

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME (ElectricSuper)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

CONTENTS	Page
Statement of Financial Position	2
Income Statement	3
Statement of Changes in Member Benefits	4 - 5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 – 11
Financial Instruments	12 – 18
Members Liabilities, Reserves, and Insurance	19 – 21
Other Details Disclosures	22 – 25
Cash Flow Information	26
Other Information	27
Statement by Trustee	28
Auditor's Report	29

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Cash and cash equivalents	13(b)	5,363	27,496
Receivables	9	60,447	64,923
Currency contracts		-	-
Investments	5	1,417,944	1,466,228
Prepayments		58	62
Right of use asset		-	177
Deferred tax assets	12(e)	25,348	24,672
TOTAL ASSETS		1,509,160	1,583,558
LIABILITIES			
Currency contracts		6,598	4,103
Creditors and accruals	10	893	672
Current tax liabilities	12(d)	9,504	2,034
Employee entitlements		95	125
Lease liability		-	193
Deferred tax liabilities	12(f)	7,504	19,142
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS		24,594	26,269
NET ASSETS AVAILABLE FOR MEMBER BENEFITS		1,484,566	1,557,289
MEMBER BENEFITS			
Defined contribution member liabilities	6(b)	637,840	636,717
Defined benefit member liabilities	6(c)	729,650	737,258
		1,367,490	1,373,975
NET ASSETS		117,076	183,314
EQUITY			
Defined benefits that are over funded		117,076	183,314
Unallocated surplus		-	-
TOTAL EQUITY		117,076	183,314

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
REVENUE FROM SUPERANNUATION ACTIVITIES			
Interest revenue		56	192
Distributions from unit trusts		96,442	95,471
Net change in fair value of investments		(148,672)	162,289
Fee rebates		1,326	1,497
TOTAL SUPERANNUATION ACTIVITY REVENUE		(50,848)	259,449
EXPENSES			
Direct investment expenses		905	684
General administration expenses	11	3,089	2,973
TOTAL EXPENSES		3,994	3,657
RESULTS FROM SUPERANNUATION ACTIVITIES BEFORE INCOME TAX			
		(54,842)	255,792
Income tax expense/(benefit)	12(a)(b)	(4,212)	14,424
RESULTS FROM SUPERANNUATION ACTIVITIES AFTER INCOME TAX		(50,630)	241,368
ALLOCATION TO MEMBER BENEFITS			
Net benefits allocated to defined contribution member accounts		(45,430)	102,668
Net change in defined benefit member benefits		58,032	91,366
TOTAL ALLOCATION TO MEMBER BENEFITS		12,602	194,034
PROFIT/(LOSS) AFTER INCOME TAX		(63,232)	47,334

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Defined Contribution \$'000	Defined Benefit \$'000	Total 2022 \$'000
Year ended 30 June 2022				
Liability for accrued benefits beginning of period		636,717	737,258	1,373,975
CONTRIBUTION REVENUE				
Employer contributions – Employer SGC		22,522	207	22,729
Employer contributions – Funded from DB		4,652	(4,652)	-
Employer contributions – Salary Sacrifice		6,824	3,270	10,094
Member contributions		8,324	309	8,633
Government co-contributions		2	-	2
Transfers in		10,781	-	10,781
Transfers from Defined Benefit		32,907	(32,907)	-
Total contribution revenue		86,012	(33,773)	52,239
Income tax on contributions	12(c)	(2,600)	(522)	(3,122)
Net after tax contributions		83,412	(34,295)	49,117
BENEFITS PAID				
Benefits paid	8	(24,855)	(9,118)	(33,973)
Pensions		(12,633)	(22,124)	(34,757)
Net benefits paid		(37,488)	(31,242)	(68,730)
INSURANCE				
Premiums charged to member's accounts	7	(1,038)	(121)	(1,159)
Claims credited to members' accounts		1,499	-	1,499
Tax benefit from deductible premiums	12(c)	168	18	186
Net insurance cost		629	(103)	526
INCOME AND EXPENSES				
Net benefits allocated to members' accounts comprising:				
Net investment income		(45,430)	-	(45,430)
Administration fees		-	-	-
Net change in defined benefit member benefits		-	58,032	58,032
Net income		(45,430)	58,032	12,602
Liability for accrued benefits at 30 June 2022		637,840	729,650	1,367,490

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Defined Contribution \$'000	Defined Benefit \$'000	Total 2021 \$'000
<u>Year ended 30 June 2021</u>				
Liability for accrued benefits beginning of period		501,124	686,195	1,187,319
CONTRIBUTION REVENUE				
Employer contributions – Employer SGC		21,302	239	21,541
Employer contributions – Funded from DB		4,909	(4,909)	-
Employer contributions – Salary Sacrifice		5,674	3,533	9,207
Member contributions		6,097	337	6,434
Government co-contributions		4	-	4
Transfers in		10,027	-	10,027
Transfers from Defined Benefit		14,009	(14,009)	-
Total contribution revenue		62,022	(14,809)	47,213
Income tax on contributions	12(c)	(817)	(566)	(1,383)
Net after tax contributions		61,205	(15,375)	45,830
BENEFITS PAID				
Benefits paid	8	(18,033)	(4,060)	(22,093)
Pensions		(9,741)	(20,754)	(30,495)
Net benefits paid		(27,774)	(24,814)	(52,588)
INSURANCE				
Premiums charged to member's accounts	7	(1,018)	(134)	(1,152)
Claims credited to members' accounts		359	-	359
Tax benefit from deductible premiums	12(c)	153	20	173
Net insurance cost		(506)	(114)	(620)
INCOME AND EXPENSES				
Net benefits allocated to members' accounts comprising:				
Net investment income		102,833	-	102,833
Administration fees		(165)	-	(165)
Net change in defined benefit member benefits		-	91,366	91,366
Net income		102,668	91,366	194,034
Liability for accrued benefits at 30 June 2021		636,717	737,258	1,373,975

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

Note	Defined benefits over funded \$'000	Unallocated surplus \$'000	Total Equity \$'000
<u>Year Ended 30 June 2022</u>			
Opening balance	183,314	-	183,314
Surplus withdrawn by Employer	(3,006)	-	(3,006)
Profit/(loss) after income tax	(63,232)	-	(63,232)
	<hr/>	<hr/>	<hr/>
Closing balance	117,076	-	117,076
	<hr/>	<hr/>	<hr/>
<u>Year Ended 30 June 2021</u>			
Opening balance	136,754	-	136,754
Surplus withdrawn by Employer	(774)	-	(774)
Profit/(loss) after income tax	47,334	-	47,334
	<hr/>	<hr/>	<hr/>
Closing balance	183,314	-	183,314
	<hr/>	<hr/>	<hr/>

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest		94	239
Trust distributions		16,233	8,788
Fee rebates		207	296
Direct investment expenses		(285)	(491)
General administration expenses		(3,189)	(2,425)
GST Recoup		153	142
Income taxes paid		(2,656)	(3,357)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	13(a)	10,557	3,192
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemptions of investments		235,446	214,468
Acquisition of investments		(248,462)	(201,637)
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(13,016)	12,831
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions and Transfers in		52,498	46,286
Income taxes paid		(913)	(3,515)
Benefits paid		(68,593)	(52,594)
Net insurance inflows/(outflows)		340	(793)
Repatriation to employer	14(c)	(3,006)	(774)
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(19,674)	(11,390)
INCREASE/(DECREASE) IN CASH HELD		(22,133)	4,633
CASH AT THE BEGINNING OF PERIOD		27,496	22,863
CASH AT THE END OF PERIOD	13(b)	5,363	27,496

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. GENERAL INFORMATION

The Electricity Industry Superannuation Scheme ("Scheme") is involved in providing retirement benefits to its members. The Scheme was established under the *Electricity Corporations Act 1994* and is governed by that Act and the Rules of the Scheme set out in the trust deed, as amended.

The Trustee of the Scheme is Electricity Industry Superannuation Board.

The financial statements were approved by the Board of the Trustee, Electricity Industry Superannuation Board, on 30 September 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

The financial statements are general purpose statements which have been drawn up in accordance with Australian accounting standards including AASB 1056 *Superannuation Entities*, other applicable Accounting Standards, Section 18(2) of schedule 1 of Electricity Corporations Act 1994 ("the Act") and the provisions of the Trust Deed. The financial statements are presented in Australian dollars.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. Balances are expected to be recovered or settled within twelve months, except for investments, fixed assets, derivative liabilities and the liabilities for member benefits.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

(b) New and amended standards adopted during the year

No accounting standards applicable for the year ended 30 June 2022 had an impact on the Scheme.

(c) New Standards and Interpretations not yet Adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Scheme. None of these are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Investments

Investments of the Scheme are initially recognised using trade date or settlement date accounting, as appropriate. From the initial recognition any gains and losses arising from net remeasurement changes in the assets fair value are recorded in the income statement. Fair values have been determined as follows:

Market quoted investments

The fair value of an investment for which there is a readily available market quotation is determined as the last quoted sale price at the close of business on reporting date.

Non-market quoted investments

The fair value of investments for which market quotations are not readily available are valued as follows:

- Unlisted unit trusts – are valued at the redemption price at reporting date quoted by the investment managers which are based on the fair value of the underlying investments. Unit values denominated in foreign currency are translated to Australian dollars at the relevant exchange rates.
- Other unlisted securities – recorded with reference to recent arm's length transactions, current value of another instrument that is substantially the same or using discounted cash flows.
- Where discounted cash flow techniques are used, estimated future cash flows are based on Trustee's best estimates and the discount rate used is a market rate at the reporting date applicable for an instrument with similar terms, conditions, and risks.
- Where other pricing models are used, inputs are based on market data at the reporting date.
- Private equity investments are valued according to the most recent valuation obtained from the underlying manager at fair value adjusted for subsequent investments, redemptions, and significant changes in underlying market conditions through to balance date.

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments

Derivative financial instruments including financial futures and forward exchange contracts, interest rate swaps, exchange traded and other options and forward rate agreements are recorded at mark to market basis at balance date using the most recent verifiable sources of market prices or generally accepted valuation principles.

Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. This could be the case where voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Scheme invests in structured entities for the purpose of capital appreciation.

The investee funds' objectives range from achieving medium to long term capital growth. The investee funds invest in different financial instruments, including equities and debt instruments. The size of a related investee fund is indicated by the net asset value of the fund per the investee funds' balance sheet. For unrelated funds, size is indicated by the carrying value of the Scheme's investment as recognised in the Scheme's statement of financial position as at reporting date as there is no other exposure to the Scheme other than the carrying value of its investments.

(e) Financial Instruments

(a) Recognition/ derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes a party to the contractual agreement (trade or settlement date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all the risks and rewards of ownership.

(b) Measurement

At initial recognition, the Scheme measures financial assets and financial liabilities at their fair value. Transaction costs for financial assets and liabilities are recorded in the income statement.

After initial recognition, all financial assets and liabilities are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of financial instruments.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realise the asset and settle the liability at the same time.

(f) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Revenue Recognition

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

Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains and losses arise due to remeasurement changes in the fair value of investments are recognised as income in the income statement in the periods in which they occur. Net remeasurement changes in fair value are determined as the difference between the fair value at balance date or consideration received (if sold during the reporting period) and the fair value at the previous balance date or the cost (if the investment was acquired during the reporting period).

Interest income

Interest revenue from financial instruments that are held at fair value is determined based on the contractual coupon interest rate and includes interest from cash and cash equivalents.

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend income

Dividend income is recognised on the date the shares to which the dividend relates are quoted ex-dividend and if not received at reporting date, is reflected in the statement of financial position as a receivable at fair value.

Trust distribution income

Distributions from managed investment schemes are recognised on the date the Scheme becomes entitled to or is attributed the distribution. If not received at reporting date, the distribution receivable is reflected in the statement of financial position as a receivable at fair value.

(h) Contributions and transfers in

Contributions revenue and transfers in are recognised when the control and the benefits from the revenue have transferred to the Scheme and is recognised gross of any taxes in the period to which they relate.

(i) Foreign Currency

Transactions in foreign currencies are translated at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at the exchange rate at balance date. Foreign exchange differences are recognised in the Income Statement.

(j) Income Tax

The Scheme is a complying superannuation Scheme within the provisions of the Income Tax Assessment Act 1997 and accordingly the concessional tax rate of 15% has been applied.

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only when it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(k) Receivables

Receivables may include amounts for dividends, interest and trust distributions and are measured at fair value. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment as set out in Note 2(g) above. Amounts are generally received within 30 days of being recorded as receivables.

(l) Financial Liabilities

The Scheme recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Other payables are payable on demand or over short time frames of no more than 60 days.

The Scheme recognises most financial liabilities at fair value as at the reporting date with any change in fair values since the beginning of the reporting period included in the Income Statement. Lease liabilities are recognised at amortised value as at the reporting date.

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Use of Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting assumptions and estimates. It also requires the Trustee and management to exercise judgement in the process of applying the entity's accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. For most of the Scheme's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over the counter derivatives or unquoted securities, are fair valued using valuation techniques.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There are no critical accounting estimates and judgements contained in these financial statements other than those used to determine the liability for accrued benefits (note 6(c)) and right-to-use assets and lease liabilities (note 3), which are brought to account in the statement of financial position.

(n) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(o) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year information and other disclosures.

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Fair Value Estimation

The carrying amounts of all the Scheme's financial instruments at the balance date approximated their fair values. The major methods and assumptions used in determining fair value of financial instruments is disclosed in Note 2(d).

(b) Fair Value of Financial Instruments

The different levels have been defined as follows:

- Level 1: Inputs to the valuation methodology are readily available quoted prices (adjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), for substantially the full term of the financial instrument.
- Level 3: Inputs to the valuation methodology are valuation techniques using inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The COVID-19 pandemic and the war in Ukraine continue to have an impact on the general business environment and financial markets. The Trustee's evaluation of Level 3 investment valuations has included further consideration relating to the economic implications of these events and the measures taken to contain them. For certain investments the Trustee acknowledges that current valuations are subject to 'material valuation uncertainty' as a consequence of this.

The Scheme has an established control framework with respect to the measurement of fair values. The framework includes a portfolio valuation function, which is independent to the Scheme's management and reports to the Board, who have overall responsibility for fair value measurements. Specific controls include:

- Verification of observable pricing inputs
- Re-performance of model valuations;
- A review and approval process for new models and changes to such models;
- Calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant valuation movements; and
- Review of unobservable inputs and valuation adjustments.

When third party information, such as holding and valuation statements are used to measure fair value, the valuation function assesses the documents and evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Australian Accounting Standards.

30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets/(liabilities)				
- Unlisted investment schemes	-	1,315,433	102,511	1,417,944
- Forward currency contracts	-	(6,598)	-	(6,598)
	-	1,308,835	102,511	1,411,346

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets/(liabilities)				
- Unlisted investment schemes	-	1,344,116	102,112	1,446,228
- Forward currency contracts	-	(4,103)	-	(4,103)
	-	1,340,013	102,112	1,442,125

The Scheme has classified private equity investments which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets as Level 3. The Scheme considers the valuation techniques and inputs used in valuing these trusts as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the net asset value of these trusts may be used as an input into measuring their fair value.

The Scheme values the Level 3 investments based on NAVs based on value of the underlying assets provided by the investment manager.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

30 June 2022	Private Equity \$'000	Total \$'000
Opening Balance	102,112	102,112
Total gains and losses in profit or loss	3,797	3,797
Transfer in	-	-
Purchases	7,981	7,981
Sales	(11,379)	(11,379)
Closing Balance	102,511	102,511

Gains or losses included in the Income Statement for financial assets categorised within level 3 are presented in net remeasurement changes in fair value as follows:

30 June 2022	\$'000
Total gains/(losses) included in income statement for the period	3,797
Total gains/(losses) included in income statement for the period for assets held at the end of the reporting period	4,046

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the prior reporting period.

30 June 2021	Private Equity \$'000	Total \$'000
Opening Balance	76,250	76,250
Total gains and losses in profit or loss	20,899	20,899
Transfer in	-	-
Purchases	4,963	4,963
Sales	-	-
Closing Balance	102,112	102,112

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Gains or losses included in the Income Statement for financial assets categorised within level 3 are presented in net remeasurement changes in fair value as follows:

30 June 2021	\$'000
Total gains/(losses) included in income statement for the period	20,899
Total gains/(losses) included in income statement for the period for assets held at the end of the reporting period	20,806

(c) Offsetting financial assets and financial liabilities

Financial assets and liabilities offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Some derivative instruments settle on a net basis through the statement of financial position in accordance with this convention, rather than through an offsetting arrangement. Under the terms of the FFX contracts where certain credit events occur (such as default), the net position owing/receivable to a single counterparty will be taken as owing and all the relevant arrangements terminated. As the Scheme does not presently have a legally enforceable right of off-set, these amounts have not been offset in the statement of financial position.

4. FINANCIAL RISK MANAGEMENT

The Scheme's assets principally consist of financial instruments which comprise term deposits and units in unlisted trusts. It holds these investment assets in accordance with the Trustee's published investment policy statement.

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

The Trustee receives quarterly reports from the Scheme's Investment Consultant and management to monitor compliance with the Scheme's investment policy statement/objective.

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

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

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

- credit risk
- liquidity risk
- market risk

(a) Credit Risk

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

The fair value of financial assets, included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by the Trustee by quarterly reporting from its investment consultant/manager.

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

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity Risk

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

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

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

As at 30 June 2022	Contractual Cash flows			
Non-derivative financial liabilities	Carrying Amount \$'000	Less than 3 months \$'000	3 Months to 6 months \$'000	Greater than 6 months \$'000
Creditors & accruals	893	893	-	-
Member benefits	1,367,490	1,367,490	-	-
Total	1,368,383	1,368,383	-	-

As at 30 June 2021	Contractual Cash flows			
Non-derivative financial liabilities	Carrying Amount \$'000	Less than 3 months \$'000	3 Months to 6 months \$'000	Greater than 6 months \$'000
Creditors & accruals	672	672	-	-
Lease liabilities	214	13	13	188
Member benefits	1,373,975	1,373,975	-	-
Total	1,374,861	1,374,660	13	188

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

(c) Market Risk

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

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme invests in Australian domiciled investments where the underlying investments may include overseas equities, fixed interest securities or other assets.

The Board reduces the currency risk in respect of overseas investments by entering into forward exchange contracts (FECs) via a currency broker. The amount of FECs held are set by the Board depending on their view of the relative value of the Australian dollar against other currencies.

For other assets, the currency risk is fully hedged by the manager of the assets.

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Scheme's financial assets are non-interest-bearing. The Scheme invests in Australian domiciled units in unit trusts where the underlying investments may include interest bearing financial instruments. As a result, the Scheme may be subject to indirect exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Scheme has some direct interest rate risk through its investments in term deposits. Any excess cash and cash equivalents of the Scheme are invested in an interest bearing bank account.

The Scheme's direct exposure to fluctuations in interest rates at balance date was as follows:

	Fair Value 2022 \$'000	Fair Value 2021 \$'000
Cash and cash equivalents	5,363	27,496
Term Deposits	-	20,000

Sensitivity analysis

The Trustee has determined that a reasonable possible change in interest rates for the coming year is between 50 basis points. An increase or decrease of 50 basis points in interest rates would increase/decrease net assets available for members and net income from superannuation activities after tax of the Scheme by \$26,816 (2021 \$237,480).

(iii) Other market price risk

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

As the Scheme's financial instruments are valued at fair value (fair value) with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

Sensitivity analysis

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

30 June 2022 Asset Class	Fair value of investments \$'000	5 year Standard Deviation	Net Income from Superannuation activities after tax \$'000	Change in Net Assets available for member benefits \$'000
Australian Equity	341,968	15.51%	±53,039	±53,039
Overseas Equity	313,993	12.73%	±39,971	±39,971
Property	168,661	3.26%	±5,498	±5,498
Growth Alternatives	212,695	5.24%	±11,145	±11,145
Defensive Alternatives	218,579	3.12%	±6,828	±6,828
Bonds	53,920	3.85%	±2,073	±2,073
Cash	101,530	0.24%	±244	±244
Total	1,411,346		±118,798	±118,798
Investment Schemes	1,417,944			
Currency Contracts	(6,598)			
Total	1,411,346			

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2021 Asset Class	Fair value of investments \$'000	5 year Standard Deviation	Net Income from Superannuation activities after tax \$'000	Change in Net Assets available for member benefits \$'000
Australian Equity	369,441	14.60%	±53,939	±53,939
Overseas Equity	363,838	11.76%	±42,787	±42,787
Property	171,723	3.05%	±5,238	±5,238
Growth Alternatives	191,807	5.22%	±10,012	±10,012
Defensive Alternatives	206,163	3.22%	±6,638	±6,638
Bonds	36,450	2.96%	±1,079	±1,079
Cash	122,703	0.22%	±270	±270
Total	1,462,125		±119,963	±119,963
Term Deposits	20,000			
Investment Schemes	1,446,228			
Currency Contracts	(4,103)			
Total	1,462,125			

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

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

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

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2022

5. INVESTMENTS

	2022 \$ '000	2021 \$ '000
<u>Term Deposits</u>		
NAB term deposit	-	10,000
Westpac term deposit	-	10,000
	-	20,000
<u>Investments in Unit Trusts</u>		
Alphinity Concentrated Australian Shares Fund	43,422	45,469
Antares Enhanced Cash Trust	65,928	-
Ardea Real Outcome Fund	37,212	42,318
Australian Prime Property Fund	19,470	18,407
Bentham Global Opportunities Fund	76,198	-
Bentham Wholesale Syndicated Loan Fund	-	78,529
Blackrock Multi Opportunity Fund	28,061	25,482
CI Australian Equities Trust	107,566	114,097
Crown Europe Small Buyouts III PLC	11,969	19,382
Dexus Australian Diversified Property Fund (Prev AMP)	31,500	44,937
Dexus Wholesale Property Fund	98,658	92,783
HarbourVest Partners Co-Investment	39,886	38,081
IFM Specialised Credit Floating Feeder Fund	63,341	62,625
JANA Diversified Fixed Income Trust (Prev MLC Jana)	53,919	36,450
JANA Emerging Markets Share Trust (Prev MLC Jana)	55,405	56,183
JANA Tailored Trust No.6 (Prev MLC Jana)	263,328	310,828
Janus Henderson Cash Fund	35,603	102,703
Janus Henderson Multi-Strategy Fund	24,690	19,949
Kayne Anderson Core Intermediate Fund, L.P.	19,034	15,596
Lanyon Australian Share Fund	19,050	21,848
Macquarie Global Income Opportunities	19,135	30,723
Macquarie Global Infrastructure Fund II (A)	33	191
Macquarie Super Core Infrastructure Fund SCSp	23,980	-
Optar Australian Concentrated Fund	64,010	66,946
Partners Group Secondary 2011 (USD), S.C.A.	8,027	12,083
PIMCO Absolute Return Strategy III Offshore	25,433	25,065
Resolution Life Group Holdings, L.P.	17,593	14,084
Revolution Private Debt	20,707	-
Siguler Guff Small Buyout Opportunities Fund IV (F), L.P.	6,003	2,886
Solaris Core Fund	69,469	73,991
Tribeca Smaller Companies Fund	38,450	47,091
Utilities Trust of Australia	30,864	27,501
	1,417,944	1,446,228
TOTAL INVESTMENTS	1,417,944	1,466,228

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

MEMBER LIABILITIES, RESERVES, AND INSURANCE FOR THE YEAR ENDED 30 JUNE 2022

6. MEMBER LIABILITIES AND SCHEME ARRANGEMENTS

(a) Overview

The Scheme was established under the *Electricity Corporations Act 1994* and is governed by that Act and the Rules of the Scheme set out in the trust deed, as amended.

The Scheme comprises four divisions, namely:

- The Lump Sum Scheme
- The Pension Scheme, including Provident Account Section A
- The RG Scheme
- The Accumulation Scheme

Employers are not able to terminate their participation in the Scheme without the consent, in writing, of any pre-privatisation employees who are members of the Scheme. No guarantees have been made in respect of any part of the liability for accrued benefits.

Since 1 December 1999, new members have only been able to join the Accumulation Scheme.

During the year ended 30 June 2022 there were 5 employees directly employed to manage the Scheme (2021: 6 employees).

(b) Defined contribution member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date using a crediting rate determined by the Trustee based on the underlying option values selected by members.

Defined contribution members of the Scheme bear the investment risk relating to the underlying assets of the Scheme.

Vested benefits are benefits that are not conditional upon continued membership of the Scheme (or any factor other than resignation from the Scheme) and include benefits which members were entitled to receive had they terminated their Scheme membership as at the reporting date.

At the end of the period the defined contribution member liabilities which represent the vested benefits for those members are as follows:

	2022 \$ '000	2021 \$ '000
Member benefits at end of the financial year	637,840	636,717
Vested benefits	637,840	636,717

(c) Defined benefit member liabilities

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at the date when they are expected to fall due. A full valuation of defined benefit member liabilities is made tri-annually by a qualified actuary with an estimate completed at the end of each year. The past membership components of all defined benefits payable in the future from the Scheme in respect of membership completed at the reporting date are projected forward allowing for the relevant actuarial assumptions and are then discounted back to the reporting date using a market based, risk adjusted discount rate.

The defined benefit member liabilities will comprise:

- Defined benefit members (excluding Supplementary and Voluntary Accounts)
- Division 2, 3 and 4 Retained Benefit Section members
- Lifetime pensioners
- Deferred pensioners

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

MEMBER LIABILITIES, RESERVES, AND INSURANCE FOR THE YEAR ENDED 30 JUNE 2022

6. MEMBER LIABILITIES AND SCHEME ARRANGEMENTS (CONTINUED)

The main actuarial assumptions used to determine the actuarial value of the defined benefit member's liability at the reporting date are:

- A future investment return/discount rate for employed members and deferred pension liabilities of 6.2% (2021 5.7%)
- A salary increase rate of between 2.5% and 4.5% pa depending on the employer
- A future pension increase rate of 6.37% pa for the first year, 4% pa for the second year and third year, 2.5% pa thereafter (2021 2.25%)
- 95% of pension members electing to take a lifetime pension

The defined benefit member liability at the end of each year as at 30 June is as follows:

	2022 \$'000	2021 \$'000
Member accrued benefits	729,650	737,258
Member vested benefits	740,411	751,116
Net assets available to pay benefits	849,384	920,572
Vested benefit index	115%	123%

The funding policy adopted in respect of the Scheme is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. The particular funding method adopted by the actuary in relation to the defined benefit section of the Scheme is described in the report on the comprehensive actuarial investigation of the Scheme as at 30 June 2021.

The Scheme's actuary considers the following movements in the main assumptions used to determine the values of accrued benefits are reasonably possible for the 2022 reporting period. The future rate of investment return $\pm 1\%$ (2021: $\pm 1\%$).

The impact of the reasonably possible changes in these key assumptions are shown below:

	2022 \$'000	2021 \$'000
Reasonable possible change in key assumptions		
Increase in future rate of investment return and no change in other assumptions	(50)	(50)
Decrease in future rate of investment return and no change in other assumptions	59	60

In various reports to the Scheme, the Actuary commented that all liabilities concerning members which might be expected to arise in future in the normal course of events can be adequately met from existing assets, contributions by members in accordance with the Trust Deed, contributions by employers at the rate recommended by the Actuary and by investment earnings.

(d) Funding Arrangements

Contributions are made to the Scheme in accordance with the recommendations contained in the actuarial report with the objective of the Trustee to ensure that the benefit entitlements of members and other beneficiaries are fully Funded by the time they become payable.

The latest actuarial review was conducted as at 30 June 2022. The Board determined the level of contributions required from employers and communicated this to all employers.

If a voluntary separation package (VSP) benefit is paid to a member of the Pension Scheme, and the amount is greater than the actuarial reserve for the member, then the member's employer must fund the difference.

Members contribute at various levels according to their own choices and the rules of the relevant division.

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

MEMBER LIABILITIES, RESERVES, AND INSURANCE FOR THE YEAR ENDED 30 JUNE 2022

7. INSURANCE ARRANGEMENTS

The Scheme provides death and disability benefits to its members. The Scheme has a group policy in place with a third party insurance company to insure the bulk of the death and disability benefits and salary continuance benefits for the members of the Scheme.

The insurer charges the Scheme an aged based rate per the value of the sum insured. The Scheme charges members a percentage of salary for the level of chosen cover. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to member accounts as well as those paid from the DB pool are recognised in the Statement of Changes in Members Benefits as follows:

	Defined Contribution \$'000	Defined Benefit \$'000	Total \$'000
Year ended 30 June 2022			
Insurance premiums charged to member's accounts	1,038	121	1,159
Tax benefit from deductible premiums	(168)	(18)	(186)
Year ended 30 June 2021			
Insurance premiums charged to member's accounts	1,018	134	1,152
Tax benefit from deductible premiums	(153)	(20)	(173)

The Scheme self-insured for the following death and disability liabilities not covered by an insurance policy:

- Lump sum invalidity provided by Division 2 of the Scheme on cessation of employment on account of invalidity are not insured to the extent to which they exceed the lump sum death benefit
- Invalid pension benefits provided by Division 3 of the Scheme on cessation of employment on account of invalidity are not insured to the extent to which their value exceeds the value of the spouse pension payable on death
- The children's pensions payable on the death of a Division 2 or 3 member are not insured
- The temporary disability pensions provided under Division 2 and 3 of the Scheme are not insured

Any future claims relating to the self-insured instances will be financed from the defined benefit pool. The Scheme actuary calculates a reasonable arm's length notional insurance premium annually for which the Scheme receives a tax benefit which is recognised in the Income Statement.

	2022 \$'000	2021 \$'000
Notional insurance premium	80	95
Section 295-465 self insurance tax benefit	(12)	(14)

The Scheme determines death and disability benefits against the scheme rules and potentially this may result in a benefit without receiving insurance proceeds.

The Trustee determined that the Scheme is not exposed to material insurance risk because self-insured claims are likely to represent only a very small proportion of the total permanent disability claims. Otherwise,

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim
- insurance premiums are only paid through the Scheme for administrative reasons, and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2022

8. BENEFITS PAID

	2022 \$'000	2021 \$'000
Death	2,754	83
Disablement	341	462
Early retirement	5,939	1,990
Late retirement	8,167	8,467
In service and other benefits	7,932	6,324
Resignation	8,840	4,528
Retrenchment	-	239
	<hr/>	<hr/>
TOTAL BENEFITS PAID	33,973	22,093

9. RECEIVABLES

	2022 \$'000	2021 \$'000
Contributions receivable	13	277
GST receivable	55	63
Accrued interest	-	38
Trust distributions receivable	60,379	64,545
	<hr/>	<hr/>
TOTAL RECEIVABLES	60,447	64,923

10. CREDITORS AND ACCRUALS

	2022 \$'000	2021 \$'000
Administration	167	235
Audit fees	78	73
Consulting fees	69	74
Investment expenses	73	71
Legal fees	2	7
PAYG withholding tax	343	48
Sundry creditors	2	1
Tax agent fees	13	12
Unallocated contributions	146	151
	<hr/>	<hr/>
TOTAL CREDITORS AND ACCRUALS	893	672

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2022

11. GENERAL ADMINISTRATION EXPENSES

	2022 \$'000	2021 \$'000
Administration fees	1,328	1,346
Audit fees	115	69
Consulting fees (Note 11(a))	418	250
Financial Planning Services	39	53
Fringe Benefit Tax	17	9
Legal fees	30	42
Office expenses	808	840
Sundry expenses	74	75
Tax agent fees	12	12
Trustee expenses	176	208
Trustee indemnity insurance	72	69
	<hr/>	<hr/>
TOTAL GENERAL ADMINISTRATION EXPENSES	3,089	2,973

11(a) CONSULTING FEES

	No	2022 \$'000	No	2021 \$'000
Consulting fees comprise of the following:				
Below \$10,000	3	11	5	21
Between \$10,000 and \$50,000	5	155	8	229
Between \$50,000 and \$100,000	4	252	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	12	418	13	250

The number relates to the number of consulting invoices received during the year.

12. TAXATION

	2022 \$'000	2021 \$'000
(a) Recognised in Income Statement		
Current income tax		
- Current tax charge	6,788	4,125
- Adjustment to current tax for prior period	605	(226)
Deferred income tax		
- Movement in temporary differences	(11,605)	10,525
	<hr/>	<hr/>
Income tax expense/(benefit)	(4,212)	14,424

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2022

12. TAXATION (CONTINUED)

	2022 \$'000	2021 \$'000
(b) Numerical reconciliation between tax expense and profit before Income tax		
Profit before income tax	(54,842)	255,792
Tax applicable at the rate of 15% (2021: 15%)	(8,226)	38,369
Tax effect of income/losses that are not assessable or deductible in determining taxable income		
- Investments	3,069	(10,101)
Tax effect of other adjustments		
- Imputation & foreign tax credits	(1,580)	(2,658)
- Exempt pension income	887	(10,946)
- Non-deductible expenses	-	-
- Self-insurance deduction	-	(14)
- Under/(over) provision prior periods	1,638	(226)
Income tax expense/(benefit)	(4,212)	14,424
(c) Recognised in the statement of changes in members benefits		
Contributions and transfers in recognised in the statement of changes in members benefits (note 14)	52,238	47,213
Tax applicable at the rate of 15% (2021: 15%)	7,836	7,082
Tax effect of items not assessable or (deductible) in determining taxable income		
- Member contributions	(1,242)	(896)
- Transfers in	(1,497)	(1,449)
- Section 295-180 contributions not assessable	(1,996)	(2,519)
- Insurance premium tax benefit	(186)	(173)
- No TFN contributions	4	-
- Under/(over) provision prior periods	17	(835)
Income tax expense	2,936	1,210
Allocated as follows:		
Income tax on contributions	3,122	1,383
Tax benefit from deductible premiums	(186)	(173)
Income tax expense	2,936	1,210

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2022

12. TAXATION (CONTINUED)

	2022 \$'000	2021 \$'000
(d) Current tax liabilities/(assets)		
Balance at beginning of year	2,034	2,511
Income tax paid – prior periods	(2,656)	(1,339)
Income tax paid – current period	(912)	(5,530)
Current years income tax provision	10,416	7,564
Under/(over) provision prior periods	622	(1,172)
	<hr/>	<hr/>
	9,504	2,034
	<hr/>	<hr/>
(e) Deferred tax assets		
The amount of deferred tax asset recognised in the Statement of Financial Position:		
Accrued expenses	28	33
Unallocated contributions	22	23
Future untaxed pensions	25,298	24,616
	<hr/>	<hr/>
	25,348	24,672
	<hr/>	<hr/>
(f) Deferred tax liabilities		
The amount of deferred tax liabilities recognised in the Statement of Financial Position:		
Accrued income	77	121
Unrealised capital gains (discounted)	7,425	18,980
Employer contributions receivable	2	41
	<hr/>	<hr/>
	7,504	19,142
	<hr/>	<hr/>

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

CASH FLOW INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

13. CASH FLOW INFORMATION

	2022 \$'000	2021 \$'000
(a) Reconciliation of Net Cash provided by Operating Activities to Profit/(Loss) After Tax		
Net profit/(loss) after tax	(63,232)	47,334
Net benefit to member accounts	12,602	194,034
Changes in fair value of assets	148,672	(162,289)
Trust distributions	(84,377)	(61,105)
Other investment income	(1,119)	(1,201)
Investment expenses	618	193
(Increase)/Decrease in receivables	4,212	(25,537)
(Increase)/Decrease in prepayments	4	(7)
(Increase)/Decrease in right of use asset	177	1,180
(Increase)/Decrease in deferred tax asset	6	(6)
Increase/(Decrease) in creditors and accruals	89	609
Increase/(Decrease) in current tax liabilities	4,727	777
Increase/(Decrease) in employee entitlements	(30)	5
Increase/(Decrease) in lease liability	(193)	(1,264)
Increase/(Decrease) in deferred tax liabilities	(11,599)	10,469
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	10,557	3,192
(b) Reconciliation of Cash		
Cash and cash equivalents	5,363	27,496
(c) Non cash investing activities		
During the year the following non cash investing activities occurred:		
Trust distributions reinvested	84,377	61,105
Other investment income	1,119	1,201

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

OTHER INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

14. RELATED PARTIES

(a) Trustee and Key Management Personnel

The Trustee of the Scheme is the Electricity Industry Superannuation Board. The following people were members of the board during the financial year:

Employer appointed Trustees

Mr Paul Wight
Mr Patrick Makinson
Mr Patrick McAvaney
Ms Kylie Johnson (ceased 21 November 2021)
Ms Sophie Holdstock (appointed 21 November 2021)

Unions SA appointed Trustees

Mr John Adley
Mr Ben Jewell (alternate to J Adley)
Mr Scott Cowen

Independent Chairman

Mr Peter Siebels

Member elected Trustees

Mr Mark Vincent
Ms Janette Bettcher

(b) Compensation of Key Management Personnel

The Board members of the Scheme received no remuneration from the Scheme or employers in connection with the management of the Scheme with the exception of the Chairman. The Chairman received \$98,633 including superannuation (2021: \$96,342 including superannuation).

The Board members who are members of the Scheme contribute on the same terms and conditions as other members.

(c) Employer Company

The following companies and their subsidiaries are the employer and contributions to the Scheme are disclosed in the Statement of Changes in Member Benefits:

AGL Energy Limited
AGL Torrens Island Pty Ltd
Energy Australia Services Pty Ltd
Electranet Pty Ltd
SA Government
Utilities Management Pty Ltd (SA PowerNetworks)

15. AUDITOR'S REMUNERATION

	2022 \$	2021 \$
Amounts paid or due and payable to PricewaterhouseCoopers for the following services:		
• Audit of the financial report and regulatory compliance	71,258	66,240
• Taxation services (investment tax advice)	5,500	-
	<hr/>	<hr/>
TOTAL AUDITOR'S REMUNERATION	76,758	66,240
	<hr/>	<hr/>

16. SUBSEQUENT EVENTS

There have been no events subsequent to balance date, which would have a material effect on the Scheme's financial statements at 30 June 2022.

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

STATEMENT BY TRUSTEE

In the opinion of the Trustee we certify:

- (a) the accompanying financial statements and notes set out on pages 2 to 27 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) present fairly the Scheme's financial position as at 30 June 2022 and its performance for the year ended on that date; and
- (b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the members of the Electricity Industry Superannuation Board as Trustee for the Electricity Industry Superannuation Scheme.



.....
Chief Executive Officer 27/09/2022 9:14 AM GMT+9:30



.....
Chairman of the Trustees Board 27/09/2022 9:14 AM GMT+9:30

Signed at Adelaide this 30 day of September 2022.



Independent Auditor's report on financial statements

Report by the Auditor to the to the members and the Trustee of the Electricity Industry Superannuation Scheme

Opinion

I have audited the financial statements of Electricity Industry Superannuation Scheme (the Trust) for the year ended 30 June 2022, comprising the statement of financial position, the income statement, the statement of changes in members benefits, the statement of changes in equity, the statement of cash flows, the notes to the financial statements, which include a summary of significant accounting policies and the statement by the trustee.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Electricity Industry Superannuation Scheme as at 30 June 2022 and the results of its operations, cash flows, changes in equity and changes in members' benefits for the year ended 30 June 2022.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Trustee for the Financial Statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the Section 18 (2) of Schedule 1 of the Electricity Corporations Act 1994 ("the Act"). The Trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that



an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the audit. I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit 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 Trustee's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Concluded on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trustee's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my audit opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trustee to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

PricewaterhouseCoopers

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M.T. Lojszczyk
Partner

Adelaide
30 September 2022