ratio of 148% 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 2003 and the financial position as at 30 June 2003.

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%'

The Commonwealth Government has implemented changes to law relating to administration and taxation of superannuation funds. The Occupational Superannuation Standards Act and Regulations (OSSA) applied until 30 June 1994 and the Superannuation Industry Supervision Act and Regulations (SIS) applied from 1 July 1994. It has also established the Australian Prudential Regulation Authority to regulate superannuation funds.

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 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 2000.

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

- cash resignation benefits by 148%
- retrenchment benefits by 122%
- accruing retirement benefits by 135%

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.

With the downturn in the investment markets over the last two years the Board has continually monitored the financial position of the Fund. An interim actuarial review was undertaken in February 2003 which indicated that the Fund was still in a satisfactory financial position.

A full Actuarial review will be undertaken as at 30 June 2003.

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.

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>

1998/99

Days	No. of Benefits	%
1 - 5 days	14	42
6 - 14 days	10	30
15 - 28 days	2	7
over 28 days	<u>7</u>	<u>21</u>
	<u>33</u>	<u>100</u>

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

The objectives and performance indicators identified have been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985. In our opinion the performance indicators are:

- (i) based on proper records
- (ii) are relevant and appropriate for assisting users to assess the performance of the Coal Industry Superannuation Board

and

- (iii) fairly represent the performance of the Coal Industry Superannuation Board for the year ending 30 June 2003.

G R GILLIES
CHAIRMAN

DATE

MEMBER

DATE

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

2002/03 2001/02



ANNUAL ESTIMATES 2003/04

(NOT SUBJECT TO AUDIT)

	Estimate 2003/04 \$	Actual 2002/03 \$
<u>Investment Revenue</u>		
Interest	100,000	104,090
Trust distributions	150,000	275,613
Dividends received	400,000	382,167
Rent received	18,000	18,000
Changes in net market value	2,000,000	(2,346,936)
	2,668,000	(1,567,066)
<u>Contribution Revenue</u>		
Employer contributions	2,500,000	2,752,237
Salary sacrifice conts	2,700,000	2,783,223
Member contributions	900,000	914,846
Transfers In	500,000	721,256
	6,600,000	7,171,562
<u>Other Revenue</u>		
Insurance proceeds	400,000	226,039
Changes NMV Other Assets	(10,000)	(20,639)
	390,000	205,400
TOTAL REVENUE	9,658,000	5,809,896
EXPENSES		
Direct Investment expenses	150,000	154,946
System Upgrade	20,000	36,201
Administration Expenses	300,000	276,182
Group Life Premiums	180,000	151,601
Contributions Surcharge (Expense) / Refund	300,000	308,029
Benefits Paid	4,000,000	8,358,143
TOTAL EXPENSES	4,950,000	9,285,102
Changes in Net Assets Before Tax	4,708,000	(3,475,206)
Income Tax Expense	800,000	604,276
Changes in Net Assets After Tax	3,908,000	(4,079,482)
NET ASSETS		
At beginning of period	80,068,028	84,147,510
NET ASSETS		
At the end of period	83,976,028	80,068,028

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

2002-03 Actual	2003-04 Target
810	800

Assets under management

2002-03 Actual	2003-04 Target
\$80M	\$84M

Quality

Number of Audit Exceptions

2002-03 Actual	2003-04 Target
Nil	Nil

Investment return compared to median fund manager

2002-03 Actual	2003-04 Target
+0.4%	+1.0%

Timeliness

Average time to satisfy member queries

2002-03 Actual	2003-04 Target
24 hours	24 hours

Cost

Management Expense Ratio (MER)

2002-03 Actual	2003-04 Target
1.06%	1.07%



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 2003."

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