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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
Australian Prudential Regulation Act 1998*
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*
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
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 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.

CHAIRPERSON

MEMBER

CHIEF FINANCE OFFICER

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 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 Chairperson is appointed by the Governor.

As at 30 June 2006 the members of the Board were:

Chairperson:

Ms B E Whittle

Employer Nominees:

Mr G K Green
Manager Employer Relations
Griffin Coal Mining Company Pty Ltd

Mr T Morgan
Manager Commercial
Wesfarmers Premier Coal

Mr I Pigott (Alternate Member)
Griffin Coal Mining Company Pty Ltd

Employee Nominees:

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

Mr G Della
Griffin Coal Mining Company Pty Ltd

Mr G Faries (Alternate)
Wesfarmers Premier Coal Ltd

FUNCTIONS OF THE BOARD

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

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

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

Ensure sufficient funds are accrued to meet superannuation entitlements.



ADMINISTRATION

ADMINISTRATION STAFF

Administration staff of the Board are as follows:-

Administration Manager:- Mr G E Peirce

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

ADMINISTRATION EXPENSES

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

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

	<u>2005/06</u>	<u>2004/05</u>
	\$	\$
Office Accommodation Exp's	15,268	15,488
Accounting & Actuarial Advice	21,873	28,102
Auditors Fees	28,168	22,000
Computer Services	29,050	21,929
Consulting Fees	46,298	15,329
FBT Tax / Bank Charges	11,638	11,128
APRA Fees	52,294	75,601
Legal Advice	7,328	-
Motor Vehicle Costs	3,683	2,667
Printing Postage & Stationery	11,267	17,497
Salaries & Board Remun.	111,327	101,901
Sundry Administration	6,577	9,079
Superannuation	27,323	24,703
Travelling Expenses	22,121	13,988
Trustee Liability Insurance	20,057	19,746
Workers Compensation	186	176
Reimbursement CMILSL	(40,000)	(40,000)
TOTAL	374,458	339,334

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 ComInsure 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 2005/2006 amounted to \$213,002 compared to \$163,731 in 2004/2005.

ACT & REGULATION AMENDMENTS

Amendments to the Act to allow spouse accounts were passed by Parliament and assented to on the 17th May 2006.

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.
- Allocated and Term Allocated Pensions are available to members of the Fund.

MEMBERSHIP OF THE FUND

On 30 June 2006, there were 658 **current** members, who were required to make contributions to the Fund and 257 **retained** members and 2 accumulation only members making a membership of 917 **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.

	<u>2005/06</u>	<u>2004/05</u>
Mine workers beginning of period	556	524
New Members	141	71
Less Exits		
Retirements 60 years	-	1
Opt. Retirement 55-60 years	4	9
Opt. Retirement 62 years	-	-
Total & Permanent Disablement	1	1
Partial & Permanent Disablement	-	-
Death	-	-
Resignation, Dismissal	33	23
Retrenchment	-	4
Leave Without Pay	1	1
Mine workers at end of period	658	556

CONTRIBUTIONS

The weekly rate of contributions payable by members and employers was 3% and 8.5% of the Benchmark Amount which was \$43,240 until 30 June 2006 when it was indexed by 4.49% to \$45,181 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

New contributions are \$52.13 p/f member and \$147.70 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:

	<u>2005/06</u>	<u>2004/05</u>
	\$	\$
Member	886,139	671,212
Salary Sacrifice	2,538,932	1,746,259
Employer / Award	3,924,487	2,972,668
Transfers In	975,447	628,761
Total Contributions	8,325,005	6,018,900



FUND OPERATIONS (cont.)

BENEFIT PAYMENTS

During the year benefits paid and payable totalled \$3,860,217.

CONTRIBUTION / BENEFIT COMPARISON

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

	<u>2005/06</u>	<u>2004/05</u>
	\$	\$
Contributions	8,325,005	6,018,900
Benefits	3,860,217	4,176,168
Surplus	4,464,788	1,842,732
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 2003.

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

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

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

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



Minimum Vested Benefits

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

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

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

Net Market Value Assets:	\$80,068,028
less:	
Category A Accumulation Accounts	\$14,514,958
Category B Accumulation Accounts	\$64,072
Retained Accumulation Accounts	\$2,380,416
Accumulation Investment	
Fluctuation Reserve	\$0
leaving:	_____
 Net Assets	 \$63,108,582
 Vested Benefits for Defined Benefits (Category A and Retained)	 \$59,333,084
 Minimum Vested Benefits Ratio:	 106%

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

PUBLICATION AND ADVISORY INFORMATION

The Board produces and makes available to members the following:

Coal Industry Superannuation Fund Product Disclosure Statement

The Product Disclosure Statement (PDS) is the Board's main advisory publication. All 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
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 2006 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	20-70%	0-10%	10-25%	0-5%	0-75%	0-20%
Benchmark	60%	10%	25%	5%	75%	20%
Actual 2006	65.6%	6.8%	21.2%	6.4%	72.4%	14.5%
Actual 2005	64.1%	6.7%	21.8%	7.5%	70.7%	13.1%

PERFORMANCE

Measured to 30 June 2006 comparative performance statistics (% p.a.) for the last five years are as follows:

	5 Year Av.	2005/06	2004/05	2003/04	2002/03	2001/02
	%%	%	%	%	%	%
CISB EARNING NET RATE	8.3	16.4	14.6	14.6	-1.7	-2.4
CISB CREDITING RATE	7.7	15.0	11.7	11.6	0.0	0.0

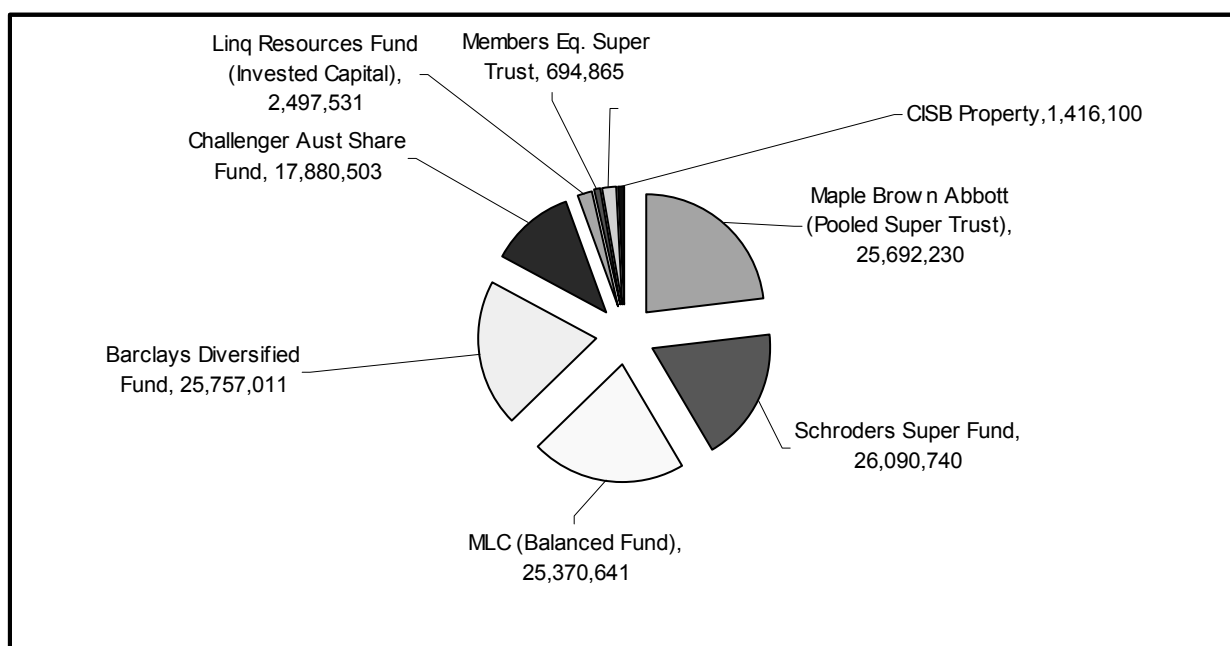
The rate of return credited to members accumulation accounts unless otherwise agreed is the Minimum Cash Return Method which involves the following:

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

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

For the 2005/06 year the Board of Trustees on advice from the Actuary agreed to vary the crediting rate from the Minimum Cash Return Method of 12.9% to 15% due to an increase in reserves resulting from good investment returns.

PORTFOLIO 2005/06





FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS AS AT 30 JUNE 2006

	Notes	2006 \$	2005 \$
ASSETS			
Cash Assets			
Cash on hand		300	300
Cash at bank		1,500,170	1,078,214
Receivables			
Trust distributions receivable		243,135	-
Sundry receivable		7,333	-
GST receivable		6,283	2,822
Investments			
Pooled Superannuation Trusts	6	77,539,981	64,474,788
Insurance Policies	7	25,370,641	22,158,904
Shares in Listed Entities	8	2,569,749	2,316,987
Units in Unit Trusts	9	18,575,368	15,112,685
Interest Bearing Investments	10	423,555	898,460
Land and Buildings	11	1,416,100	872,200
Other Assets			
Prepayments		14,878	15,420
Office equipment and furniture		7,500	7,951
Motor vehicle		24,000	30,200
Deferred tax assets	13(e)	21,202	19,838
TOTAL ASSETS		127,720,195	106,988,769
LIABILITIES			
Payables			
Benefits payable		40,899	-
Creditors and accruals	12	128,115	98,465
Uncalled capital – Linq Mining Fund		-	60,000
Provision for employee entitlements		47,183	52,192
Current tax liabilities	13(c)	340,159	290,232
Deferred tax liabilities	13(d)	326,487	214,191
TOTAL LIABILITIES		882,843	715,080
NET ASSETS AVAILABLE TO PAY BENEFITS		126,837,352	106,273,689

The accompanying notes form an integral part of this statement.



FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
INVESTMENT REVENUE			
Interest		84,145	99,916
Trust distributions	14	3,632,885	1,553,269
Rent received		18,000	18,000
Changes in net market values	15(a)	14,024,727	11,484,800
Direct investment (expenses)/rebate	16	39,651	115,684
		<u>17,799,408</u>	<u>13,271,669</u>
CONTRIBUTION REVENUE			
Employer contributions		3,924,487	2,972,668
Salary sacrifice contributions		2,538,932	1,746,259
Member contributions		886,139	671,212
Transfers in		975,447	628,761
		<u>8,325,005</u>	<u>6,018,900</u>
OTHER REVENUE			
Insurance proceeds		174,596	36,021
Changes in net market value other assets	15(b)	(16,813)	(18,144)
		<u>157,783</u>	<u>17,877</u>
TOTAL REVENUE FROM ORDINARY ACTIVITIES		<u>26,282,196</u>	<u>19,308,446</u>
EXPENSES			
General administration expenses	17	374,458	339,334
Group life premiums		213,002	163,731
Contribution surcharge		71,046	179,796
Benefits paid		3,860,217	4,176,168
		<u>4,518,723</u>	<u>4,859,029</u>
CHANGES IN NET ASSETS BEFORE TAX		<u>21,763,473</u>	<u>14,449,417</u>
INCOME TAX EXPENSE	13(a)(b)	1,199,810	837,605
CHANGES IN NET ASSETS AFTER TAX		<u>20,563,663</u>	<u>13,611,812</u>
NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the period		<u>106,273,689</u>	<u>92,661,877</u>
NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the period	2	<u>126,837,352</u>	<u>106,273,689</u>

The accompanying notes form an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements constitute a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, The Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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, The Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of Preparation

This is the first financial report prepared based on the revised Australian Accounting Standards, which include Australian equivalents of International Financial Reporting Standards ("AIFRS"). Since AAS25 – financial reporting by superannuation plans 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. As there have not been any material impacts of adopting the revised standards a reconciliation has not been disclosed.

In accordance with Treasurer's Instruction 1101 where the requirements of AAS 25 are inconsistent with the requirements of the Treasurer's

Instructions AAS 25 shall, to the extent of the inconsistency prevail.

The following Australian Accounting Standards have recently been issued or amended but are not yet effective. They do not require any changes to accounting policy and therefore are not expected to have any impact.

- 2005-1 AASB 139: Financial Instruments: Recognition and Measurement
- 2005-5 AASB 1: First Time Adoption of AIFRS, AASB 139: Financial Instruments: Recognition and Measurement
- 2005-10 AASB 132: Financial Instruments: Disclosure & Presentation, AASB 101: Presentation of Financial Statements, AASB 114: Segment Reporting, AASB 117: Leases, AASB 133: Earnings per Share, AASB 139: Financial Instruments: Recognition and Measurement, AASB 1: First Time Adoption of AIFRS, AASB 4: Insurance Contracts, AASB 1023: General Insurance Contracts, AASB 1038: Life Insurance Contracts
- New Standard AASB 7: Financial Instruments: Disclosures

The following amendments are not applicable and therefore have no impact.

- 2005-4 AASB 139: Financial Instruments Recognition and Measurement, AASB 132: Financial Instruments: Disclosure & Presentation, AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 1023: General Insurance Contracts, AASB 1038: Life Insurance Contracts.
- 2005-9 AASB4: Insurance Contracts, AASB 1023: General Insurance Contracts, AASB 139: Financial Instruments: Recognition and Measurement, AASB 132: Financial Instruments: Disclosure and Presentation
- 2005-10 AASB 117: Leases, AASB 133: Earning per Share
- 2006-1 AASB 121: The Effects of Changes in Foreign Exchange Rates

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

After the 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.

Where material, estimated costs of realisation have been deducted.

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

Income Tax

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.

Income Tax (continued)

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.

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.

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.

Insurance

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



Revenue

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

Changes in net market value of investments

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

Interest

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

Trust Distributions

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

Contributions

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

Goods and Services Tax

GST incurred that is not recoverable from the Australian Taxation Office (ATO) has been recognised as part of the cost of acquisition of the asset or as part of the expense to which it relates.

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

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

Receivables and other Payables

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

Other payables are recognised when the Fund is obligated to make future payments for services received and are carried at the net market value of the amount payable.

2 LIABILITY FOR ACCRUED BENEFITS

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

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

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

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 1.6%
- The future rate of salary increases would be 0.04%

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.

	2006	2005
	\$	\$
Vested Benefits	102,439,681	90,701,516
	=====	=====

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.



5 FUNDING ARRANGEMENTS (continued)

The weekly rate of contributions payable by members and employers was 3.0% and 8.5% of the Benchmark Amount, which was \$43,240 during the year ended 30 June 2006. At 30 June 2006 the Benchmark Amount was indexed by 4.49% to \$45,181 in line with Average Weekly Ordinary Time Earnings (AWOTE) on advice from the Actuary.

6 POOLED SUPERANNUATION TRUSTS

	2006 \$	2005 \$
Barclays Diversified Share Fund	25,757,011	21,239,911
Maple-Brown Abbott PST	25,692,230	22,802,161
Schroders Superannuation Fund	26,090,740	20,432,716
	=====	=====
	77,539,981	64,474,788
	=====	=====

7 INSURANCE POLICIES

	2006 \$	2005 \$
MLC Balanced Fund	25,370,641	22,158,904
	=====	=====

8 SHARES IN LISTED ENTITIES

	2006 \$	2005 \$
Linq Resources Fund	2,497,531	2,316,987
Linq Resources Fund – options	72,218	-
	=====	=====
	2,569,749	2,316,987
	=====	=====

9 UNITS IN UNIT TRUSTS

	2006 \$	2005 \$
Challenger Australian Share	17,880,503	14,080,384
Linq Mining Fund	-	327,015
Super Loans Trust	694,865	705,286
	=====	=====
	18,575,368	15,112,685
	=====	=====

10 INTEREST BEARING INVESTMENTS

	2006 \$	2005 \$
Bankwest Cash Management	423,555	898,460
	=====	=====

11 LAND AND BUILDINGS

	2006 \$	2005 \$
242 Rokeby Rd, Subiaco	1,416,100	872,200
	=====	=====

12 CREDITORS AND ACCRUALS

	2006 \$	2005 \$
Accounting fees	9,625	14,025
Actuarial fees	699	1,298
APRA fees	45,000	44,823
Audit fees	25,960	22,000
Board remuneration	7,945	-
Consulting fees	15,092	7,502
Fringe benefits tax	2,557	1,959
Direct investment expenses	5,101	4,978
PAYG withholding	640	560
Salary & wages	14,537	-
Sundry expenses	959	1,320
	=====	=====
	128,115	98,465
	=====	=====

13 INCOME TAX

(a) Major components of tax expense

	2006 \$	2005 \$
Current income tax		
- Current tax charge	1,119,235	793,738
- Adjustment to current tax for prior period	(30,356)	(59,003)
Deferred income tax		
- Relating to the origination and reversal of temporary differences	110,931	102,870
	=====	=====
Income Tax Expense	1,199,810	837,605
	=====	=====

(b) Income tax expense

Changes in net assets before tax	21,763,473	14,449,417
	=====	=====
Tax applicable at the rate of 15% (2005 15%)	3,264,520	2,167,413
Tax effect of income that is not Assessable in determining taxable income		
- Investment income	(1,938,200)	(1,539,928)
- Capital gains discount	(206,342)	(96,419)
- Members' contributions	(132,921)	(100,682)
- Transfer In	(127,253)	(59,106)
- Insurance proceeds	(26,189)	(5,403)
Tax effect of expenses that are not deductible in determining taxable income		
- Benefit payments	579,033	626,425
- Contributions Surcharge	10,657	26,963
Tax effect of other adjustments		
- Imputation & foreign tax credits	(193,139)	(122,655)
- Over provision prior periods	(30,356)	(59,003)
	=====	=====
Income Tax Expense	1,199,810	837,605
	=====	=====



13 INCOME TAX (continued)

(c) Current tax liabilities

	2006	2005
	\$	\$
<u>Provision for current income tax</u>		
Balance at beginning of year	290,232	262,849
Income tax paid – current period	(750,969)	(503,513)
Income tax paid – prior period	(287,983)	(203,839)
Overprovision prior years	(30,356)	(59,003)
Current years income tax expense	1,119,235	793,738
	<u>340,159</u>	<u>290,232</u>
	=====	=====

(d) Deferred tax liabilities

	2006	2005
	\$	\$
The amount of deferred tax liability recognised in the Statement of Net Assets:		
Unrealised capital gains	329,074	216,221
Balancing charge other assets	(2,587)	(2,030)
	<u>326,487</u>	<u>214,191</u>
	=====	=====

(e) Deferred tax assets

	2006	2005
	\$	\$
The amount of deferred tax asset recognised in the Statement of Net Assets:		
Accrued Expenses	14,125	12,009
Provision for employee entitlements	7,077	7,829
	<u>21,202</u>	<u>19,838</u>
	=====	=====

14 TRUST DISTRIBUTIONS

	2006	2005
	\$	\$
Challenger Australian Share	3,261,097	1,553,269
Linq Mining Fund	76,338	-
Linq Resources Fund	256,675	-
Super Loans Trust	38,775	-
	<u>3,632,885</u>	<u>1,553,269</u>
	=====	=====

15 CHANGES IN NET MARKET VALUES

(a) Investments

	2006	2005
	\$	\$
<u>Held at Reporting Date</u>		
Pooled Superannuation Trusts	9,600,901	7,657,101
Insurance Policies	3,211,737	2,564,140
Shares in Listed Entities	252,762	(410,968)
Unit Trusts	437,027	1,464,261
Land & Buildings	543,900	165,325
<u>Realised during the period</u>		
Pooled Superannuation Trusts	-	44,941
Unit Trusts	(21,600)	-
	<u>14,025,727</u>	<u>11,484,800</u>
	=====	=====

(b) Other Assets

	2006	2005
	\$	\$
<u>Held at Reporting Date</u>		
Office Equipment	(10,613)	(3,100)
Motor Vehicles	(6,200)	(7,235)
<u>Realised during the period</u>		
Office Equipment	-	(2,000)
Motor Vehicles	-	(5,809)
	<u>(16,813)</u>	<u>(18,144)</u>
	=====	=====

16 DIRECT INVESTMENT EXPENSES/(REBATES)

	2006	2005
	\$	\$
Investment monitoring	18,783	20,654
Challenger Investment fees	75,183	3,925
Property expenses	22,248	13,447
	<u>116,214</u>	<u>38,026</u>
Fee rebates	(155,865)	(153,710)
	<u>(39,651)</u>	<u>(115,684)</u>
	=====	=====



17 GENERAL ADMINISTRATION EXPENSES

	2006	2005
	\$	\$
Accounting fees	14,155	20,845
Actuarial advice	7,718	7,257
APRA fees	52,294	75,601
Audit fees	28,168	22,000
Bank charges	255	901
Board remuneration	12,445	16,750
Computer support and services	29,050	21,929
Consulting fees	46,298	15,329
Electricity	4,305	4,184
Fringe benefits tax	11,383	10,227
Legal advice	7,328	-
Motor vehicle expenses	3,683	2,667
Office cleaning	3,357	3,353
Printing/postage/stationery	11,267	17,497
Salaries & wages	98,882	85,151
Security expenses	778	1,156
Sundry administration	6,577	9,079
Superannuation	27,323	24,703
Telephone	6,828	6,795
Travelling & accommodation expenses	5,808	4,924
Trustee and staff training & conference expenses	16,313	9,064
Trustee insurance	20,057	19,746
Workers compensation	186	176
	-----	-----
	414,458	379,334
Reimbursement CMILSL (Funding) Corporation	(40,000)	(40,000)
	-----	-----
	374,458	339,334
	=====	=====

18 AUDITOR'S REMUNERATION

	2006	2005
	\$	\$
Amounts paid or due and payable to the Auditor General for the following services:		
Audit Services	28,168	22,000
Other Services	-	-
	-----	-----
	28,168	22,000
	=====	=====

19 GENERAL DISCLOSURE

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

a) Remuneration of Members of the Accountable Authority

Members of the Accountable Authority have received \$12,445 (\$16,750 - 2005) in remuneration for attending board meetings.

b) Remuneration Benefits of Senior Officers

	2006	2005
	\$	\$
The total remuneration of Senior Officers is:	96,493	99,651

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:

	2006	2005
90,000 - 100,000	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:

	2006	2005
	\$	\$
Total retirement benefits of Senior Officers	27,323	24,703

The Trustee of the Board 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 business of provision of benefits to members and operates in Australia only.



21 EXPLANATORY STATEMENT

(a) Estimate Comparisons

	Actual 2005/06 \$	Unaudited Estimate 2005/06 \$	Variation \$
Interest	84,145	100,000	(15,855)
Trust distributions	3,632,885	1,200,000	2,432,885
Rental Income	18,000	18,000	-
Changes in NMV	14,024,727	8,000,000	6,024,727
Direct invest expenses	39,651	80,000	(40,349)
Contribution revenue	8,325,005	6,000,000	2,325,005
Insurance proceeds	174,596	100,000	74,596
Changes NMV assets	(16,813)	(10,000)	(6,813)
TOTAL REVENUE	26,282,196	15,488,000	10,794,196
General admin expenses	374,458	350,000	24,458
Group life premiums	213,002	200,000	13,002
Contributions surcharge	71,046	200,000	(128,954)
Benefits paid	3,860,217	4,000,000	(139,783)
TOTAL EXPENSES	4,518,723	4,750,000	(231,277)
NET SURPLUS	21,763,473	10,738,000	11,025,473
Income Tax Expense	1,199,810	600,000	599,810
NET SURPLUS AFTER TAX	20,563,663	10,138,000	10,425,663
Net Assets beginning of period	106,273,689	106,273,689	-
Net Assets end of period	126,837,352	116,411,689	10,425,663

Explanation of Significant Variances

Trust Distributions

Trust distributions are dependent on the investment performance of the underlying unit trusts. 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.

21 EXPLANATORY STATEMENT (CONTINUED)

Changes in Net Market Value

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

Contributions

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

Insurance Proceeds

The Fund made more insurance claims during the year than estimated because more members died or became disabled.

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 higher than estimated due to the improved investment performance during the financial year.



21 EXPLANATORY STATEMENT (CONTINUED)

(b) Actual Comparisons

	Actual 2005/06 \$	Actual 2004/05 \$	Variation \$
Interest	84,145	99,916	(15,771)
Trust distributions	3,632,885	1,553,269	2,079,616
Rental Income	18,000	18,000	-
Changes in NMV	14,024,727	11,484,800	2,539,927
Direct invest expense	39,651	115,684	(76,033)
Contribution revenue	8,325,005	6,018,900	2,306,105
Insurance proceeds	174,596	36,021	138,575
Changes NMV assets	(16,813)	(18,144)	1,331
TOTAL REVENUE	26,282,196	19,308,446	6,973,750
General admin expenses	374,458	339,334	35,121
Group life premiums	213,002	163,731	49,271
Contributions surcharge	71,046	179,796	(108,750)
Benefits paid	3,860,217	4,176,168	(315,951)
TOTAL EXPENSES	4,518,723	4,859,029	(340,306)
NET SURPLUS	21,763,473	14,449,417	7,314,056
Income Tax Expense	1,199,810	837,605	362,205
NET SURPLUS AFTER TAX	20,563,663	13,611,812	6,951,851
Net Assets beginning of period	106,273,689	92,661,877	13,611,812
Net Assets end of period	126,837,352	106,273,689	20,563,663

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 appreciated more during the financial year than the previous year due to better investment performance by the Fund's investment managers.

21 EXPLANATORY STATEMENT (CONTINUED)

Contribution Revenue

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

Insurance Proceeds

More members became entitled to claim insurance benefits in 2006 than was the case for the previous financial year.

Benefits Paid

Benefit payments are higher than the previous year due to more members leaving the Fund.

Income Tax Expense

Income tax expense was higher than prior year due to the to the improved investment performance during the financial year.

22 FINANCIAL INSTRUMENTS

Investments of the Fund, (other than cash held for liquidity purposes), comprise units in collective investments such as life insurance policies, pooled superannuation trusts and other unitised investments. The Trustee has determined that this type of investment is appropriate for the Fund and is in accordance with the Fund's published investment strategy.

The investment managers of the collective investments will have invested in a variety of financial instruments including derivatives, which expose the Fund's investments to a variety of investment risks including market risk, credit risk, interest rate risk and currency risk.

All investment managers provide regular reports on the Fund's investments to the Trustee.

The Trustee seeks information from the manager of each proposed collective investment (and may also seek independent advice from other qualified persons) so as to determine the nature and extent of any risks and expected returns associated with each investment prior to determining its suitability as an investment for the Fund. This includes receipt of formal Derivative Risk Statements as required by the Australian Prudential Regulation Authority.

The Fund's only exposure to interest rate risk is via the bank account, which had an average interest rate of 4.3% during the year (2005:4.4%).



23 ACTUARIAL REPORT

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

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

The average investment return for the Fund over the last three years to 30 June 2003 was 1.6% per annum, net of tax and investment expenses.

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

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

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

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

Net Assets	63,108,582

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

Minimum Vested Benefits Ratio:	106%

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



CERTIFICATION OF FINANCIAL STATEMENTS

"The accompanying financial statements of the Coal Industry Superannuation Board have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2006 and the financial position as at 30 June 2006.

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".

CHAIRPERSON

DATE

MEMBER

DATE

G E PEIRCE
CHIEF FINANCE OFFICER

DATE



AUDITOR'S OPINION - FINANCIAL STATEMENTS

PERFORMANCE INDICATORS

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

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

EFFECTIVENESS INDICATORS

PERFORMANCE INDICATOR

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

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

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

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

NOTES:

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

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

PERFORMANCE INDICATOR

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

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

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

Minimum Vested Benefits

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

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

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

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

Minimum Vested Benefits Ratio: 106%

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

NOTES:

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



EFFICIENCY INDICATORS

(i) TO ENSURE MEMBERS RECEIVE PROMPT BENEFIT PAYMENTS.

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

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

A total of 58 benefit payments were made during 2005/06 compared to 55 benefit payments during 2004/05. 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.

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	1	2
	<u>55</u>	<u>100</u>

2003/04

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

2002/03

Days	No. of Benefits	%
1 - 5 days	37	42
6 - 14 days	36	40
15 - 28 days	11	12
over 28 days	5	6
	<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	8	17
	<u>48</u>	<u>100</u>

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

	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%

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

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

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

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 2006.

CHAIRPERSON

DATE

MEMBER

DATE



ANNUAL ESTIMATES 2006/07

(NOT SUBJECT TO AUDIT)

	Estimate 2006/07	Actual 2005/06
<u>Investment Revenue</u>		
Interest	70,000	84,145
Trust Distributions	2,000,000	3,632,885
Rent Received	20,000	18,000
Changes in Net MV	8,000,000	14,024,727
Direct Invest Expense	10,000	39,651
	-----	-----
	10,100,000	17,799,408
	-----	-----
<u>Contribution Revenue</u>		
Employer Contributions	4,200,000	3,924,487
Salary Sacrifice Conts	2,800,000	2,538,932
Member Contributions	950,000	886,139
Transfers In	750,000	975,447
	-----	-----
	8,700,000	8,325,005
	-----	-----
<u>Other Revenue</u>		
Insurance Proceeds	200,000	174,596
Changes NMV Other Assets	(15,000)	(16,813)
	-----	-----
	185,000	157,783
	-----	-----
TOTAL REVENUE	18,985,000	26,282,196
	-----	-----
EXPENSES		
Administration Expenses	350,000	374,458
Group Life Premiums	220,000	213,002
Contributions Surcharge	5,000	71,046
Benefits Paid	4,000,000	3,860,217
	-----	-----
Total Expenses	4,575,000	4,518,723
	-----	-----
CHANGES IN NET ASSETS BEFORE TAX		
	14,410,000	21,763,473
Income Tax Expense	1,000,000	1,199,810
	-----	-----
CHANGES IN NET ASSETS AFTER TAX	13,410,000	20,563,663
Net Assets Available to Pay Benefits (Beg. of Period)	126,408,135	106,273,689
	-----	-----
Net Assets Available to Pay Benefits (End of Period)	139,818,135 =====	126,837,352 =====

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

2005-06 Actual	2006-07 Target
917	920

Assets under management

2005-06 Actual	2006-07 Target
\$126M	\$140M

Quality

Number of Audit Exceptions

2005-06 Actual	2006-07 Target
Nil	Nil

Investment return compared to median fund manager

2005-06 Actual	2006-07 Target
+0.5%	+1.0%

Timeliness

Average time to satisfy member queries

2005-06 Actual	2006-07 Target
24 Hours	24 Hours

Cost

Management Expense Ratio (MER)

2005-06 Actual	2006-07 Target
0.59	0.59



AUDITOR'S OPINION - PERFORMANCE INDICATORS



**HON JOHN BOWLER MLA
MINISTER FOR RESOURCES**

"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 2006."

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.

CHAIRPERSON

MEMBER