



Australian Government

**Coal Mining Industry
(Long Service Leave Funding) Corporation**

ANNUAL **2**
Report **0**
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Australian Government

**Coal Mining Industry
(Long Service Leave Funding) Corporation**

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3 October 2013

Senator the Hon Eric Abetz
Minister for Employment
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 2013 which marks the twenty-first (21st) year of the Corporation's administration of long service leave funding in the Australian black coal mining industry.

The Board of the Corporation continues to monitor and review the investment strategy of the Fund with the assistance of the external asset consultant and together we are confident that the Fund will record modest and sustainable investment returns in the long term.

It is again 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 thank all retiring Directors for their service to the Corporation and the industry and wish them well for the future.

I also thank all current Directors for their contribution and support over the year and look forward to continuing to work with them through the next phase in the Corporation's history.

Finally, on behalf of the Board I thank officers of your Department, the Secretary and the staff of the administrator for their efforts over the past year.

A handwritten signature in black ink, appearing to read 'A J Weston', written in a cursive style.

A J Weston
Chairman

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General Commentary

Introduction

Established by the Coal Mining Industry (Long Service Leave) Administration 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 mining industry in New South Wales, Queensland, Western Australia and Tasmania on the basis of industry employment service.

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 mining 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 liability of employers given the entitlement to long service leave for employees in the industry is based upon '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 (6) Directors to manage the administration of the Fund who are appointed by the Minister for Employment and Workplace Relations, and hold office on a part-time basis.

One Director is to be appointed to represent the companies engaged in black coal mining in New South Wales or Tasmania.

One Director is to be appointed to represent the companies engaged in black coal mining in Queensland.

One Director is to be appointed to represent companies engaged in black coal mining in Western Australia.

Two Directors are to be appointed to represent the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union.

One Director is to be appointed to represent the following organisations:

- (a) the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia;
- (b) the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union;
- (c) the Association of Professional Engineers, Scientists and Managers Australia;
- (d) the Colliery Officials Association of New South Wales;
- (e) the Mine Managers Association of Australia.

A Chairman and Deputy Chairman are appointed by the Board of Directors, alternatively, from the employer and employee representative Directors.

Directors of the Corporation

There were a total of five (5) meetings of the Board of the Corporation convened during the year.

Particulars of each of the appointed Directors in this current year are as follows, with their attendance at each of these meetings convened during the term of their appointment shown thus "(/)".

1 Nominated by Employers in the Black Coal Mining Industry

- **Mr Arthur Weston (5/5)**
Chairman
(Reappointed 1 March 2012 for a 4 year term)
- **Mr Steven Reynolds (5/5)**
(Reappointed 19 April 2013 for a 4 year term)
- **Mr Kieren Turner (5/5)**
(Reappointed 15 June 2012 for a 4 year term)

2 Nominated by Unions Representing Employees in the Black Coal Mining Industry

- **Mr Andrew Vickers (4/5)**
(Reappointed 26 July 2013 for a 4 year term)
 - **Mr Grahame Kelly (5/5)**
(Appointed 30 January 2012 for a 4 year term)
 - **Mr Christopher Powell (4/5)**
(Appointment expired 29 May 2013)
- Mr Glenn Hall (0/0)**
(Appointed 30 May 2013 for a 4 year term)

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 financial standing of the Fund.

During the year in complying with Government's direction, the Board continued its appointment of an independent member to the Audit Committee.

Administration

AUSCOAL Services Pty Ltd acted for the Corporation in the administration and collection of levies and the payment of reimbursements.

AUSCOAL Services Pty Ltd is also the administrator of coal industry superannuation scheme and serves substantially the same employers and employees as are subject to the long service leave legislation administered by the Corporation. We believe that the close synergy between these administrations also continues to produce efficiencies and a benefit in administration costs to the Corporation. The Corporation regularly tests the costs of administration provided by AUSCOAL Services Pty Ltd against the general marketplace to ensure they remain cost-effective.

Management

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

The administration of the Corporation is carried out under contract. A Secretary to the Corporation is also engaged under contract to undertake the secretariat and treasury functions related to the administration of the Corporation as a body corporate and oversee the investment of the assets of the Fund.

Specialist services such as Internal Audit, Actuarial Services, Legal Counsel and Asset Consultant are all retained under contract on an 'as required' basis.

The basis of management is determined by the governing legislation and the Governance and Policy Framework. The Governance and Policy Framework incorporates Investment Policy Investment Strategy, for the investment of the assets of the Fund.

MISSION STATEMENT

To facilitate the payment of long service leave entitlements to persons employed in the Australian black coal mining 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 records 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.

Objectives

Primary Objectives

The primary objectives of the Corporation are to:

- (a) manage the collection of levies payable by employers on behalf of the Commonwealth and promptly remit these collections to Consolidated Revenue;
- (b) ensure that a proper record of individual entitlement is kept;
- (c) promptly reimburse employers for properly approved payments of long service leave to their employees;
- (d) advise the Minister (with the assistance of a consulting actuary) on the setting of the rate of levy to be paid by employers sufficient to provide (invested) assets in the Fund to meet the estimated liability for future reimbursements payments to employers.

Monthly levy payments by employers are due to be received by the Corporation no later than twenty eight (28) days after the month end. All collections of levies 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 imposed in accordance with the provisions of the legislation and Board Policy.

Other Objectives

- (a) Ensure the activities of the Corporation are carried out in compliance with Statutes.
- (b) Ensure the Corporation and its Directors/Agents/Officers properly discharge the obligations of the Corporation under the Coal Mining Industry (Long Service Leave) Administration Act and associated Legislation.
- (c) Ensure the Corporation properly discharges its legal liability and obligations to the Australian Government, Employers and Eligible Employees in the Australian Black Coal Mining Industry.
- (d) Ensure that sufficient funds are raised by way of levy as provided in the legislation to fully fund the liability for payment of Long Service Leave to eligible employees in the Australian Black Coal Mining Industry according to their entitlements.
- (e) Ensure that, on the recommendation of the Consulting Actuary, the amount of levy be set as a percentage of "eligible wages" to be sufficient to finance the cost of current and future accrued entitlements.
- (f) Minimise the amount to be raised to meet the cost of long service leave payments by way of levy on employers by the prudent investment of funds.
- (g) Ensure that all levies due and payable are remitted to the Corporation promptly and when appropriate, additional levies are imposed on those employers failing to make levy

- (h) As payments of long service leave (and consequential reimbursements to employers by the Corporation) are based upon qualifying periods of employment service in the black coal mining industry, which often entail the aggregation of several shorter periods of employment with a number of employers it is therefore necessary that qualifying periods of employment be independently recorded and collated in a central registry. Such a registry is to be maintained by the Corporation to ensure that this central record of employment in the black coal mining industry is collated from information provided by employers and regularly verified. Additionally post 1 January 2012 the Corporation is required to create and maintain "notional accounts" in respect of eligible employees for the purpose of reimbursing employers under the Reimbursement Rules.
- (i) The investment 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. These are monitored on behalf of the Corporation by an Asset Consultant and all investments are held for security by and in the name of an independent Master Custodian.
- (j) 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" but takes account of the short term volatility of financial markets in the setting of investment return objectives.
- (k) The Corporation is required by the provisions of the Commonwealth Authorities and Companies ("CAC") Act to publish an Annual Report.
- (l) The Corporation and the Administrator regularly communicates with employers and "eligible employees" engage in the black coal mining industry.
- (m) To enhance communication the Corporation has established and maintains its own website. www.coalslcorp.com.au
- (n) Compile and maintain financial accounts and associated records in accordance with convention and appropriate accounting standards at all times.
- (o) Produce timely periodic reports to inform the Government and those parties directly concerned with the management of the liability for payment of long service leave of the financial affairs of the Corporation and the performance of the Corporation in the discharge of its Statutory Duty.
- (p) The Corporation will promptly advise of employment service leave entitlement and issue authority to employers with respect to application for long service leave payments – within 24 hours of application.
- (q) Reimbursement payments to employers will be provided in terms of the Reimbursement Rules and dispatched within five (5) working days of receipt of application.

Actuarial Review

The legislation requires that the Fund be subjected to periodic actuarial reviews and the rate of levy payable by employers be set having regard for the findings of these reviews as to the estimated future liabilities and the adequacy of the invested assets to meet these liabilities as and when they fall due. Amendments to legislation effective 1 January 2012 provides for an actuarial review to be undertaken following the completion of the "Transitional Service Review". It is anticipated that the Transitional Service Review will be completed by 30 June 2014 and the actuarial review to commence in September 2014.

Professional Assistance to the Corporation

At the time of the establishment of the Corporation in 1993, Directors made the decision that to contract the administration of the Fund would be more cost-effective than maintaining its own administration.

They have likewise 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 the preparation of Annual Reports by Commonwealth Government Authorities, the Directors of the Corporation advise that a number of "Employer and Employee Information Brochure" publications were prepared and 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 "Freedom of Information" legislation of the Commonwealth.

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 term of the contract.

Additionally the Corporation is satisfied that there are adequate fraud control measures in place to comply with the Commonwealth Fraud Control Guidelines.

To comply with a Continuing Order of the Senate (The Harradine Motion) the Corporation has continued to maintain its own website - www.coallslcorp.com.au

Financial

The Balance Sheet, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with notes thereto and the Auditor's Report thereon are presented with this Report.

The Balance Sheet records the full value of accrued liability for reimbursement of long service leave payments.

2013/2014 Budget

The Corporation anticipates the following receipts and payments for the 2013/2014 financial year assuming the rate of levy payable by employers remains at 2.7% (of 'eligible wages').

2013/2014 Budget

Receipts & Payments	\$'M
Appropriations from Consolidated Revenue* (* from collections of levy payments by employers)	175
Earnings from Investment	77
Less:	
Reimbursements payments to employers	90
Operating Expenses	<u>4</u>
	<u>94</u>
Net Increase in Assets	<u>158</u>

Investment

Investment Objectives

The Corporation has the following three objectives:

1. The broad investment objective of the Corporation is to maximize the long-term investment return, subject to constraints aimed at containing fluctuations in returns over shorter periods within acceptable limits, to accommodate "liquidity risk".
2. More specifically, the objective is to obtain a net return from investment that exceeds inflation, as measured by the Consumer Price Index, by at least 4% per annum over rolling five year periods.
3. The Corporation's assets be invested such that there is less than a 1/3 probability of the employer levy recommended by the actuary rising above 2.7%p.a.

In setting the strategy, the Board has had regard to the historical and expected future rates of return on various classes of asset (including equities, fixed interest, property, various alternative assets and cash). It recognises that whilst return seeking assets (e.g. equities and growth alternatives like property) are expected to yield a higher return over the longer term than risk diversifying assets (e.g. fixed interest and cash). The associated volatility is higher, increasing the likelihood of poor or negative returns over shorter time frames.

The setting of an investment strategy consistent with this policy is determined by the Board with the assistance of an Asset Consultant – Towers Watson.

The Corporation has contracted with the following investment managers for the investment of the assets of the fund, consistent with its Investment Policy/Strategy:-

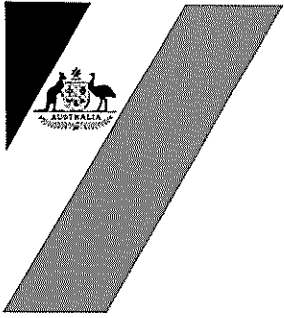
Manager	Type (Asset Class) of Investment
AMP Capital Investors	Global Listed Property
State Street Global Advisors	Overseas (Ex. Aust.) Equities
Vanguard Asset Management	Overseas (Ex. Aust.) Equities
Hyperion	Australian Equities
QIC	Australian Inflation Linked Bonds
Macquarie Funds Group	Australian Equities
PIMCO Global Fund	Overseas (Ex. Aust.) Bonds
Lazard (Aust) Asia Pacific Fund	Australian Equities
Stone Harbor	Emerging Markets
Brigade	Multi-Strategy Alternative Credit
K2 Advisors	Hedge Fund
QIC	Australian Fixed Interest
Bridgewater	Risk Parity
Artisan	Overseas (Ex. Aust.) Emerging Market Equities
J P Morgan Cash Account	Cash

The following returns have been achieved in the last five (5) years (ending 30 June)-

2009	2010	2011	2012	2013
-11.61%	16.88%	12.98%	4.35%	14.81%

This represents an annual average return of 7.48% with an average real rate of 5.12% (i.e. after adjustment for movement in inflation – CPI).

Independent Audit Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment

I have audited the accompanying financial statements of the Coal Mining Industry (Long Service Leave Funding) Corporation for the year ended 30 June 2013, which comprise: a Statement by Directors and Secretary; the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies and Notes to the Financial Statements.

Directors' Responsibility for the Financial Statements

The directors of the Coal Mining Industry (Long Service Leave Funding) Corporation are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Coal Mining Industry (Long Service Leave Funding) Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coal Mining Industry (Long Service Leave Funding) Corporation's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of

accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

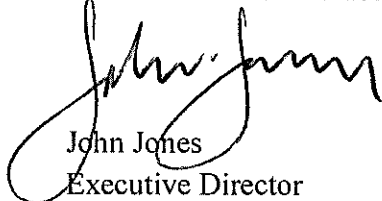
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; 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 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones

Executive Director

Delegate of the Auditor-General

Canberra

3 October 2013

**COAL MINING INDUSTRY
(LONG SERVICE LEAVE FUNDING)
CORPORATION**

*Financial
Statements*


***For the Year Ended
30 June 2013***


STATEMENT BY DIRECTORS AND SECRETARY


In our opinion, the attached financial statements for the year ended 30 June 2013 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*, as amended.

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 3/10/13

Signed 
A Vickers
Deputy Chairman 3/10/13

Signed 
R Hamilton
Secretary 3/10/13

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Expenses			
Changes in fair value of investments	9(c)	3,308	23,631
Professional services	9(d)	2,036	1,316
Director's remuneration	9(e)	64	64
Administration expenses	9(f)	2,325	3,498
Other expenses		65	321
Increase in provision for reimbursements	8, 1.2	263,337	95,648
Total Expenses		271,135	124,478
Revenues			
Investment Revenue	9(b)	147,260	62,644
Total Owned Sourced Revenue		147,260	62,644
Net Cost of Services		(123,875)	(61,834)
Revenues from Government	9(a)	170,418	147,062
Surplus on Continuing Operations		46,543	85,228
Surplus Attributable to the Australian Government		46,543	85,228

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

BALANCE SHEET

As at 30 June 2013

ASSETS	Notes	2013 \$'000	2012 \$'000
Financial Assets			
Cash and Cash Equivalents	5	57,123	115,775
Investments	7	1,103,985	841,197
Other Assets	6	582	580
Total financial assets		1,161,690	957,552
Total assets		1,161,690	957,552
LIABILITIES			
Trade payables		515	620
Other payables		113	30
Provisions	8	1,080,564	922,947
Total liabilities		1,081,192	923,597
Net assets		80,498	33,955
EQUITY			
Retained Surplus		80,498	33,955
Total Equity		80,498	33,955

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Total Retained Earnings/(Accumulated Deficit) at the beginning of the financial year		33,955	(51,273)
Net surplus for the period		46,543	85,228
Total Retained Earnings at the end of the financial year	4	<u>80,498</u>	<u>33,955</u>
Closing Balance Attributable to the Australian Government		<u>80,498</u>	<u>33,955</u>

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

CASH FLOW STATEMENT

For The Year Ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
OPERATING ACTIVITIES			
<i>Cash Received:</i>			
Investment income		47,093	62,509
Receipts from Government		170,418	147,062
Net GST received		438	545
<i>Total cash received:</i>		<u>217,949</u>	<u>210,116</u>
<i>Cash used:</i>			
Reimbursement to employers		105,720	49,698
Administration expenses		2,255	3,498
Investment expenses		1,150	839
Other expenses		1,657	1,311
<i>Total cash used:</i>		<u>110,782</u>	<u>55,346</u>
Net cash from operating activities	5	<u>107,167</u>	<u>154,770</u>
INVESTING ACTIVITIES			
<i>Cash used:</i>			
Purchase of investments		(363,925)	(67,746)
Sale of investments		198,106	8,345
Net cash used by investing activities		<u>(165,819)</u>	<u>(59,401)</u>
Net (decrease)/increase in cash held		(58,652)	95,369
Cash at the beginning of the reporting period		115,775	20,406
Cash at the end of the reporting period	5	<u>57,123</u>	<u>115,775</u>

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

SCHEDULE OF COMMITMENTS

As at 30 June 2013

	2013 \$'000	2012 \$'000
BY TYPE		
Other commitments	-	-
Commitments receivable	-	-
<i>Net commitments</i>	-	-
BY MATURITY		
Other commitments		
One year or less	-	-
From one to five years	-	-
Over five years	-	-
Commitments receivable	-	-
<i>Net commitments</i>	-	-

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

SCHEDULE OF CONTINGENCIES

As at 30 June 2013

	2013	2012
	\$'000	\$'000
Contingent assets		
Other contingencies	-	-
Total Contingent assets	-	-
Contingent liabilities		
Claims for long service leave	20,000	-
Total Contingent liabilities	20,000	-
Net Contingent assets/(liabilities)	(20,000)	-

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

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 is dependent on Government policy and on continuing appropriations by Parliament for the Corporation's administration. The Corporation is a not-for-profit entity.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and,
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accruals basis and are in accordance with the 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 statements are 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 Statement of Comprehensive Income 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

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related and actual results. The estimates and assumptions for the provision of reimbursements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The corporation provides reimbursements to employers for the long service leave entitlements of their employees when leave is taken. This provision for reimbursement is in accordance with the accounting policy stated in Note 1.14. By its nature, the value of the provision is calculated based on estimates of salary growth as well as the probability that the employee will be entitled to the liability, discounted to the present value. These assumptions are reviewed at least annually, taking into account the most recent available information.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

1. Summary of Significant Accounting Policies continued

1.3 New Australian Accounting Standards

Adoption of new Australian Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations that have been issued by the Australian Accounting Standards Board are considered to have a material impact on the Corporation.

Future Australian Accounting Standard requirements

Of the new standards, amendments to standards or interpretations issued by the Australian Accounting Standards Board that are applicable to future reporting periods, none are assessed as having a material financial impact.

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.

1.5 Revenue

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

Investment Revenue

Interest income is recognised as it accrues using the effective interest method of the instrument. Dividend and distribution income is recognised when the right to receive a dividend/distribution has been established.

Revenues from Government

Revenues from Government are recognised 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. The levy is transferred to Consolidated Revenue and is appropriated back from Consolidated Revenue on a monthly basis. This levy account is not recognised as revenue until it is appropriated back from Consolidated Revenue and paid to the Corporation as it is not controlled by the Corporation until this appropriation occurs. At 30 June 2013 the balance in this levy account was \$18,093,717 (2012: \$13,666,035) and this amount was remitted on 1 July 2013 to Consolidated Revenue. (Refer Note 3 for further details).

1.6 Cash

Cash and cash equivalents means cash on hand and demand 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

1. Summary of Significant Accounting Policies continued

1.7 Financial Assets

The Corporation classifies its financial assets in the following categories

- Financial instruments at fair value through profit or loss
- Loans and receivables

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss where the financial assets:

- Have been acquired principally for the purposes of selling in the near future;
- Are a part of an identified portfolio of financial instruments that the Corporation manages together and has a recent pattern of short term profit taking; or
- Are derivatives that are not designated and effective as a hedging instrument.

The classification depends on the nature and purpose of the financial assets as determined at the time of initial recognition. Financial assets are recognised and derecognised on trade date.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Income. The net gain or loss incorporates any interest earned on the financial asset.

Loans and receivables

Trade receivables and other receivables, that have fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment, if any. Interest is recognised by applying the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the instrument, or where appropriate, a shorter period.

1.8 Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities recognised and derecognised on trade date.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

1. Summary of Significant Accounting Policies continued

1.9 Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, references to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

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.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Corporation would receive or pay to terminate the contract at the balance date before taking into account current market conditions and the creditworthiness of the counterparties.

Investments in unlisted unit trusts are recorded at the exit price as reported by the managers of such trusts.

It is a requirement of all managers that if derivatives are utilised, any such derivatives are fully cash backed.

1.10 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.

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.

1.11 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 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 Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

1. Summary of Significant Accounting Policies continued

1.12 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).

1.13 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.

1.14 Provision for Reimbursements

The provisions represent the expected liability for the reimbursement of employers for the long service leave entitlements of eligible employees in the Australian black coal mining 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.

At 30 June 2013 the accrued liability (up to 31 December 2011) was calculated using the total hours of service expected to qualify for long service leave payment and multiplied by the average hourly rate for each full time employee and the average hourly rate for all other employees and brought into the accounts as a provision. In prior years the accrued liability (up to 31 December 2011) was calculated using the total hours of service expected to qualify for long service leave payment and multiplied by the average hourly rate by employer and brought into the accounts as a provision. From 1 January 2012, legislation established a notional account for each employee where appropriation is made by government and that amount, together with earnings, is credited to the members' notional account. The total accrued liability is reviewed based on the estimates of salary growth, the probability that the employee will be entitled to the liability, discounted to its present value. The accrued liability as at 30 June 2013 is estimated to be \$1,081 million (2012 - \$923 million).

The legislation provides that the Coal Mining Industry Long Service Leave Fund ("The 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 2011 the Board of Directors reaffirmed that the levy rate for eligible wages is 2.7%.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

1. Summary of Significant Accounting Policies continued

1.15 Going concern

The Corporation is legally separate from the Commonwealth and is ultimately responsible for all its own debts.

Commonwealth authorities are legally separate from the Commonwealth, but as the Australian Government is solely responsible for their creation and operation they are 'wound up' only when the government decides that all their functions are to be performed by another body or are not to be performed at all.

2. Activities

(a) *Enabling Legislation*

The Corporation was established by the *Coal Mining Industry (Long Service Leave) Administration 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 eligible employees employed in the Australian black coal mining industry. The Corporation is responsible for the collection and remittance of levies to Consolidated Revenue on behalf of the Commonwealth.

3. Funding

During the period 1 July 2012 until 30 June 2013 levies payable by employers under the provisions of the *Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992*, were calculated at 2.7% of "eligible wages" as defined by the Act (refer Note 9).

4. Equity Position

For the year ended 30 June 2013 there is a surplus in net assets of \$80,498 thousand (2012: \$33,955 thousand). This surplus is a result of increased revenues over expense during the year, partly offset by an increase in liabilities due to an increase in the number of eligible employees' and employers' in the black coal mining industry and, revised estimates of the provision for reimbursements (note 1.2, 8).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

5. 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.

	2013 \$'000	2012 \$'000
Reconciliation of Net Cost of Services to the Net Cash from Operating Activities		
Net Cost of Services	(123,875)	(61,834)
Add revenue from Government	170,418	147,062
Net investment (gains) / losses	(96,886)	23,631
(Increase)/decrease in other current assets	(2)	(207)
Increase/(decrease) in supplier payables	(105)	168
Increase/(decrease) in provision for reimbursements	157,617	45,950
Net cash from operating activities	<u>107,167</u>	<u>154,770</u>
	2013 \$'000	2012 \$'000
Reconciliation of Cash		
Cash at Bank – CBA	33,166	49,823
Deposits at Custodian	23,957	65,952
Total Cash	<u>57,123</u>	<u>115,775</u>
Balance of cash at 30 June shown in Cash Flow Statement	<u>57,123</u>	<u>115,775</u>

6. Other assets

	2013 \$'000	2012 \$'000
Other assets		
Accrued income from investments	440	413
Accrued bank interest	105	138
GST paid and claimable	37	29
Total other assets	<u>582</u>	<u>580</u>

All other receivables are current receivables

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

7. Financial instruments at Fair Value through Profit or Loss

	2013 \$'000	2012 \$'000
(a) Investments		
At the beginning of the year	841,197	805,333
Purchases	364,008	67,671
Sales	(198,106)	(8,176)
Realised and unrealised gains/(losses)	96,886	(23,631)
At end of year	<u>1,103,985</u>	<u>841,197</u>

(b) As at 30 June 2013, a total of \$1,128 million (2012 - \$908 million) 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:

	2013 \$'000	%	2012 \$'000	%
Financial Instruments				
AMP	55,589	5	71,162	8
State Street Global Advisors	85,377	8	70,439	8
Hyperion Asset Management	81,394	7	50,113	6
QIC Asset Management	110,356	10	84,494	9
Macquarie Funds Management	72,708	6	56,338	6
Pimco	96,798	8	87,028	10
Lazard	82,172	7	58,645	7
Stone Harbour	40,593	4	21,705	2
K2 Advisors	54,224	5	40,533	4
Vanguard	123,028	11	73,815	8
Bridgewater	48,143	4	75,221	8
QIC Fixed Interest	177,331	16	152,733	17
Asian Emerging Markets	31,779	3	-	-
Brigade	44,760	4	-	-
J P Morgan Cash Account	23,957	2	65,952	7
	<u>1,128,209</u>		<u>908,178</u>	
Cash held directly by the Corporation	33,166		49,823	
	<u>1,161,375</u>		<u>958,001</u>	

All investments were held on behalf of the Corporation by the Master Custodian, J P Morgan Investor Services Limited. For the year ended 30 June 2013, the gross return on the investment of funds was 14.8% (2012: 4.3%).

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

	2013 \$'000	%	2012 \$'000	%
Current investments				
Australian Fixed Interest	373,067	32	282,886	30
Overseas Fixed Interest	164,580	14	125,028	13
Australian Equities	271,873	23	220,893	23
Overseas Equities	166,771	14	120,551	13
Alternatives	72,372	6	21,705	2
Property Trust	55,589	5	71,163	7
Cash and cash equivalents	57,123	6	115,775	12
	<u>1,161,375</u>		<u>958,001</u>	

8. Provisions

	2013 \$'000	2012 \$'000
Provision for reimbursements - Current	77,709	47,413
- Non-Current	1,002,855	875,534
	<u>1,080,564</u>	<u>922,947</u>
Balance at beginning of year	922,947	876,997
Reimbursement paid to coal mining employers	(105,720)	(49,698)
Increase in provision	263,337	95,648
Balance at end of year	<u>1,080,564</u>	<u>922,947</u>

9. STATEMENT OF COMPREHENSIVE INCOME

	2013 \$'000	2012 \$'000
9 (a) Revenues from Government		
Revenues from Government		
- Levy collections from employers	170,338	146,859
- Interest	80	203
Revenue from Government is recognised at the time the Corporation becomes entitled to receive the revenue.	<u>170,418</u>	<u>147,062</u>

9 (b) Investment Revenue

Dividends	3,067	2,316
Unit Trust Distributions	41,020	56,649
Deposit Interest	2,356	2,972
Investment manager fee rebates	623	707
Investment revenue arising from changes in fair value (investments held at reporting date)	<u>100,194</u>	-
	<u>147,260</u>	<u>62,644</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

	2013 \$'000	2012 \$'000
9 (c) Investment Expenses		
Investment losses arising from changes in fair value (assets held at reporting date)	-	22,485
Net realised losses on sale of investments	3,308	1,146
	<u>3,308</u>	<u>23,631</u>

9 (d) Professional Services

Rendering of Services - External Parties	<u>2,036</u>	<u>1,316</u>
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Remuneration of Auditors

Amounts received, or due and receivable by:
Australian National Audit Office – audit of the financial statements for the reporting period.

	49	65
	<u>49</u>	<u>65</u>

9 (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.

	2013 \$	2012 \$
Remuneration received or due and receivable by Directors:	<u>64,180</u>	<u>64,000</u>

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

	Number	Number
- \$ Nil - \$14,999	<u>6</u>	<u>7</u>

9 (f) Administration Expenses

	2013 \$'000	2012 \$'000
Administration fees	2,325	1,474
Transition to new admin IT platform	-	2,024
	<u>2,325</u>	<u>3,498</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

10 Contingent Liabilities

The Corporation is currently undertaking a Transitional Service Review ("TSR") which was established in line with the changes to the Coal Mining Industry (Long Service Leave) Legislation Amendment Act 2011.

The provision of this Act provides that "Eligible Employees" and "Former Employees" can make application to the Coal Mining Industry (Long Service Leave Funding) Corporation for recognition of period or periods of employment service between 1 January 2000 and December 2011 in the Black Coal Mining Industry that may not be presently recognised and recorded by the Corporation.

The Corporation has recognised this obligation as a contingent liability in the financial statements as the present obligation cannot be reliably measured. The TSR is currently underway and is not due to be completed until June 2014. Based on preliminary analysis, the Corporation estimates the liability to be approximately \$20 million. While this review work is being completed, the contingent liability may be subject to material change.

11 Related Party Disclosures

Directors of the Corporation

The Directors of the Corporation during the year were:

- Mr. Arthur Weston – Chairman (Reappointed 1 March 2012 for a 4 year term)
- Mr. Steven Reynolds (Reappointed 19 April 2013 for a 4 year term)
- Mr. Kieren Turner (Reappointed 15 June 2012 for a 4 year term)

Nominated by Unions representing employees in the black coal mining industry:

- Mr. Andrew Vickers (Reappointed 26 July 2013 for a 4 year term)
- Mr. Grahame Kelly (Appointed 30 January 2012 for a 4 year term)
- Mr Glenn Hall (Appointed 30 May 2013 for a 4 year term)
- Mr Christopher Powell (Appointment expired 29 May 2013)

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

The aggregate remuneration of Directors is disclosed in Note 9(e).

12 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 2013

13 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 the 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.
Fixed Interest securities	Long term interest bearing securities held at a fixed or indexed interest rate are 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	Equities are recognised at fair value	The shares held are ordinary shares.
Unit Trusts	Unit Trusts are recognised at fair value.	Investments are held in Units.
Fixed interest futures	Recognised at fair 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 2013

13 Financial Instruments continued

b) Interest Rate Risk – 30 June 2013

	Floating	Fixed Interest	Non-interest bearing	Total
30-Jun-13	\$'000	\$'000	\$'000	\$'000
Cash & Cash Equivalents	57,123	-	-	57,123
Equity Investments	-	-	80,616	80,616
Unit Trusts	-	-	1,023,369	1,023,369
Receivables and Other Assets	-	-	582	582
Total Financial Assets	57,123	-	1,104,567	1,161,690
Trade and other Payables	-	-	628	628
Total Financial Liabilities	-	-	628	628

	Floating	Fixed Interest	Non-interest bearing	Total
30-Jun-12	\$'000	\$'000	\$'000	\$'000
Cash & Cash Equivalents	115,775	-	-	115,775
Equity Investments	-	-	49,143	49,143
Unit Trusts	-	-	792,054	792,054
Receivables and Other Assets	-	-	580	580
Total Financial Assets	115,775	-	841,777	957,552
Trade and other Payables	-	-	650	650
Total Financial Liabilities	-	-	650	650

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

13 Financial Instruments continued

c) 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.

d) Categories of Financial Instruments

	Fair Value 2013 \$'000	Fair Value 2012 \$'000
FINANCIAL ASSETS		
Amortised cost		
Cash and cash equivalents	57,123	115,775
Fair value through profit or loss		
Equity securities	80,616	49,143
Unit Trusts	1,023,369	792,054
Loans and receivables		
Loans and receivables	582	580
	<u>1,161,690</u>	<u>957,552</u>
FINANCIAL LIABILITIES		
Amortised cost		
Payables	628	650
	<u>628</u>	<u>650</u>
Carrying value of Net Financial Assets	<u>1,161,062</u>	956,902
Less Provisions	<u>1,080,564</u>	922,947
Carrying value of Net Assets per Balance Sheet	<u>80,498</u>	33,955

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

13 Financial Instruments continued

e) Liquidity Risk

Liquidity risk is defined as the risk that the Corporation will 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 the 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 Corporation'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 of liquidity and the Board with the overall responsibility for liquidity funding, as well as settlement management.

f) 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."

(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 currency risk 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. For the year ended 30 June 2013 the Corporation has no direct exposure to currency risk (2012: None).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

13 Financial Instruments continued

(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 2013, 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 \$57 thousand higher/(lower) (2012: \$116 thousand higher/(lower)).

Volatility Factor	+	-
30 June 2013		
Australian Cash	0.10%	0.10%
30-Jun-12		
Australian Cash	0.10%	0.10%
Impact on Surplus/Total Equity	\$'000	\$'000
30-Jun-13	57	57
30-Jun-12	116	116

(iii) Other Price Risk

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

30-Jun-13

Volatility Factor	+	-
Australian equity securities	23.6%	23.6%
International equity securities	19.5%	19.5%
Property	16.5%	16.5%
Hedges	24.6%	24.6%
High Yield Debt	12.9%	12.9%

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

13 Financial Instruments continued

30-Jun-12

Volatility Factor	+	-
Australian equity securities	25.70%	25.70%
International equity securities	22.30%	22.30%
Property	17.40%	17.40%
Hedges	8.30%	8.30%
High Yield Debt	13.80%	13.80%
Impact on Net Surplus/Total Equity	\$'000	\$'000
30-Jun-13	142,683	142,683
30-Jun-12	115,712	115,712

g) Fair value measurement recognised in the Balance Sheet

The table below analyses financial instruments valued at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs)

30 June 2013	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Equity investments	80,616	-	-	80,616
Unit Trusts	-	773,415	249,954	1,023,369
	80,616	773,415	249,954	1,103,985
30 June 2012	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Equity investments	49,143	-	-	49,143
Unit Trusts	-	598,727	193,327	792,054
	49,143	598,727	193,327	841,197

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

g) Fair value measurement recognised in the Balance Sheet continued

(i) Transfers between levels

There were no significant transfers between levels 1, 2 and 3 during the year.

(ii) Movement in 2013 level 3 instruments

	Debt securities \$'000	Unlisted unit trusts \$'000	Total \$'000
Opening balance	-	193,327	193,327
Purchases	-	74,379	74,379
Sales	-	(42,668)	(42,668)
Gains and losses recognised in profit or loss	-	24,916	24,916
Closing balance	-	249,954	249,954

14 Events Occurring After the Report Period

There have been no specific events subsequent to 30 June 2013 which would impact on the financial position as at 30 June 2013 or the results of the corporation for the year ended on that date.