

COAL MINING INDUSTRY (LONG SERVICE LEAVE FUNDING) CORPORATION

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9 September 2008

The Hon. Julia Gillard MP
Minister for Employment and Workplace Relations
Parliament House
CANBERRA ACT 2600

Dear Minister

It is my pleasure to present to you the Annual Report for the Coal Mining Industry (Long Service Leave Funding) Corporation for the year ended 30 June 2008. This marks the sixteenth year of the Corporation's administration of long service leave funding in the Australian black coal industry.

Whilst the Corporation adopts a "conservative" investment strategy the investments of the Fund are subject to uncertain economic conditions and for the 2007/2008 year recorded a negative return. There are a number of issues which are causing investment markets to be very volatile and with these unresolved issues creating uncertainty about the future directions of investment markets it is difficult to determine whether the worst news is behind us or still to come. History shows us negative returns every few years or so is part of the economic cycle. Going forward we can probably expect negative returns in the short term moving to more modest and sustainable returns in the long term.

It is pleasing to report that the Corporation continues to administer the reimbursement of employer long service leave payments in accordance with the legislation, has properly recorded its activities in the accompanying annual report and exercised due governance in discharging its responsibilities to the satisfaction of the Australian National Audit Office.

I would like to place on record acknowledgement and appreciation of the efforts of my fellow Directors the Secretary and the staff of the administrators in each of the participating States of New South Wales, Queensland, Western Australia and Tasmania.

A J Weston
Chairman

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General commentary

Introduction

Established by the Coal Mining Industry (Long Service Leave Funding) Act 1992 (The Act), the Coal Mining Industry (Long Service Leave Funding) Corporation (The Corporation) is responsible for the administration of the Coal Mining Industry Long Service Leave Fund (The Fund).

The Fund has operated since 1949 to provide reimbursement payments to employers paying long service leave to persons employed in the black coal industry in New South Wales, Queensland, Western Australia and Tasmania.

The Coal Mining Industry (Long Service Leave) Payroll Act 1992 and the Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992 enable:

- the raising of levies by the Commonwealth on employers of persons employed in the black coal industry, and
- appropriations to the Fund to form assets from which these reimbursement payments are made.

This centralised method of funding long service leave payments was created to fund the employer's liability of long service leave entitlements for employees in the industry, based on 'industry service' rather than service with any single employer.

The Corporation

The Corporation is a body corporate established by the Act. It has a Board of six directors who manage the Fund's administration and are appointed by the Minister for Employment and Workplace Relations. The directors hold office on a part-time basis.

- Two directors are appointed to represent companies engaged in black coal mining in New South Wales, Queensland and Tasmania
- One director is appointed to represent companies engaged in black coal mining in Western Australia
- One director is appointed to represent the Construction, Forestry Mining and Energy Union (CFMEU) (Mining and Energy Division)
- One director is appointed to represent the Electrical Division of the Communications, Electrical and Plumbing Union, the CFMEU in its capacity as the successor to the Federated Engine Drivers' and Firemen's' Association of Australia, and the Australian Manufacturing Workers Union, and
- One director is appointed to represent the Colliery Officials' Association of New South Wales, the Association of Professional Engineers, Scientists and Managers Australia in its capacity as the successor to the Australian Collieries Staff Association, and the Mine Managers Association of Australia in its capacity as the successor to the New South Wales Coal Mines Managers' Association.

A chairman and deputy chairman are appointed by the Board of Directors from the employer and employee representative directors.

Directors of the Corporation

There were three Board of the Corporation meetings convened during the year. Particulars of each director are as follows, with their attendance at each meeting shown thus "(/)".

1 Nominated by employers in the coal industry

Mr Arthur Weston (2/2)

Chairman

(Reappointed 29.02.2008 until 28.02.2010)

Mr Jim Middleton (1/3)

(Appointed 01.03.2007 until 28.02.2009)

Mr Steven Reynolds (3/3)

(Appointed 19.04.2007 until 18.04.2009)

2 Nominated by unions representing employees in the coal industry

Mr Peter Murray OAM (3/3)

(Reappointed 19.10.2007 until 18.10.2009)

Mr Chris Flatt (1/1)

(Appointed 19.10.2005 resigned 17.01.2008)

Mr Anthony Ryan (3/3)

(Appointed 31.05.2007 until 30.05.2009)

Mr Glenn Thompson (1/2)

(Appointed 28.01.2008 until 27.01.2010)

Committees

The Board continues to maintain a high level of corporate governance over financial management and investment performance, consistent with best practice through its Audit and Investment Committees, independent internal audit and regular actuarial reviews of the Fund's financial standing.

Appointment term of Directors

All Directors are appointed by the Minister for Employment and Workplace Relations on the nomination of relevant industry parties representing both employer and employee interests as required by the legislation.

Mr Arthur Weston was reappointed on 29 February 2008 on the nomination of companies engaged in black coal mining in New South Wales, Queensland and Tasmania.

Mr Chris Flatt resigned his appointment on 17 January 2008 and Mr Glenn Thompson was appointed as his replacement on 28 January 2008 on the nomination of the Australian Manufacturing Workers Union.

Administration

The following organisations administered and collected levies and reimbursement payments for the Corporation in the respective States during the year:

New South Wales, Tasmania and Queensland

- AUSCOAL Services Pty Ltd.

Western Australia

- Coal Industry Superannuation Board of Western Australia.

The Corporation regularly compares the administration costs of these organisations against the general marketplace to ensure they are professional administration providers offering competitive contract services.

Management

The directors have established the Corporation's affairs on sound principles of commercial management.

Most of the Corporation's work is carried out under contract by the administrators. A Secretary to the Corporation is also engaged under contract to undertake the secretariat and treasury functions related to the Corporation's administration as a body corporate and the Fund's investment of its assets.

Specialist services such as internal audit, actuarial services, legal counsel and asset consultants are retained under contract on an 'as required' basis.

The basis of management is determined by the governing legislation and the management plan. The management plan incorporates investment policy and investment strategy for the investment of the Fund's assets.

MISSION STATEMENT

To facilitate the payment of long service leave entitlements to persons employed in the Australian black coal industry by ensuring, by virtue of the powers vested in the Corporation, that:

1. Sufficient funds are provided by employers by way of levy to finance the cost of this liability.
2. Proper record of individual entitlement is kept.
3. Employers are properly reimbursed for authorised payment of long service leave.

The Corporation undertakes to fulfil this mission in the most efficient and cost-effective manner.

Management objectives

Primary objectives

The Corporation's primary objectives are to:

- manage the collection of levies payable by employers on behalf of the Commonwealth and promptly remit these collections to Consolidated Revenue
- promptly reimburse employers for properly approved payments of long service leave to their employees, and
- advise the Minister, with the assistance of a consulting actuary, on setting levy rates to be paid by employers that are sufficient to provide (invested) assets in the Fund to meet the estimated liability for future reimbursements payments to employers.

Monthly employer levy payments are due to the Corporation no later than 28 days after the month end. All levy collections are remitted to Consolidated Revenue no later than the first business day of the month following receipt. Outstanding (overdue) levies are monitored and additional levies are imposed in accordance with the provisions of the legislation and Board policy.

Other management objectives

Long service leave payments and consequential reimbursements to employers by the Corporation are based on continuous periods of employment service in the coal industry. This often entails aggregating several shorter employment periods with a number of employers.

Therefore, employment periods must be independently recorded and collated in a central registry. Such a registry is maintained by the Corporation. The Corporation's secondary objective is ensuring this central coal industry employment record is maintained from information provided by employers and regularly verified.

Other objectives include:

- soundly investing the Fund's assets to minimise the necessary levy rate on employers to finance reimbursement payments, and
- ensuring all employers in the black coal industry liable to make levy payments to the Commonwealth under the provisions of the legislation make these payments by the due date.

The Corporation's investment policy is incorporated into a management plan approved by the Minister. The policy includes an investment strategy designed to optimise the risk/return ratio over the medium to long term, with investments in Australian and overseas securities by appointed professional investment managers. The investment managers are monitored on behalf of the Corporation by an asset consultant and all investments are securely held by, and in the name of, an independent master custodian.

Because this investment strategy is directed towards medium to long term returns, it is not adjusted or amended in the shorter time periods to anticipate likely market corrections. Instead, the strategy takes account of short term financial market volatility when setting investment return objectives.

The Fund recorded an investment return on its assets of -6.72% for the 2007-2008 financial year.

The Corporation has continued to identify and inform black coal industry employers of their obligations under the legislation to pay levies, provide audit certificates and their right to claim reimbursement for approved long service leave payments to their employees. This is still a matter of concern for the Corporation. As many organisations are engaged in the black coal industry as contractors to coal mine operators for the first time, they are unaware of their obligations under the Act.

Actuarial review

The legislation requires that the Fund be subjected to periodic actuarial reviews and the levy rate payable by employers be set having regard to the review's findings as to the estimated future liabilities and adequacy of the invested assets to meet their costs as and when they fall due. During the 2007-2008 year the directors resolved to undertake an actuarial review as at 30 June 2007.

As a result of the actuarial review at 30 June 2007 the Board of Directors enacted an amendment to the legislation reducing the levy rate from 2.8% of eligible wages to 2.7% with Ministerial approval effective from 1 August 2008.

Professional assistance to the Corporation

When the Corporation was established in 1993, the directors decided that contracting the Fund's administration in each participating State would be more cost-effective than maintaining its own administration.

They also contracted professional services in the areas of legal counsel, internal auditing, actuarial services, investment consultancy and secretarial support. The Corporation does not employ any staff.

Publications

In accordance with the guidelines for preparing annual reports by Commonwealth Government Authorities, the Corporation's directors advise that no publications have been prepared or issued by the Corporation during the period of this annual report.

Freedom of information

The Corporation has been advised that as it is an entity of the Commonwealth and subject to the provisions of the Commonwealth Authorities and Companies (CAC) Act, it is also subject to the requirements of the Commonwealth's freedom of information legislation.

During the year of this report the Corporation received no requests for information under these provisions.

Compliance

The Corporation is committed to maintaining the highest standards of best practice and good governance. To this end, it requires contracted providers of out-sourced services to accept compliance with these standards as a condition of contract, and monitors this compliance during the contract term.

Further, the directors have also formulated the Corporation's own policies for good governance and conduct and are currently reviewing all adopted practices and policies for such things as business recovery, business continuity, fraud and fraud control.

Financial

The Statement of Financial position, Operating statement and Statement of cash flows, together with notes thereto and the Auditor's report thereon are presented with this report.

The Statement of financial position records the full value of accrued liability for reimbursement of long service leave payments including accrued entitlements under the previous administration arrangements in excess of the assets of the Fund at the time of transfer to the Corporation.

2008-2009 budget

The Corporation anticipates the following receipts and payments for the 2008-2009 financial year, assuming the rate of levy payable by employers remains at 2.7% of eligible wages (effective from 01.08.2008).

2008-2009 budget

Receipts and payments		\$m
Appropriations from consolidated revenue* (* from collections of levy payments by employers)		72
Earnings from investment		40
Less:		
Reimbursement payments to employers	48	
Operating expenses	<u>2</u>	
		<u>50</u>
Net increase in assets		<u>62</u>

Investment

The Corporation has contracted the following investment managers to invest the Fund's assets, consistent with its investment policy and strategy.

Manager	Asset class
AMP Capital Investors	Global listed property
State Street Global Advisors	Overseas (Ex. Aust.) equities and tactical overlay
Credit Suisse Asset Management	Overseas (Ex. Aust.) equities
Hyperion	Australian equities
UBS Brinson – Asset Management	Australian fixed interest
BGI	Australian equities
PIMCO Global Fund	Overseas (Ex. Aust.) bonds and high yield debt
Lazard (Aust) Asia Pacific Fund	Australian equities
Loomis Sayles	Specialist credit – bank bills
J P Morgan Cash Account	Cash
BT Global	Hedge funds

The investment policy's broad objective is to achieve a return of CPI + 4% over a rolling five year period.

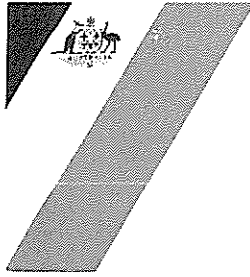
Setting an investment strategy consistent with this policy is determined by the Board with the assistance of an asset consultant – Watson Wyatt (Worldwide).

The following returns have been achieved in the last five years, ending 30 June 2008.

2004	2005	2006	2007	2008
15.11%	13.07%	12.7%	12.08%	-6.72%

This represents an annual average return of 9.25%, with an average real rate of 6.13% pa (i.e. after adjusting for inflation – CPI).

Independent audit report



INDEPENDENT AUDIT REPORT

To the Minister for Education, Employment and Workplace Relations

Scope

We have audited the accompanying financial statements of the Coal Mining Industry (Long Service Leave Funding) Corporation (the Corporation) for the year ended 30 June 2008, which comprise: a statement by the Directors and Secretary; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments and contingencies; a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Corporation for the Financial Statements

The directors of the Corporation are responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and Australian Accounting Standards including Australian Accounting Interpretations. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. The Auditing Standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Corporation, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, we have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Coal Mining Industry (Long Service Leave Funding) Corporation:

- (a) have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and Australian Accounting Standards including Australian Accounting Interpretations; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Coal Mining Industry (Long Service Leave Funding) Corporation's financial position as at 30 June 2008 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
14 August 2008

Financial statements

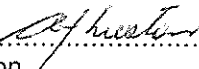
*For the year ended
30 June 2008*


STATEMENT BY DIRECTORS AND SECRETARY


In our opinion, the attached financial statements for the year ended 30 June 2008 of the Coal Mining Industry (Long Service Leave Funding) Corporation are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

In our opinion, at the date of this statement there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of the Directors.

Signed 
A Weston
Chairman
14 August 2008

Signed 
P Murray
Deputy Chairman
14 August 2008

Signed 
R Hamilton
Secretary
14 August 2008

INCOME STATEMENT

For the Year Ended 30 June 2008

Income	Notes	2008 \$'000	2007 \$'000
Revenues			
Revenues from Government	8(a)	71,637	64,822
Investment Revenue	8(b)	(34,657)	61,999
Total Revenue		36,980	126,821
 Expenses			
Investment expenses	8(c)	4,097	41
Professional services	8(d)	1,198	1,122
Director's Remuneration	8(e)	8	6
Administration expenses	8(f)	864	839
Other expenses		23	34
Write-up of provision	7	101,161	84,987
Total Expenses		107,351	87,029
Surplus/(Deficit)		(70,371)	39,792
Net Surplus Attributable to the Australian Government		(70,371)	39,792

(The above statement should be read in conjunction with the accompanying notes.)

BALANCE SHEET

As at 30 June 2008

ASSETS	Notes	2008 \$'000	2007 \$'000
Financial Assets			
Cash and Cash Equivalents	4	16,323	14,736
Receivables	5(a)	27	21
Investments	6	547,341	563,823
Other Assets	5(b)	638	245
Total financial assets		564,329	578,825
Total assets		564,329	578,825
LIABILITIES			
Trade and other Payables		805	241
Provisions	7	590,808	535,497
Total liabilities		591,613	535,738
Net assets		(27,284)	43,087
EQUITY			
Retained Surplus		(27,284)	43,087
Total Equity		(27,284)	43,087
Current Assets		16,988	15,002
Non-Current Assets		547,341	563,823
Current Liabilities		49,605	47,241
Non-Current Liabilities		542,008	488,497

(The above statement should be read in conjunction with the accompanying notes.)

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	Note	2008 \$'000	2007 \$'000
Total equity at the beginning of the financial year		43,087	3,295
Net surplus/deficit attributable to the Australian Government		(70,371)	39,792
Total equity attributable to the Australian Government		<u>(27,284)</u>	<u>43,087</u>

(The above statement should be read in conjunction with the accompanying notes.)

CASH FLOW STATEMENT

For The Year Ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
OPERATING ACTIVITIES			
<i>Cash Received:</i>			
Investment Income		45,276	34,217
Appropriations		72,193	65,426
GST Received from ATO		207	225
<i>Total cash received:</i>		<u>117,676</u>	<u>99,868</u>
<i>Cash used:</i>			
Reimbursement to employers		45,850	51,474
Administration expenses		864	835
Professional services		1,568	1,738
<i>Total cash used:</i>		<u>48,282</u>	<u>54,047</u>
Net cash from operating activities	4	<u>69,394</u>	<u>45,821</u>
INVESTING ACTIVITIES			
<i>Cash used:</i>			
Purchase of investments		(67,807)	(84,758)
Net cash used by investing activities		<u>(67,807)</u>	<u>(84,758)</u>
Net increase in cash held		1,587	(38,937)
Cash at the beginning of the reporting period		14,736	53,673
Cash at the end of the reporting period	4	<u>16,323</u>	<u>14,736</u>

(The above statement should be read in conjunction with the accompanying notes.)

SCHEDULE OF COMMITMENTS

As at 30 June 2008

	2008 \$'000	2007 \$'000
BY TYPE		
Other commitments	3,981	913
Commitments receivable	(361)	(83)
Net commitments	3,620	830

BY MATURITY

Other commitments		
One year or less	1,371	913
From one to five years	2,610	-
Over five years	-	-
	3,981	913
Commitments receivable	(361)	(83)
Net commitments	3,620	830

As at 30 June 2008, other commitments comprise amounts payable under administration agreements.

SCHEDULE OF CONTINGENCIES

As at 30 June 2008

	2008 \$'000	2007 \$'000
CONTINGENT LIABILITIES		
Total contingent liabilities	-	-
	-	-
CONTINGENT ASSETS		
Total contingent assets	-	-
	-	-

(The above schedules should be read in conjunction with the accompanying notes.)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

1. Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Statements

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The continued existence of the Coal Mining Industry (Long Service Leave Funding) Corporation, ("the Corporation") in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Corporation's administration and programs.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2007; and,
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets and liabilities, which as noted, are at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the entity and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Significant Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

1. Summary of Significant Accounting Policies continued

1.3 Statement of Compliance

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standard is applicable to the current reporting period:

Financial Instrument Disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 and amends the disclosure requirements for financial instruments. In general, AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, AASB 1048 & AASB 1038]. These changes have no financial impact but may affect the disclosure presented in future financial reports.

Other effective requirement changes

The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact on the Corporation.

Amendments

- 2007-4 Amendments to Australian Accounting Standards from ED 151 and Other Amendments and Erratum: Proportionate Consolidation.
- 2006-7 Amendments to Australian Accounting Standards

Interpretations

- UIG Interpretation 11 AASB 2 - Group and Treasury Share Transactions and 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

- AASB 12 Interpretation Service Concession Arrangements and 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12.
- AASB 8 Operating Segments and 2007-3 Amendments to Australian Accounting Standards arising from AASB 8.
- 2007-6 Amendments to Australian Accounting Standards arising from AASB 123.
- AASB Interpretation 13 Customer Loyalty Programmes.
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Other

The following standards and interpretations have been issued but are not applicable to the operations of the corporation.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

1. Summary of Significant Accounting Policies continued

1.3 Statement of Compliance

AASB 1049 Financial Reporting of General Government Sectors by Governments

AASB 1049 specifies the reporting requirements for the Government Sector, and therefore, has no effect on the Corporation's financial statements.

1.4 Taxation

The Corporation is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.5 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the Corporation.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenues from Government - Appropriations

Appropriations are recognised as revenue to the extent they have been received into the Corporation's bank account. The Corporation collects a levy paid by employers in a levy collection account. This levy account is not recognised as revenue until it is paid to the Corporation as an above mentioned appropriation as it is not controlled by the Corporation. At 30 June 2008 the balance in this levy account was \$7,394,920.56 and this amount was remitted on 1 July 2008, to Consolidated Revenue. (Refer Note 3 for further details)

1.6 Cash

Cash and cash equivalents means notes and coins held and any deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.7 Financial Instruments

Accounting policies for financial instruments are stated at Note 12.

1.8 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

1. Summary of Significant Accounting Policies continued

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires. For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

1.9 Investments

The Corporation classifies its investments as financial assets at fair value through profit and loss.

The financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Gains and losses in hedges are capitalised to the carrying value of the asset.

Purchases and sales of investments are recognised on trade-date ie. the date on which the Corporation commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the right to receive cash flow from the financial assets have expired or have been transferred and the Corporation has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit and loss are subsequently carried at fair value, realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit and loss" category are included in the Income Statement in the period in which they arise.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (or is an unlisted security), the Corporation establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Corporation assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Corporation may have derivative financial instruments in place from time to time by virtue of an active mandate with an investment manager. Active investment managers may utilise derivatives to ensure it complies with the mandated strategy approved by the Corporation. The Corporation itself does not invest in derivatives directly and expects that investment managers utilise derivatives in the short term only.

It is a requirement of all managers that if derivatives are utilised, any such derivatives are fully cash backed. The portfolio is not to be leveraged.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

1. Summary of Significant Accounting Policies continued

1.10 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Available-for-sale Financial Assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

Other financial assets carried at cost which were not held to generate net cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the asset's carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

1.11 Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.12 Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

1. Summary of Significant Accounting Policies continued

1.13 Provision for Reimbursements

The provisions represent the calculated accrued liability for the reimbursement of employers for the long service leave entitlements of employees in the Australian black coal industry as at 30 June.

The Corporation has assumed the liability of the former administration for the reimbursement of employers for long service leave entitlements accrued by employees up to the date of the commencement of administration by the Corporation viz 27 June 1993, by way of a 'Provision' in the financial accounts. The liability was at that date estimated by the consulting actuary on the basis of data provided by employers for the purpose of an actuarial review as \$389.984M and this amount was brought to account in the financial statements for the Corporation for the year ended 30 June 1993.

The accrued liability is re-calculated annually using the total weeks of service qualifying for long service leave payment and multiplied by the average weekly cost of long service leave in each of the separate states (NSW, TAS, QLD & WA) and brought into the accounts as a provision. On the basis of this calculation the accrued liability as at 30 June 2008 is \$590 million (2007 - \$535M).

The legislation provides that the Coal Industry Long Service Leave Fund be subjected to periodic actuarial reviews and the rate of levy payable by employers be set such as would provide for the fund to be fully-funded.

As a result of the actuarial review at 30 June 2007 the Board of Directors enacted an amendment to the enabling legislation reducing the levy rate from 2.8% of eligible wages to 2.7% and this has Ministerial approval to be effective from 1 August 2008.

2. Activities

(a) *Enabling Legislation*

The Corporation was established by the *Coal Mining Industry (Long Service Leave Funding) Act 1992*.

(b) *Segment Reporting*

The sole activity of the Corporation is the receipt of appropriations from the Commonwealth Government from levies paid by employers and the reimbursement to employers for long service leave payments made to (defined) persons employed in the Australian black coal industry. The Corporation is responsible for the collection and remittance of levies to Consolidated Revenue on behalf of the Commonwealth.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

3. Funding

In the previous year for the period 1 July 2007 until 30 June 2008 levies payable by employers under the provision of the *Coal Mining Industry (Long Service Leave) Payroll Levy Collections Act 1992*, were calculated at 2.8% of "eligible wages" as defined by the Act (refer Note 8).

4. Cash Flow Reconciliation

For the purpose of the Cash Flow Statement, cash includes cash at bank and investments in short term deposits and discounted commercial bills that are readily convertible to cash.

Reconciliation of Operating Result to the Net Cash from Operating Activities	2008	2007
	\$'000	\$'000
Operating Result	(70,371)	39,792
Net investment (gains) / losses	84,289	(27,758)
(Increase)/decrease in receivables	(6)	197
(Increase)/decrease in other current assets	(393)	243
Increase/(decrease) in supplier payable	564	(166)
Increase (decrease) in other current liabilities	-	-
Increase (decrease) in other provisions	-	-
Increase/(decrease) in provision for reimbursements	55,311	33,513
Net cash from operating activities	<u>69,394</u>	<u>45,821</u>

Reconciliation of Cash

Cash balance comprises:

Cash on Hand

Corporation	3,925	5,258
Deposits at call	<u>12,398</u>	<u>9,478</u>
Total Cash	<u>16,323</u>	<u>14,736</u>
Balance of cash at 30 June shown in Cash Flow Statement	<u>16,323</u>	<u>14,736</u>

NOTES TO THE FINANCIAL STATEMENTS
30 June 2008

5. Receivables

(a) Debtors	2008	2007
<i>Other debtors</i>	\$	\$
Proceeds from sale of investments (Note 7)	-	-
<i>Amounts receivable from the Commonwealth</i>		
GST paid and claimable	27	21
Total Receivables (net)	<u>27</u>	<u>21</u>
All receivables are current assets		
Receivables (gross) are aged as follows:		
Not Overdue:	27	21
Total receivables (gross)	<u>27</u>	<u>21</u>

(b) Other assets	2008	2007
	\$'000	\$'000
Accrued income from investments (Note 6)	580	202
Accrued bank interest	58	43
Total other assets	<u>638</u>	<u>245</u>
All other assets are current		

6. Investments at Fair Value through Profit & Loss

(a)	2008	2007
	\$'000	\$'000
At the beginning of the year	563,823	451,307
Purchases	67,807	84,758
Realised and unrealised gains/(losses) (Note 8(b))	<u>(84,289)</u>	<u>27,758</u>
At end of year	<u>547,341</u>	<u>563,823</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

(b) As at 30 June 2008, a total of \$560 million (2007 - \$573M) from the assets of the Coal Mining Industry Long Service Leave Fund was invested by the Corporation with the appointed fund managers, in accordance with the approved Investment Policy in the following portions:

	2008		2007	
	\$'000	%	\$'000	%
AMP	39,706	7	48,696	9
State Street Global Advisors	46,837	8	52,313	9
Credit Suisse	44,709	8	47,361	8
Hyperion	36,173	6	48,116	8
UBS Brinson	160,437	29	146,323	25
BGI	47,874	9	52,696	9
Pimco	90,808	16	79,098	14
Lazard	32,678	6	42,916	8
Loomis Sayles	14,554	3	15,608	3
BT Global	33,564	6	32,782	6
J P Morgan Cash Account	12,344	2	7,594	1
	<u>559,684</u>	<u>100</u>	<u>573,503</u>	<u>100</u>
Cash held directly by the Corporation	3,925		5,258	
	<u>563,609</u>		<u>578,761</u>	

All investments were held on behalf of the Corporation by the Master Custodian, J P Morgan Investor Services Limited. The Custodian reports, that for the year ended 30 June 2008, the gross return on the investment of funds was -6.72% (2007: 12.08%).

The above investments were held at the reporting date in the following categories:

	2008		2007	
	\$'000	%	\$'000	%
Non-current Investments				
Aust. Fixed Interest	160,437	29	146,323	25
O/Seas Fixed Interest	105,362	19	94,706	16
Australian Equities	116,725	21	143,950	25
Overseas Equities	125,110	22	130,148	23
Property Trust	39,706	7	48,696	8
	<u>547,340</u>		<u>563,823</u>	
Current Investments				
Cash or equivalents	16,323	2	14,736	3
	<u>563,663</u>	<u>100</u>	<u>578,559</u>	<u>100</u>
Accrued Income (Note 5b)	580		202	
Unsettled Sales	(634)		-	
	<u>563,609</u>		<u>578,761</u>	

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

	2008	2007
	\$'000	\$'000
7. Provisions		
Provision for reimbursements - Current	48,800	47,000
- Non-Current	542,008	488,497
	590,808	535,497
Balance at beginning of year	535,497	501,984
Reimbursement paid to coal mining employers	(45,850)	(51,474)
Write-up of provision	101,161	84,987
Balance at end of year	590,808	535,497
	2008	2007
	\$'000	\$'000
8. INCOME STATEMENT		
8 (a) Revenues from Government		
Appropriations		
- Levy Collections from Employers	71,492	64,721
- Interest	145	101
	71,637	64,822
Appropriation revenue is recognised at the time the Corporation becomes entitled to receive the revenue.		
8 (b) Investment Revenue		
Dividends	1,561	1,062
Unit Trust Distributions	39,132	24,405
Fixed Interest	7,689	6,860
Deposit Interest	1,250	1,914
Net Investment gains realised	-	-
Investment revenue/(loss) arising from changes in net market value (assets held at reporting date)	(84,289)	27,758
	(34,657)	61,999
8 (c) Investment Expenses		
Net Investment losses realised	4,097	41

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

	2008 \$'000	2007 \$'000
8 (d) Professional Services		
Rendering of Services - External Parties	1,198	1,122
<i>Remuneration of Auditors</i>		
Amounts received, or due and receivable by:	\$	\$
• Australian National Audit Office – auditing the financial statements for the reporting period.	33,000	30,000
• PricewaterhouseCoopers internal auditing service	31,381	30,467
• PricewaterhouseCoopers custodian auditing service	35,036	34,662
	<u>99,417</u>	<u>95,129</u>

No other services were provided by the Australian National Audit Office.

8 (e) Directors' Remuneration

Directors' Expenses and Allowances

The remuneration of Directors is by way of daily allowances for part-time holders of public office as determined under Part 6 of the determination of the (Commonwealth) Remuneration Tribunal. Directors are also entitled to reimbursement for expenses incurred in travelling to/from meetings and in the conduct of business directly related to the affairs of the Corporation as approved. Directors have elected to have allowances and expenses to which they are entitled under these provisions made payable to their principal employing organisations.

	2008 \$	2007 \$
Remuneration received or due and receivable by Directors:	7,606	5,644

The number of directors included in these figures are shown below in the relevant remuneration bands:

	Number	Number
- \$ Nil - \$14,999	7	7

8 (f) Administration Expenses

	2008 \$'000	2007 \$'000
Costs associated with the performance of statutory and accounting functions for the Corporation.	133	142
Costs of administration for receipts of levies on behalf of the Commonwealth, maintenance of employment service records and the payment of reimbursements, in each of the following states:		
• New South Wales and Tasmania/Queensland	671	650
• Western Australia	60	47
	<u>864</u>	<u>839</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

9 Liabilities Not Recognised

As at 30 June 2008, the Directors are not aware of any Liability Not Recognised. The Corporation is exempt from income tax.

10 Related Party Disclosures

Directors of the Authority

The Directors of the Authority during the year were:

- Arthur WESTON (Chairman), Consultant - Reappointed 29/2/2008 (Chairman - AUSCOAL Services Pty Ltd – Resigned 30/4/2008)
- Peter MURRAY – OAM (Deputy Chairman), National Secretary of CFMEU - Mining and Energy Division – Reappointed 19/10/2007
- Christopher FLATT, National Industrial Officer, The Electrical Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Reappointed 19/10/2007 – Resigned 17/1/2008
- Jim MIDDLETON, Vice President, Mining Operations BHP Billiton Illawarra Coal, Director Illawarra Coal Holdings, Director Dendrobin Coal, Director Endeavour Coal - Appointed 1/3/2007
- Steve REYNOLDS, Human Resources Manager, Wesfarmers Premier Coal, Trustee for the Coal Industry Superannuation Board, Western Australia - Appointed 19/4/2007
- Anthony RYAN, Secretary Mine Managers Association of Australia – Appointed 31/5/2007
- Glenn THOMPSON, Assistant National Secretary, Australian Manufacturing 'Workers' Union. Director CBUS and ACIRT Pty Ltd – Appointed 28/1/2008

Other than where noted, Directors held their positions for the full year.

The aggregate remuneration of Directors is disclosed in Note 8(e).

During the period reported upon in these financial statements, the Corporation contracted administrative services to AUSCOAL Services Pty Ltd and Coal Industry Superannuation Board, Western Australia, of which Directors held an interest as noted above.

11 Economic Dependency

The Corporation is economically dependent upon continued funding by appropriation of moneys out of the Consolidated Revenue Fund of the Commonwealth of Australia derived from levies made on the black coal mining industry.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

12 Financial Instruments

a) Statement of Terms, Conditions and Accounting Policies

Financial Instruments	Accounting Policies	Terms and Conditions
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- (i) Financial Assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.

Cash and Cash Equivalents	Cash deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Funds are placed on deposit at call with the Corporations bankers and custodian. Refer to Interest Rate Risk table.
Short Term	Short term interest bearing securities are recognised at their net fair value. Interest is credited to revenue as it accrues.	Surplus funds held on deposit. Refer to Interest Rate Risk table.
Fixed Interest	Long term interest bearing securities held at a fixed or indexed interest rate is valued at net fair value. Interest is credited to revenue as it accrues.	Refer to Interest Rate Risk table.
Receivables and Other Assets	Recognised at face value adjusted for impairment.	Usually settled within 30 days.
Equities Investments	Equities are recognised at Net Market Value.	The shares held are ordinary shares.
Unit Trusts	Unit Trusts are recognised at net market value.	Investments are held in Units.
Foreign exchange contracts and Futures	Recognised at net market value.	Usually settled in the short term. Used to manage risk exposures.

Investments consist of short term deposits, fixed interest securities, equities, unit trusts, forward foreign exchange and futures.

- (ii) Financial Liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.

Payables	Recognised at their nominal amounts.	Settlement net 30 days.
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NOTES TO THE FINANCIAL STATEMENTS
30 June 2008

12 Financial Instruments continued

b) Interest Rate Risk – 30 June 2008

	Floating Interest Rate	Fixed Interest	Non Interest Bearing	Total
30 June 2008	\$'000	\$'000	\$'000	\$'000
Cash & Cash Equivalent	16,323			16,323
Short Term Deposits	5,235			5,235
Fixed Interest		148,369		148,369
Equity Investments - Aust.			35,840	35,840
Unit Trusts			350,716	350,716
Futures			281	281
Forward Foreign Exchange			-	-
Discount Securities			6,900	6,900
Receivables and Other Assets			665	665
Total Financial Assets	21,558	148,369	394,402	564,329
Payables			805	805
Derivatives - Futures			-	-
Derivatives - FFX			-	-
Total Financial Liabilities			805	805

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

12 Financial Instruments continued

c) Interest Rate Risk – 30 June 2007

	Floating Interest Rate	Fixed Interest	Non Interest Bearing	Total
30 June 2007	\$'000	\$'000	\$'000	\$'000
Cash & Cash Equivalent	14,736			14,736
Short Term Deposits	3,021			3,021
Fixed Interest		137,522		137,522
Equity Investments - Aust.			45,965	45,965
Unit Trusts			370,381	370,381
Futures			217	217
Forward Foreign Exchange			2	2
Discount Securities			6,948	6,948
Receivables and Other Assets			266	266
Total Financial Assets	17,757	137,522	423,779	579,058
Payables			241	241
Derivatives - Futures			68	68
Derivatives - FFX			165	165
Total Financial Liabilities			474	474

12 d) Credit Risk Exposures

Credit risk is defined as "the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation."

The Corporation's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Corporation has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

12 Financial Instruments continued

e) Categories of Financial Instruments

	Fair Value	
	2008 \$'000	2007 \$'000
FINANCIAL ASSETS		
Available-for-sale financial assets		
Cash and cash equivalents	16,323	14,736
Equity securities	35,840	45,746
Fixed interest securities	153,604	140,762
Unit trusts	350,716	370,381
Discount Securities	6,900	6,948
Fair value through profit or loss		
Receivables derivative instruments	281	219
Loans and receivables		
Loans and receivables	665	266
	564,329	579,058
FINANCIAL LIABILITIES		
At amortised cost		
Payables derivative instruments	-	233
Payables	805	241
	805	474
Carrying amount of Net Financial Assets	563,524	578,584
Less Provisions	590,808	535,497
Carrying amount of Net Assets per Balance Sheet	(27,284)	43,087

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

12 Financial Instruments continued

f) Liquidity Risk

Liquidity risk is defined as the risk that the Corporation could not be able to settle or meet its obligations on time or at a reasonable price. The Corporation adopts an active cash management strategy.

The Corporation's investment portfolio allocation profile is determined by the Board in conjunction with advice from external professional investment consultants and Investment Committee. It is structured to ensure sufficient funds are held in investments that can be converted to cash to meet its obligations as they fall due. Equities, other Listed Securities, Cash and Short-term debt securities constitute the significant component of the Entity's financial instruments. The liquidity risk of Unlisted Securities is managed through holding a diversified portfolio of assets with known investment horizons, different expected exit dates, and ensuring the total exposure of this class is maintained at a level whereby forced sales will not be required.

The Investment Committee is charged with the monitoring and the Board with the overall responsibility for liquidity, funding as well as settlement management.

g) Market Risk

Market risk is defined as "the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices" and includes interest rate risk, foreign currency risk and "other price risks." Other price risks are further defined as "the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market."

g) i) Currency Risk

The Corporation derives its revenue streams principally in Australian dollars. Payments to overseas denominated currency sources for the supply of goods and services provided to the Corporation is considered immaterial and as such foreign exchange risk in these transactions is considered insignificant.

The impact of a weakening/(strengthening) of the AUD by 9.5% with all other variables held constant, profit for the year would have been \$Nil higher/(lower) (2007: \$1,000 as a result of foreign gains/(losses) on translation of foreign currency bank account balances. Equity would have been \$Nil higher/ (lower) (2007: \$1,000) had the AUD weakened/ (strengthened) by 10% against the Trade Weighted Index, arising from Available-for-sale investments.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

12 Financial Instruments continued

g) i) Currency Risk continued

The following table demonstrates the sensitivity to a reasonably possible change in the AUD/Trade Weighted Index with all other variables held constant, on the Corporation's Profit and Loss and the Corporation's Equity.

Volatility Factor	+ 9.5%	+ 9.5%	+ 9.5%	+ 9.5%
	US Dollars	Euro	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2007	1	-	-	1
30 June 2008	-	-	-	-
Volatility Factor	- 9.5%	- 9.5%	- 9.5%	- 9.5%
	US Dollars	Euro	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2007	(1)	-	-	(1)
30 June 2008	-	-	-	-

g) ii) Interest Rate Risk

Interest rate risk is the risk that the realisable value of a financial instrument will fluctuate due to the changes in market interest rates. The Corporation's exposure to the risk of changes in market interest relates primarily to long-term investments with floating interest rates.

The Corporation's interest rate risk arises from the investment in cash, fixed and floating interest and short term money market securities. The portfolio is fully invested in AUD denominated securities.

At 30 June 2008, if interest rates decreased/(increased) by volatility per sector as shown in table below, with all other variables held constant, operating result and equity would have been \$5,633,000 higher/(lower) (2007: \$5,342,000 higher/(lower))

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

12 Financial Instruments continued

g) ii) Interest Rate Risk continued

Volatility Factor	+	-
Australian Cash	2.20%	(2.20)%
Australian fixed interest	4.30%	(4.30)%
International fixed interest	5.50%	(5.50)%
High yield hedge	14.20%	(14.20)%
Emerging market debt	15.60%	(15.60)%
Bank loans hedged	6.30%	(6.30)%
Impact on Net Surplus/Total Equity	\$000	\$000
30 June 2007	(5,342)	5,342
30 June 2008	(5,633)	5,633

h) iii) Other Price Risk

The following table demonstrates the sensitivity to a reasonable possible change in market prices, with all other variables held constant.

Volatility Factor	+	-
Australian equity securities	19%	(19)%
International equity securities	16%	(16)%
Property	12%	(12)%
Hedges	3%	(3)%
Impact on Net Surplus/Total Equity	\$000	\$000
30 June 2007	75,207	(75,207)
30 June 2008	69,729	(69,729)

13 Contingent Liabilities and Assets

The Corporation has no unquantifiable or remote contingencies.