Construction and Building Unions
Superannuation Fund

cbus super

2024 Annual Report



For the year ended 30 June 2024

ABN 75 493 363 262

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Directors' Report

The Construction and Building Unions Superannuation Fund (the 'Fund' or 'Cbus') is a superannuation fund domiciled in Australia.

The Trustee of the Fund is United Super Pty Ltd (the 'Trustee').

The Directors of the Trustee present their report, together with the financial statements of the Fund for the year ended 30 June 2024.

Directors and Company Secretary

The following persons held office as a Director or the Company Secretary of the Trustee during the whole of the financial year and up to the date of this report:

Name	Position	Term as Director/Company Secretary
M Beveridge	Director	Full financial year
H Davis	Director	Full financial year
A Devasia	Director	Full financial year
S Dunne	Director	Full financial year
J Edwards	Independent Director	Full financial year
R Mallia	Director	Ceased 27 August 2024
A Milner	Director	Full financial year
D Noonan	Director	Ceased 28 August 2024
J O'Mara	Director	Ceased 28 August 2024
E Setches	Director	Full financial year
R Sputore	Director	Full financial year
W Swan	Independent Director and Chair	Full financial year
K Wakefield	Director	Appointed 19 September 2023
D Wawn	Director	Full financial year
M Zelinsky	Director	Ceased 30 August 2023
M Jacona	Company Secretary	Full financial year

Principal activities

During the financial year the principal continuing activities of the Fund consisted of providing superannuation, retirement and insurance benefits to its members and beneficiaries.

The Fund remains open to new members outside the building and construction industry. The Fund is a hybrid fund providing accumulation and defined benefits to members.

Review and results of operations

The result from superannuation activities after income tax for the year ended 30 June 2024 was $6,929,949,000 (2023: $6,091,968,000).

Net assets available for members' benefits as at 30 June 2024 was $92,429,030,000 (2023: $83,652,136,000).

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year ended 30 June 2024 other than stated in the *matters subsequent to the end of the financial year* section below.

Directors' Report (continued)

Matters subsequent to the end of the financial year

On 13 August 2024 APRA imposed additional licence conditions on the Fund to engage an independent expert to conduct a review in relation to the requirements under Prudential Standard SPS 520 *Fit and Proper* and the Trustees' compliance with the duty to act in the best financial interests of beneficiaries of the funds in making expenditure decisions. The Fund is working constructively with APRA and cooperating with the independent reviewer.

On 23 August 2024 the Fund was notified by the National Executive of the Construction, Forestry and Maritime Employees Union (CFMEU) that the Construction and General Division (C&G Division) and its branches had been placed into administration. The CFMEU is one of the Fund's member sponsoring organisations. The CFMEU holds three of the fourteen shares in the Trustee.

The CFMEU's shares in the Trustee are under the control of the CFMEU National Executive, and consequently the National Executive advised that its three representatives would cease as Directors of the Trustee on 27 August and 28 August 2024. Despite those cessations, the Board of the Trustee continues to have a quorum.

Decisions regarding the replacement of these Directors remains a matter for the CFMEU National Executive having regard to the necessary skills and experience required and that any nominated Director are appropriate persons likely to satisfy the fit and proprietary requirements.

The CFMEU National Executive has a 90-day period to nominate new Directors, and the Fund will await advice of its nominations.

As a result of the CFMEU entering administration, the Trustee has suspended all payments to the CFMEU and entry into any new agreements or arrangements on an interim basis pending further investigation. The only exception to this is in respect of certain rent obligations that the Trustee is satisfied are at market rates.

Other than the items noted above, there have been no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect the operations, results of those operations and state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Trustee's Product Disclosure Statements and the provisions of the Trust Deed.

The results of the Fund's operations will be affected by several factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed, and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Audit and non-audit services

Details of the amounts paid or payable to the RSE auditor of the Fund and its controlled entities (Ernst & Young Australia) for audit and non-audit services during the year are disclosed in Note 16 Auditor's remuneration.

The Fund may decide to engage the RSE auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Fund and/or the group are important.

The Board of Directors of the Trustee, in accordance with advice provided by the Audit and Finance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the RSE auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Finance Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Directors' Report (continued)

Remuneration Report (audited)

The Directors of the Trustee present the Fund's Remuneration Report for the year ended 30 June 2024. The Remuneration Report forms part of the Directors' Report and has been audited in accordance with section 300C of the *Corporations Act 2001.*

The Remuneration Report details the remuneration arrangements for the Key Management Personnel ('KMP') of the Fund which include those persons who, directly or indirectly, have authority and responsibility for planning, directing, and controlling the major activities of the Fund.

For United Super Pty Ltd this includes:

- Directors of United Super Pty Ltd, the Trustee for the Fund
- Certain senior Executives of United Super Pty Ltd who meet the definition of KMP.

For the year ended 30 June 2024 the definition of KMP was expanded to include all members of the Group Executive.

(a) KMP covered in this report

(i) Directors of the Trustee

Name	Position	Term as Director
M Beveridge	Director	Full financial year
H Davis	Director	Full financial year
A Devasia	Director	Full financial year
S Dunne	Director	Full financial year
J Edwards	Independent Director	Full financial year
R Mallia	Director	Ceased 27 August 2024
A Milner	Director	Full financial year
D Noonan	Director	Ceased 28 August 2024
J O'Mara	Director	Ceased 28 August 2024
E Setches	Director	Full financial year
R Sputore	Director	Full financial year
W Swan	Independent Director and Chair	Full financial year
K Wakefield	Director	Appointed 19 September 2023
D Wawn	Director	Full financial year
M Zelinsky	Director	Ceased 30 August 2023

(ii) Other KMP

Name	Position	Term as KMP
K Fok	Chief Executive Officer (CEO)	Full financial year
M Walker	Deputy CEO & Chief Member Officer	Full financial year
B Chatfield	Chief Investment Officer	Full financial year
N Day	Chief Operating Officer	Appointed 23 August 2023
M Georgiou	Chief Risk Officer	Appointed 17 June 2024
N Hannemann	Chief Transformation Officer	From 23 August 2023 to 31 July 2024
J Hartman	Chief People Officer	Appointed 23 August 2023[1]
R Henderson	Chief Risk Officer - Acting	From 10 June 2024 to 17 June 2024
B Langdon	Chief Risk Officer - Acting	From 20 December 2023 to 10 June 2024
W Martin	Chief Risk Officer	Ceased 19 December 2023
M Robinson	Chief Information & Technology Officer	Ceased 23 August 2023
A Thow	Group Executive - Brand, Growth & Product	Ceased 23 August 2023
K Wells-Jansz	Chief Financial Officer	Ceased 23 August 2023
A West	Chief Strategy Officer	From 23 August 2023 to 5 August 2024

[1] J Hartman was acting Group Executive People and Culture prior to her permanent Chief People Officer appointment on 23 August 2023

Directors' Report (continued)

Remuneration Report (audited) (continued)

(b) Overview of Director and Executive remuneration

Elements of remuneration

The Fund has a formal remuneration policy ('Policy'). The remuneration practices are designed to reflect the Fund's values and, to recognise a continual transformation to meet an ever increasingly competitive environment, appropriate resourcing to provide quality benefits and services to the Fund's members and employers.

The Policy is designed to be transparent and to support the business strategy of the Fund. At all times there is a focus on aligning remuneration outcomes maximising retirement outcomes for our members. The Policy also articulates clear governance gateway consequences and risk expectations of every Executive member.

The Fund is committed to providing a remuneration strategy that meets the following principles:

- Aligns remuneration arrangements with the achievement of strategic objectives consistent with Cbus's stated risk appetite, and that develops and supports the desired Cbus culture
- Ensures that remuneration will be equitable, based on merit, underpinned by a transparent and consistent methodology
- Ensures that the Fund provides an appropriately competitive level of remuneration within the market in which the Fund operates, but that gives appropriate consideration to the long-term financial soundness of the Fund
- Ensures that the Fund remains conscious of the relationships between remuneration pressures and costs to members
- The Fund's remuneration strategies are directed at meeting the following objectives:
  - Facilitating the attraction and retention of key capabilities
  - Reinforcing key behaviours that are aligned to our values
  - Competitively positioning labour costs
  - Providing the flexibility necessary to access future business opportunities and respond to business threats by the attraction and retention of key talent
- Remuneration structures at the Fund are supported by a governance framework that is designed to avoid conflicts of interest, defines clear accountabilities, includes risk management, and ensures that proper checks and balances are in place.

(i) Director remuneration

The Fund's Directors, and any Alternate Directors, receive competitively benchmarked remuneration for their work, having due regard to their specific responsibilities and the nature and objectives of the Fund.

The Fund's People, Culture and Remuneration Committee ('PCRC') is responsible for reviewing and setting Directors' fees for all group entities each year. The Committee ensures that Directors' fees are appropriate and suitably reflect current industry practice, the complexity of the Boards' work programs and responsibilities, and the Fund's performance.

The fees are also externally benchmarked against peer Funds and other similar financial institutions at least every three years. For the forthcoming financial year, the PCRC makes a remuneration recommendation in the Fund's August Board meeting, following their meeting in June.

The Chair of the Board and the Independent Director at Cbus are all paid a set annual fee. Other Cbus Directors are currently paid a base fee and an additional attendance fee for meetings attended. The attendance fee paid at Committees will vary depending on whether a Director is a member or Chair of a Committee.

External Board or external committee fees

Where a Cbus Director has (or will be) appointed for an extended period to an external board, forum, committee or working party representing the Fund, then at the commencement of this appointment a determination will be made if a fee will be payable for the duration of the sitting period. Any recommendation will be made by the Fund and submitted to the Board for approval. This determination will take into consideration any fee arrangement proposed to be provided by other relevant parties (for example, a fund manager may provide a fee for attendance and input at an external Investment Committee) so that no overpayment occurs. If (after the determination) a fee is to be paid by Cbus, then it will be paid in accordance with the current fee schedule and will be dependent on whether the sitting Director is a member or chair of the external board, forum, committee or working party.

Any remuneration application will be determined at the commencement of any appointment, and this will be made in consultation by the Chair with the affected Director based on a recommendation of the time commitment required and endorsed to the Board by the PCRC. It is anticipated that at the commencement of the term the program of activities would be tabled for assessment.

The Trustee has appointed two independent Directors. The independent Director's fee is based on comparable positions in other superannuation funds and the financial services sector more broadly. The fees payable to individual Directors may be delivered as a combination of cash salary and superannuation contributions at the Director's discretion (subject to minimum Superannuation Guarantee requirements). Directors do not receive performance-related incentives, long service leave or termination benefits.

Director remuneration levels are reviewed annually by the PCRC, with reference to the Fund's remuneration framework and market movements.

(ii) Executive remuneration

There can be up to two components of an Executive's total remuneration package:

- Fixed remuneration
- Variable remuneration (Short-term incentives (STI) and Long-term incentives (LTI)).

Directors' Report (continued)

Remuneration Report (audited) (continued)

(b) Overview of Director and Executive remuneration (continued)

(ii) Executive remuneration (continued)

Fixed remuneration

Fixed Executive remuneration consists of base salary, superannuation, and other non-monetary benefits.

Executive remuneration levels are reviewed annually by the PCRC, with reference to the Fund's remuneration framework and salary market movements. Fixed pay at Cbus is based on a number of inputs and the Fund receives remuneration data through membership with the Financial Institutions Remuneration Group ('FIRG') and through participation in other appropriate surveys. In determining an employee's fixed remuneration, external benchmarking is performed to ensure that remuneration is comparable and competitive within the markets in which the Fund operates. Individual performance, skills, and experience are also used to determine where the employee's fixed remuneration should sit within a market range.

Annually, the PCRC will endorse to the Board for approval the CEO's Key Performance Indicators (KPIs), performance and remuneration.

All other Executive staff participate in a program of setting their objectives each year and their performance is reviewed against their objectives (KPIs) in July of each year, with recommendations for their salary increases (if any) going to the PCRC at the August meeting.

Variable remuneration

The Board has approved a limited number of senior roles to participate in the variable pay program, including the Chief Investment Officer (CIO), and roles in the Investment team. Previously all Group Executives had a variable remuneration. The program is designed to provide performance-related payment linked to achievement of agreed objectives. Payment under the program is deferred over a 3 to 5 year period. Eligibility for participation in the program is detailed in the Cbus Remuneration Policy.

(c) Remuneration agreements

(i) Executive KMP employment agreements

All Executive positions, including the CEO are covered by employment contracts outlining the terms and conditions, and remuneration arrangements and are not subject to an industrial arrangement.

All Executive contracts are open ended and can be terminated with notice by United Super Pty Ltd and the CEO.

If an Executive's employment is terminated, the Fund may not require them to work their notice period.

The Fund may immediately terminate an individual's employment at any time in the case of serious misconduct, in this case the individual will be entitled to fixed remuneration up to the date of their termination and their statutory entitlements.

(ii) Previous KMP payments

Payments made to outgoing Executives in office during the financial year ended 30 June 2024 are disclosed in the statutory remuneration table below.

(d) Statutory remuneration

(i) Director remuneration for the year ended 30 June 2024

Name	Short-term benefits	Post-employment benefits	Total	Fees paid to
	Board and committee fees $	Superannuation $	$	
M Beveridge	107,043	11,802	118,845	Director
H Davis	105,389	11,655	117,044	Director
A Devasia	88,991	9,853	98,844	AMWU [1]
S Dunne	181,539	20,061	201,600	Director
J Edwards	146,381	16,154	162,535	Director
R Mallia	97,099	10,745	107,844	CFMEU [2]
A Milner	99,935	11,020	110,955	Director
D Noonan	112,929	12,485	125,414	Director
J O'Mara	107,914	11,921	119,835	CFMEU [3]
E Setches	88,148	9,746	97,894	CEPU [4]
R Sputore	123,173	13,612	136,785	Director
W Swan	211,004	23,296	234,300	Director
K Wakefield	72,072	7,961	80,033	AWU [5]
D Wawn	87,356	9,649	97,005	MBA [6]
M Zelinsky	18,089	1,990	20,079	Director
Total	**1,647,062**	**181,950**	**1,829,012**	

[1] Fees paid to Automotive Food Metals Engineering Printing & Kindred Industries Union (AMWU)
[2] Fees were paid to Construction Forestry and Maritime Employees Union Construction and General Division NSW Divisional Branch (CFMEU) until payments to the CFMEU were suspended on an interim basis
[3] Fees were paid to Construction Forestry Maritime Mining and Energy Union - The Construction and General Division Australian Capital Territory Divisional Branch (CFMEU) until payments to the CFMEU were suspended on an interim basis
[4] Fees paid to Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Plumbing Division Victorian Divisional Branch (CEPU)
[5] Fees paid to Australian Workers Union (AWU)
[6] Fees paid to Master Builders Australia Limited (MBA)

Directors' Report (continued)

Remuneration Report (audited) (continued)

(d) Statutory remuneration (continued)

(ii) Executive KMP remuneration for the year ended 30 June 2024

Name	Role	Short-term employee benefits*				Post-employment benefits	Termination payments	Total
		Cash salary, fees & short-term compensated absences $	Short-term cash profit-sharing & other bonuses $	Non-monetary benefits** $	Other $	Superannuation $	$	$
K Fok	Chief Executive Officer (CEO)	1,388,462	187,626	–	480	27,500	–	**1,604,068**
M Walker	Deputy CEO & Chief Member Officer	785,500	17,532	12,275	–	27,500	–	**842,807**
B Chatfield	Chief Investment Officer	922,500	196,443	10,805	–	27,500	–	**1,157,248**
N Day[1]	Chief Operating Officer	672,500	43,277	11,721	537	27,500	–	**755,535**
M Georgiou[2]	Chief Risk Officer	22,019	–	–	–	1,058	–	**23,077**
N Hannemann[3]	Chief Transformation Officer	364,671	–	9,718	170	23,798	–	**398,357**
J Hartman[4]	Chief People Officer	385,039	–	12,007	–	27,500	–	**424,546**
R Henderson	Chief Risk Officer - Acting	10,096	–	–	–	635	–	**10,731**
B Langdon[5]	Chief Risk Officer - Acting	260,440	–	4,813	–	13,327	–	**278,580**
W Martin[6]	Chief Risk Officer	477,171	7,372	5,788	–	16,394	–	**506,725**
M Robinson[7]	Chief Information & Technology Officer	157,073	7,971	1,720	–	11,740	310,998	**489,502**
A Thow[8]	Group Executive - Brand, Growth & Product	122,239	–	1,720	–	11,740	248,329	**384,028**
K Wells-Jansz[9]	Chief Financial Officer	266,653	12,287	1,702	–	11,740	561,274	**853,656**
A West[10]	Chief Strategy Officer	666,862	93,734	10,267	–	23,798	–	**794,661**
Total		**6,501,225**	**566,242**	**82,536**	**1,187**	**251,730**	**1,120,601**	**8,523,521**

[1] Ms Day was appointed as Chief Operating Officer on 23 August 2023
[2] Ms Georgiou commenced employment with the Fund on 17 June 2024
[3] Ms Hannemann was appointed as Chief Transformation Officer on 23 August 2023
[4] Ms Hartman was acting Group Executive People and Culture prior to her permanent Chief People Officer appointment on 23 August 2023
[5] Ms Langdon ceased employment with the Fund on 10 June 2024
[6] Mr Martin ceased employment with the Fund on 19 December 2023
[7] Ms Robinson ceased employment with the Fund on 23 August 2023 received $310,998 in line with her contractual terms and statutory entitlements
[8] Mr Thow ceased employment with the Fund on 23 August 2023 received $248,329 in line with his contractual terms and statutory entitlements
[9] Mr Wells-Jansz ceased employment with the Fund on 23 August 2023 received $561,274 in line with his contractual terms and statutory entitlements
[10] Ms West was appointed as Chief Strategy Office on 23 August 2023

* Short-term employee benefits include cash salary, annual leave, lump sum payments and other non-monetary benefits
** Includes car parking benefits and any associated fringe benefits tax

End of Remuneration Report

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

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



Director



Director

Melbourne

19 September 2024

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

Auditor's independence declaration to the directors of United Super Pty Ltd as trustee for Construction and Building Unions Superannuation Fund

As lead auditor for the audit of the financial report of Construction and Building Unions Superannuation Fund for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;

b) No contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
19 September 2024

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Statement of Financial Position

As at June 30 June 2024

	Notes	2024 $'000	2023 $'000
Assets			
Cash and cash equivalents	3(a)	194,496	121,269
Receivables	4	10,802	7,344
Financial assets	5	94,783,112	85,765,208
Property, plant and equipment	6(i)	9,757	9,193
Right-of-use assets	6(ii)	26,667	41,587
Intangible assets	7	11,712	23,987
Total assets		**95,036,546**	**85,968,588**
Liabilities			
Payables	8	(119,829)	(144,742)
Financial liabilities	5	(84,397)	(489,287)
Income tax payables	9(e)	(255,057)	(33,673)
Lease liabilities	10	(47,582)	(62,254)
Deferred tax liabilities	9(d)	(2,100,651)	(1,586,496)
Total liabilities excluding members' benefits		**(2,607,516)**	**(2,316,452)**
Net assets available for members' benefits		**92,429,030**	**83,652,136**
Members' benefits			
Defined contribution members' liabilities	11(a)		
Allocated to members		(90,772,230)	(82,107,533)
Unallocated to members		(5,244)	(10,990)
Defined benefit members' liabilities	11(b)	(1,183,157)	(1,142,387)
Total members' benefits	12	**(91,960,631)**	**(83,260,910)**
Net assets		**468,399**	**391,226**
Equity			
General reserve	2(n)	8,207	(48,039)
Administration reserve	2(n)	133,982	103,642
Insurance reserve	2(n)	127,386	111,242
Operational risk reserve	2(n)	231,073	209,130
Defined benefits over/(under) funded		(32,249)	15,251
Total equity		**468,399**	**391,226**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Income Statement

For the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Superannuation activities revenue			
Interest		538,858	387,347
Dividends and distributions		1,646,451	1,523,247
Changes in fair value of financial instruments	13	5,791,540	5,115,042
Other investment income		52,401	43,359
Total superannuation activities revenue		**8,029,250**	**7,068,995**
Expenses			
Investment expenses	14	(271,625)	(239,655)
Administration and other operating expenses	15	(282,833)	(259,113)
Insurance premium expenses		(19,823)	(46,652)
Total expenses		**(574,281)**	**(545,420)**
Result from superannuation activities before Income tax (expense)/benefit		**7,454,969**	**6,523,575**
Income tax (expense)/benefit	9(a), 9(b)	(525,020)	(431,607)
Result from superannuation activities after Income tax (expense)/benefit		**6,929,949**	**6,091,968**
Net (benefits)/losses allocated to members' accounts		(6,805,276)	(6,097,186)
Net change in defined benefit members' liabilities		(47,500)	(26,553)
Operating result after income tax		**77,173**	**(31,771)**

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Members' Benefits

For the year ended 30 June 2024

2024	Notes	Defined Contribution Members $'000	Defined Benefit Members $'000	Total $'000
Opening balance of members' benefits		**82,118,523**	**1,142,387**	**83,260,910**
Contributions received from:				
Employers		5,581,344	10,850	5,592,194
Members		901,707	434	902,141
Government		30,265	–	30,265
Net transfers (to)/from other superannuation entities		1,079,972	–	1,079,972
Income tax on contributions	9(c)	(885,830)	(1,628)	(887,458)
Net after tax contributions		**6,707,458**	**9,656**	**6,717,114**
Benefits paid to members or beneficiaries		(4,754,961)	(81,083)	(4,836,044)
Transfer from defined benefit to defined contribution		7,692	(7,692)	–
Insurance premiums charged to members		(416,833)	(19)	(416,852)
Death and disability insurance entitlements received		382,659	68	382,727
Benefits allocated to members' accounts, comprising:				
Net investment income/(loss)		6,953,146	75,537	7,028,683
Administration fees		(220,210)	(3,197)	(223,407)
Net change in defined benefit members' liabilities		–	47,500	47,500
Closing balance of members' benefits	12	**90,777,474**	**1,183,157**	**91,960,631**

2023	Notes	Defined Contribution Members $'000	Defined Benefit Members $'000	Total $'000
Opening balance of members' benefits		**69,567,171**	**–**	**69,567,171**
Contributions received from:				
Employers		4,874,740	1,856	4,876,596
Members		714,135	67	714,202
Government		31,437	–	31,437
Successor fund transfers	1	3,941,640	1,134,459	5,076,099
Net transfers (to)/from other superannuation entities		1,428,355	–	1,428,355
Income tax on contributions	9(c)	(773,528)	(279)	(773,807)
Net after tax contributions		**10,216,779**	**1,136,103**	**11,352,882**
Benefits paid to members or beneficiaries		(3,636,476)	(5,628)	(3,642,104)
Insurance premiums charged to members		(435,252)	–	(435,252)
Death and disability insurance entitlements received		294,474	–	294,474
Benefits allocated to members' accounts, comprising:				
Net investment income		6,313,372	(4,730)	6,308,642
Administration fees		(201,545)	(9,911)	(211,456)
Net change in defined benefit members' benefits		–	26,553	26,553
Closing balance of members' benefits	12	**82,118,523**	**1,142,387**	**83,260,910**

The above Statement of Changes in Members' Benefits should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2024

2024	General reserve $'000	Administration reserve $'000	Insurance reserve $'000	Operational risk reserve $'000	Defined benefits over/(under) funded $'000	Total equity $'000
Opening balance	**(48,039)**	**103,642**	**111,242**	**209,130**	**15,251**	**391,226**
Net transfers (to)/from reserves	432	527	149	(1,108)	–	–
Net allocations (to)/from Members' Benefits	(7,028,683)	223,407	–	–	(47,500)	(6,852,776)
Net allocations (to)/from Income Statement	7,084,497	(193,594)	15,995	23,051	–	6,929,949
Closing balance	**8,207**	**133,982**	**127,386**	**231,073**	**(32,249)**	**468,399**

2023	General reserve $'000	Administration reserve $'000	Insurance reserve $'000	Operational risk reserve $'000	Defined benefits over/(under) funded $'000	Total equity $'000
Opening balance	**-**	**63,340**	**103,549**	**174,772**	**–**	**341,661**
Net transfers (to)/from reserves	(13)	(3)	9	7	–	–
Net allocations (to)/from Members' Benefits	(6,308,642)	211,456	–	–	(26,553)	(6,123,739)
Net allocations (to)/from Income Statement	6,250,188	(184,738)	5,239	21,279	–	6,091,968
Successor fund transfers	10,428	13,587	2,445	13,072	41,804	81,336
Closing balance	**(48,039)**	**103,642**	**111,242**	**209,130**	**15,251**	**391,226**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Interest received		5,891	1,009
Death and disability proceeds received from insurer		382,727	294,474
Administration expenses paid		(262,320)	(234,563)
Insurance premiums paid		(447,548)	(469,568)
Income tax received/(paid)		195,199	218,011
Net cash outflow from operating activities	3(b)	**(126,051)**	**(190,637)**
Cash flows from investing activities			
Purchases of financial instruments		(74,992,658)	(98,489,216)
Proceeds from sale of financial instruments		73,304,187	96,075,417
Payments for fixed and intangible assets		(3,573)	(5,964)
Net cash outflow from investing activities		**(1,692,044)**	**(2,419,763)**
Cash flows from financing activities			
Employer contributions received		5,592,194	4,876,596
Member contributions received		902,141	714,202
Government co-contributions received		30,265	31,437
Net transfers (to)/from other superannuation entities received		1,079,972	1,427,409
Successor fund transfers		–	41,506
Benefits paid to members or beneficiaries		(4,836,044)	(3,642,104)
Payment of lease liabilities		(5,068)	(5,558)
Tax paid on contributions		(872,138)	(757,524)
Net cash inflow from financing activities		**1,891,322**	**2,685,964**
Net increase/(decrease) in cash		**73,227**	**75,564**
Cash at the beginning of the financial year		**121,269**	**45,705**
Cash at the end of the financial year	3(a)	**194,496**	**121,269**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2024

1. General information

The Construction and Building Unions Superannuation Fund (the 'Fund') is a superannuation fund domiciled in Australia.

The Fund was constituted by a Trust Deed dated 29 May 1984 (as amended) to provide superannuation, retirement and insurance benefits to its members and beneficiaries. For the purposes of the financial statements the Fund is a not for profit entity.

The Trustee of the Fund is United Super Pty Ltd (the 'Trustee'). The registered office of the Trustee is Level 22, 130 Lonsdale Street,Melbourne, VIC 3000.

These financial statements cover the Fund as an individual entity and were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee on 19 September 2024. The Directors of the Trustee have the power to amend and re-issue these financial statements.

Successor fund transfer with EISS Super

On 11 May 2023, the Fund undertook a Successor Fund Transfer with EISS Super (Energy Industries Superannuation Scheme Pool A: Registration No. R1004861 and Pool B: Registration No. R1004878, registrable superannuation entities domiciled in Australia), with the total assets of $5,170,397,000, liabilities of $12,962,000, members' benefits of $5,076,099,000 and equity of $81,336,000 being transferred into the Fund as of this date.

The change to net members' benefits in the prior year of $5,076,099,000 is described as successor fund transfers in the Statement of Changes in Members' Benefits.

2. Summary of material accounting policies

Unless covered in other notes to the financial statements, the material accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the reporting periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the *Corporations Act 2001* and the provisions of the Trust Deed.

(i) Financial statements presentation

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and not distinguished between current and non-current.

(ii) Assessment as an investment entity

The Trustee has assessed that the Fund meets the definition of an investment entity within AASB 10 *Consolidated Financial Statements* as it meets the following criteria:

- The Fund obtains money from members for the purpose of providing them with investment management services
- The Fund's business purpose, which is communicated directly to members, is investing solely for returns from capital appreciation, investment income or both
- The performance of investments made by the Fund are measured and evaluated on a fair value basis.

The Fund also meets all the other typical characteristics of an investment entity.

The Fund does not consolidate the controlled entities (refer to Note 20) but instead measures investments in unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments.*

The entities controlled by the Fund have been set up for the purpose of holding investments that generate capital appreciation and investment income. The investment strategies of the underlying controlled entities may include leverage. The Fund purchases shares and units from the controlled entities which enables the controlled entities to invest in a range of property, infrastructure and private equity assets, either directly or through underlying entities. These underlying controlled entities hold investments in property and infrastructure.

The Fund's maximum exposure to loss from its interests in controlled entities is equal to the fair value of its investments in these entities plus any capital commitments (refer to Note 20) made by a controlled entity to an underlying entity.

Once the Fund has disposed of its interest in a controlled entity it ceases to be exposed to any risk from the controlled entity.

(iii) Fair value measurement

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

(b) Significant accounting estimates, judgements and assumptions

The preparation of the Fund's financial statements requires management to make estimates, judgements and assumptions that affect the recognised amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

In applying the Fund's accounting policies management continually evaluates estimates, judgements and assumptions based on historical experience and other factors, including expectations of future events that may have an impact on the Fund. All estimates, judgements and assumptions made are believed to be reasonable based on the most current set of circumstances available to management.

Significant estimates, judgements and assumptions exist in the calculation of the accrued benefit relating to defined benefit members' liabilities. The key estimates, judgements and assumptions used are set out in Note 12.

Notes to the Financial Statements

For the year ended 30 June 2024

2. Summary of material accounting policies (continued)

(c) New accounting standards and interpretations adopted by the Fund

(i) New accounting standards and interpretations that are applicable for mandatory adoption in the current year

The Fund has applied the following standards and amendments for the first time for its financial year beginning 1 July 2023:

- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

No other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(ii) New accounting standards and interpretations that are applicable for early adoption in the current year, but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not been early adopted by the Fund. None of these are expected to have a material effect on the financial statements of the Fund.

(d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position and Statement of Cash Flows comprise cash held with banking institutions and is subject to an insignificant risk of changes in value.

Other cash held forms part of the Fund's investment portfolio and is classified as a financial asset, disclosed as fund managers' cash and cash equivalents in Note 5. This includes short-term deposits, margin accounts and unsettled trades.

(e) Receivables

Receivables are initially recognised at fair value and subsequently measured at fair value less any adjustment for credit impairment.

All receivables, unless otherwise stated, are non-interest bearing, unsecured and generally received within 14 days of recognition.

Collectability of receivables is reviewed regularly and considered as part of their fair value measurement.

(f) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period and are measured at fair value. These amounts are unsecured and are usually paid within 14 days of recognition.

(g) Financial assets and liabilities

(i) Classification

The Fund's financial investments are classified as fair value through profit or loss in accordance with AASB 1056 *Superannuation Entities.*

(ii) Recognition/derecognition

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

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

(iii) Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs for financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Income Statement.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. Gains and losses are presented in the Income Statement in the period in which they arise as changes in the fair value of financial instruments.

(h) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. Summary of material accounting policies (continued)

(h) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy (refer to Note 19).

(i) Property, plant and equipment

Motor vehicles, office and computer equipment, furniture and fittings and leasehold improvements are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of the asset have different useful lives they are accounted as separate assets. Any gain/loss arising from impairment and any gain/loss on disposal of an item is recognised in the Income Statement in the period in which it occurs.

The cost of leasehold improvements is capitalised as an asset and depreciated over the assets' lease term.

Depreciation is calculated using the diminishing value method to allocate an asset's cost over its estimated useful life. The assets residual values and useful lives are reviewed at the end of each reporting period and adjusted if required.

The estimated useful lives are as follows:

Leasehold improvements	Lease term
Furniture and fittings	5-10 years
Office equipment	10 years
Computer equipment	3-4 years
Motor vehicles	8 years

(j) Leases

Leases are recognised, measured and presented in line with AASB 16 *Leases.*

Valuation of right-of-use assets and lease liabilities

The application of AASB 16 requires the Fund to make judgements that affect the valuation of right-of-use assets (refer to Note 6) and the valuation of lease liabilities (refer to Note 10). These include determining contracts within the scope of AASB 16, determining the contract terms and determining the interest rate used for discounting of future cash flows.

The lease terms determined by the Fund comprise the following:

- Non-cancellable period of lease contracts
- Periods covered by an option to extend the lease if the Fund is reasonably certain to exercise that option
- Periods covered by an option to terminate the lease if the Fund is reasonably certain not to exercise that option.

The lease terms are applied to determine the depreciation rate of right-of-use assets.

For leases with terms not exceeding twelve months and for leases of low-value assets, the Fund has exercised the optional exemptions, where the lease payments under these contracts are recognised on a straight-line basis over the lease term as other operating expenses.

In all other leases in which the Fund acts as the lessee, the present value of future lease payments is recognised as a lease liability.

Correspondingly, a right-of-use asset is recognised within property, plant and equipment at the present value of the lease liability.

The present value of the lease liability is determined using the discount rate representing the weighted average incremental borrowing rate. Where there has been a re-assessment of the lease term during the year, the Fund has re-measured the lease liabilities using a revised incremental borrowing rate as at the date of the lease modification.

The right-of-use asset is depreciated on a straight-line basis over the lease term or, if shorter the useful life of the leased asset.

(k) Intangible assets

(i) Internally generated intangible assets

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period economic benefits are capitalised as internally generated intangible assets. Amortisation and annual impairment testing of completed internally generated intangible assets are used as a proxy for fair value assessment at the reporting date calculated over the asset's useful life ranging from 2 to 5 years.

Costs associated with internally generated intangible assets are recorded as assets under construction until completion and subject to annual impairment testing.

(ii) Software as a Service (SaaS) related costs

Costs associated with maintaining or customising SaaS cloud products/software programmes are recognised as an operating expense as incurred.

(l) Impairment of assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, Management makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to

2. Summary of material accounting policies (continued)

(l) Impairment of assets (continued)

their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in administration and other operating expenses.

(m) Members' benefits

Members' benefits are the Fund's present obligation to pay benefits to members and beneficiaries as follows:

(i) Defined contribution members' liabilities

Defined contribution member liabilities are measured as the amount of members' account balances as at the reporting date.

(ii) Defined benefit members' liabilities

Defined benefit members' 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. The amount of accrued benefits has been determined on the basis of the present value of expected future payments with reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and other relevant actuarial assumptions.

Refer to Note 12 for further information on members' benefits.

(n) Reserves

The Fund maintains four reserves, for the purposes described below:

- A General Reserve to manage the receipt of investment income and the payment of investment related expenses and tax. This reserve is also used for the allocation of investment earnings to members via the process of declaring daily crediting rates. The reserve is also used to cover unexpected and unbudgeted expenses of the Fund and to meet any other expenses which the Trustee deems ought to be met from the General Reserve, rather than directly from members' accounts. The long-term aim is to hold a General Reserve within a range of 0.00%-0.25% (2023: 0.00%-0.25%) of the Fund's net assets available for members' benefits.

  The General Reserve balance as at reporting date was $8.2m (2023: -$48.0m).
- An Administration Reserve to manage the receipt of administration fees and the payment of Fund administration and operating expenses.The reserve is also used to cover unexpected and unbudgeted expenses of the Fund and to meet any other expenses which the Trustee deems ought to be met from the Administration Reserve, rather than directly from members' accounts. The Trustee Board has determined that the Administration Reserve is to be maintained within a range of -10% / +20% of the current target level of $77.5m
- An Insurance Reserve is maintained to ensure insurance related expenditure and income are incurred and shared by insurance members and there is no impact on non-insured members for insurance activities. The Insurance Reserve accounts for:
  - The Partnership Sharing Model (PSM) in place with the Fund's insurance provider, TAL Life Limited. The PSM provides a mechanism to manage the long-term fluctuations in claims experience
  - Insurance related revenue and expenditure of the Fund
  - Includes a self-insured amount in order to pay an additional benefit to certain defined benefit members in the event the member dies or becomes totally or permanently disabled prior to retirement age.
- An Operational Risk Reserve (ORR) to provide protection to the Fund if a loss is incurred from an operational risk event. The use of the ORR is governed by requirements established by the Australian Prudential Regulatory Authority, under Prudential Standard *SPS 114 Operational Risk Financial Requirement.*

  Trustee intends to maintain the reserve at 0.25% (2023: 0.25%) of the Fund's net assets available for members' benefits in line with its internal policy.

(o) Revenue and expense recognition

(i) Interest revenue

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.

(ii) Dividends and distributions revenue

Dividends and distributions revenue are recognised gross of withholding tax when the Fund's right to receive the distribution or dividend payment is established.

(iii) Changes in fair value of financial instruments

Changes in the fair value of financial instruments are calculated as the difference between the fair value upon sale, restructure, settlement or termination, or at the end of the reporting period, and the fair value at the end of the previous reporting period or at the date the financial instruments are acquired.

(iv) Investment expenses

Master custodian and investment management fees and other investment expenses are recognised on an accruals basis and represent costs incurred directly by the Fund in managing the investment portfolio. They do not include fees incurred within underlying investment vehicles. Total investment expenses including direct and indirect expenses are received from members by deducting an investment fee from investment returns before they are credited to members' accounts.

2. Summary of material accounting policies (continued)

(o) Revenue and expense recognition (continued)

(iv) Investment expenses (continued)

All changes in the fair value of financial instruments are recognised in the Income Statement.

Expenses are recognised in the Income Statement when the Fund has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and where the expenses do not produce future economic benefits that qualify for recognition in the Statement of Financial Position.

(p) Income tax

The Fund is a complying superannuation fund for the purposes of the provisions of the Income Tax Assessment Acts 1936 and 1997. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income.

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments where the Fund is able to control the timing of the reversal of the temporary differences and it is probable that the differences will notreverse in the foreseeable future.

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 tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

The carrying amount of deferred tax assets is reviewed periodically and at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(q) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 55% or 75%; hence investment management fees, custodial fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO).

(r) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund and its subsidiaries operate ('the functional currency'). The financial statements are presented in Australian Dollars, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

2. Summary of material accounting policies (continued)

(r) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

(s) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars ($'000), unless otherwise indicated.

3. Cash and cash equivalents

(a) Components of cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank	194,496	121,269
Total cash and cash equivalents	**194,496**	**121,269**

(b) Reconciliation of operating result after income tax to net cash outflow from operating activities

	2024 $'000	2023 $'000
Operating result after income tax	77,173	(31,771)
Change in operating assets and liabilities:		
(Increase)/decrease in assets measured at fair value	(7,741,396)	(6,828,077)
Increase/(decrease) in payables	(20,564)	16,121
Increase/(decrease) in insurance premiums payables	(34,125)	(140,777)
Increase/(decrease) in income tax payables	720,219	649,618
Adjustments for non-cash and non-operating items:		
Depreciation and amortisation	19,866	20,510
Allocation to members' accounts	6,852,776	6,123,739
Net cash outflow from operating activities	**(126,051)**	**(190,637)**

4. Receivables

	2024 $'000	2023 $'000
GST receivables	3,284	389
Other receivables	7,518	6,955
Total receivables	**10,802**	**7,344**

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Information regarding credit risk exposure is set out in Note 18(b).

Notes to the Financial Statements

For the year ended 30 June 2024

5. Financial assets and liabilities

	2024 $'000	2023 $'000
Financial assets		
Fund managers' cash and cash equivalents	7,822,984	10,428,555
Alternative debt	1,372,300	1,401,568
Derivative assets	529,861	247,460
Fixed interest securities	11,987,782	9,627,490
Australian equities	20,367,526	16,880,516
International equities	27,824,113	22,977,417
Alternative assets	15,593,772	14,149,854
Investment property trusts:		
Externally managed	4,644,379	5,677,254
Internally managed	4,640,395	4,375,094
Total investment property trusts	**9,284,774**	**10,052,348**
Total financial assets	**94,783,112**	**85,765,208**
Financial liabilities		
Derivative liabilities	(84,397)	(489,287)
Total financial liabilities	**(84,397)**	**(489,287)**

6. Property, plant and equipment

(i) Property, plant and equipment owned

Information about property, plant and equipment owned by the Fund is presented below:

	2024 $'000	2023 $'000
Property, plant and equipment		
Opening net book value	9,193	10,816
Additions	2,838	516
Disposals	(374)	(9)
Depreciation expense	(1,900)	(2,130)
Closing net book value	**9,757**	**9,193**
Cost	20,990	19,261
Accumulated depreciation	(11,233)	(10,068)
Net book value	**9,757**	**9,193**

6. Property, plant and equipment (continued)

(ii) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and their movements during the year.

	2024 $'000	2023 $'000
Right-of-use assets		
Opening balance	41,587	46,346
Reassessment of leases	(10,338)	–
Additions	735	2,114
Depreciation expense	(5,317)	(6,873)
Closing balance	**26,667**	**41,587**

7. Intangible assets

	2024 $'000	2023 $'000
Internally generated intangible assets		
Opening net book value	23,987	32,406
Additions and assets under construction	-	3,334
Impairment	(637)	(246)
Amortisation	(11,638)	(11,507)
Total intangible assets	**11,712**	**23,987**

8. Payables

	2024 $'000	2023 $'000
Insurance premiums payables	(33,941)	(44,814)
Investment manager fees payables	(28,660)	(24,429)
Investment manager performance fees payables	(9,225)	(29,279)
Administration expenses payables	(22,006)	(21,300)
Asset consulting fees payables	(217)	(219)
Custodian fees payables	(2,281)	(3,868)
Provision for employee benefits	(23,499)	(20,833)
Total payables	**(119,829)**	**(144,742)**

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. Information regarding interest rate, foreign exchange and liquidity risk exposures are set out in Note 18.

Notes to the Financial Statements

For the year ended 30 June 2024

9. Income tax

(a) Income tax expense/(benefit) recognised in the Income Statement

	2024 $'000	2023 $'000
Current income tax expense/(benefit)		
Current tax on profits/(losses) for the year	(45,111)	(216,372)
Adjustments for current tax of prior periods	55,976	78,935
Deferred income tax expense/(benefit)		
Relating to origination and reversal of temporary differences	514,155	569,044
Total income tax expense/(benefit) recognised in the Income Statement	**525,020**	**431,607**

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	2024 $'000	2023 $'000
Result from superannuation activities before income tax expense/(benefit)	**7,454,969**	**6,523,575**
Prima facie tax at the applicable Australian tax rate of 15% (2023: 15%)	1,118,245	978,536
Tax effects of amounts which are not (assessable)/deductible in calculating taxable income:		
Capital (gains)/losses not (assessable)/deductible	(283,792)	(334,628)
Exempt pension income	(77,637)	(43,954)
Net imputation and foreign tax credits	(225,244)	(181,994)
Insurance premium deduction	(62,528)	(65,288)
Adjustments for current tax of prior periods	55,976	78,935
Total income tax expense/(benefit)	**525,020**	**431,607**

(c) Income tax on contributions recognised in the Statement of Changes in Members' Benefits

	2024 $'000	2023 $'000
Contributions and transfers-in	**7,604,572**	**12,126,689**
Tax at the complying superannuation fund rate of 15% (2023: 15%)	1,140,686	1,819,003
Tax effects of amounts which are not (assessable)/deductible in calculating contributions tax		
Non-assessable contributions	(95,481)	(73,651)
Non-assessable transfers-in	(159,138)	(972,902)
No TFN tax	1,391	1,357
Total income tax on contributions recognised in the Statement of Changes in Members' Benefits	**887,458**	**773,807**

9. Income tax (continued)

(d) Deferred tax liabilities

The movement in temporary differences during the year were:

30 June 2024

	Opening balance $'000	Transferred from successor fund $'000	(Charged)/Credited to Income Statement $'000	Closing balance $'000
Net deferred tax liabilities				
Unrealised (gains)/losses on investments	(1,586,496)	–	(514,155)	(2,100,651)
Net deferred tax liabilities	**(1,586,496)**	**–**	**(514,155)**	**(2,100,651)**

30 June 2023

	Opening balance $'000	Transferred from successor fund $'000	(Charged)/Credited to Income Statement $'000	Closing balance $'000
Net deferred tax liabilities				
Unrealised (gains)/losses on investments	(1,061,116)	43,664	(569,044)	(1,586,496)
Net deferred tax liabilities	**(1,061,116)**	**43,664**	**(569,044)**	**(1,586,496)**

The Fund offsets tax assets and liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities.

(e) Income tax receivables/payables

The Fund's income tax payable of $255,057,000 (2023: $33,673,000 income tax payable) represents the amount of income tax payable in respect of current and prior periods.

10. Lease liabilities

	2024 $'000	2023 $'000
Lease liabilities	(47,582)	(62,254)
Total lease liabilities	**(47,582)**	**(62,254)**

The Fund leases commercial office spaces (within Australia), vehicles and other office equipment. The office leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated.

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year.

	2024 $'000	2023 $'000
Opening balance	**62,254**	**66,559**
Additions	735	2,114
Reassessment of leases	(10,161)	–
Accretion of interest	1,022	1,550
Payments	(6,268)	(7,969)
Closing balance	**47,582**	**62,254**
Current	6,053	6,487
Non-current	41,529	55,767
Total lease liabilities	**47,582**	**62,254**

The maturity analysis of the contractual undiscounted cash flows of future property lease payments are as follows:

	2024 $'000	2023 $'000
Less than one year	205	86
One to five years	2,481	4,322
More than five years	48,199	65,072
Total undiscounted lease liabilities	**50,885**	**69,480**

The following are the amounts recognised in the Income Statement:

	2024 $'000	2023 $'000
Depreciation expense of right-of-use assets	5,317	6,873
Interest expense on lease liabilities	1,022	1,550
Rental expense relating to leases of short-term and low-value assets	2,069	(79)
Total amount recognised in profit or loss	**8,408**	**8,344**

Notes to the Financial Statements

For the year ended 30 June 2024

11. Funding arrangements

(a) Defined contribution members' liabilities

Employers contribute to the Fund on behalf of members in accordance with the Fund's Trust Deed, relevant industry award agreements and mandated minimum Superannuation Guarantee Charge rate of 11.0% (2023: 10.5%). In addition, members and employers can elect to contribute further amounts to the Fund at their own discretion.

(b) Defined benefit members' liabilities

The merger with EISS Super in the prior year, on 11 May 2023, as outlined in Note 1, amended the Fund's Trust Deed to establish a new Defined Benefits section. A Sub-Division, within the Defined Benefits section, was also created for receiving the transferred EISS Super defined benefit liabilities ('Pool B Sub-Division'). Member and employer contributions to the defined benefit scheme are described below:

(i) Pool B Sub-Division - Former Pool B Division 'B' members

Employer contributions

Employers contribute on a fully funded basis as determined by the Trustee based on actuarial advice. During the year the employers contributed at a rate of 1.9 times the value of employee contributions.

Employers also contribute to a member's Basic Benefit, otherwise referred to as the Basic Benefits for Former Pool B members ('Division C'). This employer funded benefit is generally equal to 3% of either the final average salary or final salary (depending on the circumstances of exit) for each year of service (less 15% contributions tax).

Member contributions

Each member elects to contribute between 1% and 9% of salary for their Contributor Financed Benefit.

Members can also contribute to their Basic Benefit, Division C. A member can use this account for the purpose of making additional contributions and rolling over amounts from other super funds. This account is also able to accept government co-contributions and award contributions from employers.

(ii) Pool B Sub-Division - Former Pool B Division 'C' members

Employer contributions

Employers contribute on a fully funded basis as determined by the Trustee based on actuarial advice. During the year the employers contributed at a rate of 1.64 times the value of employee contributions.

Employers also contribute to a member's Basic Benefit, Division C. This employer funded benefit is generally equal to 3% of either the final average salary or final salary (depending on the circumstances of exit) for each year of service (less 15% contributions tax).

Member contributions

Each member contributes on a 'rate for age' basis to individual pension units which become available with salary increases. The contribution rate increases according to the age of the member. Members may elect to abandon units where total contributions payable would exceed 6% of salary.

Members can also contribute to their Basic Benefit, Division C. A member can use this account for the purpose of making additional contributions and rolling over amounts from other super funds. This account is also able to accept government co-contributions and award contributions from employers.

12. Members' benefits

	2024 $'000	2023 $'000
Members' benefits		
Defined contribution members' liabilities		
Allocated to members	(90,772,230)	(82,107,533)
Unallocated to members	(5,244)	(10,990)
Defined benefit members' liabilities	(1,183,157)	(1,142,387)
Total members' benefits	**(91,960,631)**	**(83,260,910)**

Obligations relating to members' entitlements are recognised as members' liabilities. They are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their membership as at reporting date, subject to preservation requirements.

12. Members' benefits (continued)

(a) Defined contribution members' liabilities

Defined contribution members' liabilities are measured as the amount of members' account balances as at the end of the reporting period.

Members' account balances are valued by crediting rates determined by the Trustee based on the underlying investment options selected by members.

The defined contribution members bear the investment risk relating to the underlying investment options. Investment option unit prices are updated on a daily basis for movements in investment values.

Refer to Note 18 for the Fund's management of the investment risks.

$5,244,000 (2023: $10,990,000) has not yet been allocated to defined contribution members' accounts which consists of contributions received by the Fund that have not been able to be allocated as at the end of the reporting period and insurance claims payable which have not been paid from members' accounts.

(b) Defined benefit members' liabilities

The valuation of the defined benefit members' liabilities is undertaken by the RSE actuary ('the Actuary') on an annual basis. Defined benefit members' liabilities are measured as the amount of investments needed to yield cash flows sufficient to meet accrued benefits as at the date when they are expected to fall due. The amount of accrued benefits has been determined on the basis of the present value of expected future payments with reference to expected future salary levels and by application of a market-based, risk adjusted discount rate and other relevant actuarial assumptions.

Accrued benefits are defined as the benefits the Fund is obligated to transfer in the future as a result of membership to the end of the reporting period.

The key assumptions used by the Fund's Actuary to determine the value of the accrued benefits in the current year are:

- Future rate of investment return/discount rate (net of all fees and taxes) forecast at 5.42% (2023: 5.62%) per annum
- Future rate of salary increases forecast at 5.6% (2023: 3.3%) per annum for 2024/25, 3.4% (2023: 3.4%) per annum for 2025/26, 3.1% per annum for 2026/27 and then 3.5% (2023: 3.5%) per annum thereafter
- Future rate of pension/CPI increases forecast at 3.8% per annum for 2024/25 and then 2.5% (2023: 2.5%) per annum thereafter.

The Fund's Actuary has used the following movements in the key assumptions to determine the sensitivity in the value of accrued benefits for the current and prior reporting period:

- Future rate of investment return: +/-1% per annum
- Future rate of salary increases: +/-1% per annum
- Future rate of CPI: +/-1% per annum.

The impact of the sensitivity of accrued benefits in these key assumptions are shown below:

30 June 2024

Assumption	Assumed at reporting date	Sensitivity change	Increase (decrease) in accrued benefits
Investment return/Discount rate	5.42% pa	+1%/-1% pa	($99,814,000)/$116,867,000
Salary increases	5.6% pa	+1%/-1% pa	$30,492,000/($27,860,000)
Pension/ CPI increases	3.8% pa	+1%/-1% pa	$96,969,000/($83,214,000)

30 June 2023

Assumption	Assumed at reporting date	Sensitivity change	Increase (decrease) in accrued benefits
Investment return/Discount rate	5.62% pa	+1%/-1% pa	($97,191,000)/$113,727,000
Salary increases	3.1% pa	+1%/-1% pa	$28,043,000/($25,760,000)
Pension/ CPI increases	6.6% pa	+1%/-1% pa	$84,489,000/($72,757,000)

The Fund's appointed actuary reports on a quarterly basis on the status of the Vested Benefit Index ('VBI'). The VBI is monitored by against a Shortfall Limit set at 96%. If the VBI falls below 96%, this will trigger a review by the appointed actuary and a report that will set out remedial action and rectification plans as required by APRA Prudential Standard SPS 160 *Defined Benefits.*

The amount of vested benefits attributable to defined benefit members as at 30 June 2024 is $1,178,135,000 (2023: $1,149,150,000).

12. Members' benefits (continued)

(b) Defined benefit members' liabilities (continued)

The Pool B Sub-Division was over funded as follows:

30 June 2024

	Net assets available for defined benefit members $'000	Actuarial value of accrued benefits for defined members $'000	Over/(under) funded $'000
Pool B Sub-Division	1,150,908	1,183,157	(32,249)

30 June 2023

	Net assets available for defined benefit members $'000	Actuarial value of accrued benefits for defined members $'000	Over/(under) funded $'000
Pool B Sub-Division	1,157,638	1,142,387	15,251

In respect of the underfunded position of defined benefit member liabilities as at 30 June 2024, the Trustee has worked with the relevant employer sponsors to develop a three year rectification strategy. At the current rate of contributions from the employer sponsors of the Pool B Sub-Division, which include additional top-up payments over the next two years, the current deficit of liabilities over assets is scheduled to be fully funded prior to 30 June 2026.

13. Changes in fair value of financial instruments

	2024 $'000	2023 $'000
Fund managers' cash and cash equivalents	144,601	208,727
Alternative debt	110,583	94,520
Derivatives	297,178	(734,439)
Fixed interest securities	(12,159)	(60,259)
Australian equities	1,294,232	1,682,046
International equities	3,678,540	3,368,618
Alternative assets	776,006	718,688
Investment property trusts	(497,441)	(162,859)
Total changes in fair value of financial instruments	**5,791,540**	**5,115,042**

14. Investment expenses

	2024 $'000	2023 $'000
Investment manager fees	(175,118)	(135,946)
Performance fees*	11,697	(14,017)
Custodian fees	(8,709)	(7,279)
Asset consulting fees	(2,651)	(2,881)
Other investment expenses	(96,844)	(79,532)
Total investment expenses	**(271,625)**	**(239,655)**

* The performance fees disclosure represents the change in the performance fee accrual throughout the year which generally relates to whether applicable fund managers have over or under performed their respective benchmarks. This means that performance fees can have large fluctuations from one year to the next.

Notes to the Financial Statements

For the year ended 30 June 2024

15. Administration and other operating expenses

	2024 $'000	2023 $'000
Administration expenses	(66,166)	(63,356)
Audit fees	(1,199)	(1,690)
Actuarial fees	(418)	(152)
Marketing and advertising	(25,577)	(25,015)
Trustee fees and reimbursements	(19,379)	(4,851)
Depreciation and amortisation of owned assets	(13,538)	(13,637)
Depreciation of right-of-use assets	(5,317)	(6,873)
Interest expense on lease liabilities	(1,022)	(1,550)
Other operating expenses	(150,217)	(141,989)
Total administration and other operating expenses	**(282,833)**	**(259,113)**

16. Auditor's remuneration

During the year the following fees were paid or payable for services provided by Ernst & Young Australia, the RSE auditor of the Fund and its controlled entities:

	2024 $	2023 $
Audit services for the statutory financial report of the Fund and its controlled entities	659,510	642,911
Assurance services that are required by legislation to be provided by the external auditor	94,374	94,374
Other assurance and agreed-upon-procedures under other legislation or contractual arrangements	125,400	237,215
Other services	389,202	271,026
Total auditor's remuneration	**1,268,486**	**1,245,526**

17. Segment information

The Fund operates solely in one reportable business segment, being the provision of superannuation benefits to members. The Fund also operates from one reportable geographic segment, being Australia, where its activities are managed. Revenue is predominantly derived from investments, such as interest, distributions and dividends and net changes in the fair value of financial instruments.

18. Financial risk management

The Fund's investments are held on behalf of the Trustee by JPMorgan Chase Bank, National Association (JPM) who act as the Fund's master custodian. To the extent assets are held out of custody, the Trustee ensures appropriate controls are in place to ensure the correct recording of the assets, liabilities, revenues and expenses.

Each investment manager is required to invest the assets managed by it in accordance with the terms of a written mandate or Trust Deed. The Trustee has determined that appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy and outsourcing policy.

The Trustee determines the strategic asset allocations of each of the Fund's investment options. The Trustee receives advice from its investment advisor in making its determination. The asset allocation is reviewed throughout the year in accordance with the Fund's Risk Management Policy, Investment Policy and Procedures Manual.

The Fund's activities expose it to a variety of investment risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund manages these investment risks as part of its overall Risk Management Framework and Investment Governance Framework.

Financial risk management is carried out by the Trustee through the Board and various Committees with advice from external advisors and internal management.

The Fund obtains regular reports from each investment manager on the nature of the investments made on its behalf and the associated risks. The Fund obtains formal Derivative Risk Statements from each manager where available.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include asset allocation modelling, historical stress testing and forward looking scenario testing. The Fund uses a range of qualitative measures of risk when assessing the individual managers' and the Fund's overall investment arrangements.

18. Financial risk management (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Changes in market prices are reflected in earnings credited to member's accounts and Fund reserves. Market risk comprises three types of risk: Foreign exchange risk, interest rate risk and price risk.

(i) Foreign exchange risk

The Fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using quantitative and qualitative modelling and sensitivity analysis. The Fund has a Currency Policy. Compliance with the Fund's policy is monitored on a regular basis.

The Fund currently utilises a currency overlay manager to assist with implementation management.

The tables below summarise the Fund's assets and liabilities that are denominated in a currency other than the Australian dollar.

30 June 2024

	US Dollar A$'000	Euro A$'000	GB Pound A$'000	Jap. Yen A$'000	Other A$'000	Total A$'000
Net exposure	24,426,480	4,244,142	1,348,405	1,521,016	5,447,444	36,987,487

30 June 2023

	US Dollar A$'000	Euro A$'000	GB Pound A$'000	Jap. Yen A$'000	Other A$'000	Total A$'000
Net exposure	20,230,219	3,298,893	1,723,523	1,241,939	4,721,663	31,216,237

Unsettled sales and purchases, dividends and interest receivable are not included in the net exposure figures shown above. Foreign exchange contracts are the fair value of the exchange exposure (rather than the market value of the hedged instrument).

Sensitivity analysis

Based on an assessment of historical ranges of currency and one standard deviation expectation an assumption of +/-17.0% (2023: +/-8.5%) has been determined by the investment advisor as an appropriate assumption for this scenario analysis.

An 17.0% strengthening/weakening of the Australian dollar against the following currencies at 30 June 2024 would have (decreased)/increased the net assets available to pay members' liabilities and the net result from superannuation activities by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023. The impact mainly arises from the reasonably possible change in foreign currency rates. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, having regard to a number of factors including the average absolute divergence between the unhedged and hedged MSCI World ex Australian Index annual returns over a 10 year period.

The amounts shown below are on the basis that all other variables remain constant.

30 June 2024

	US Dollar A$'000	Euro A$'000	GB Pound A$'000	Jap. Yen A$'000	Other A$'000
17.00%	(3,549,147)	(616,670)	(195,922)	(221,002)	(791,509)
-17.00%	5,003,014	869,282	276,179	311,533	1,115,742

30 June 2023

	US Dollar A$'000	Euro A$'000	GB Pound A$'000	Jap. Yen A$'000	Other A$'000
8.50%	(1,584,856)	(258,439)	(135,023)	(97,295)	(369,900)
-8.50%	1,879,310	306,455	160,109	115,371	438,624

18. Financial risk management (continued)

(a) Market risk (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 Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Fund's exposure to interest rate movements on those investments are as follows:

30 June 2024

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Fund managers' cash and cash equivalents	1,721,374	14,019	6,087,591	7,822,984
Alternative debt	1,372,300	–	–	1,372,300
Derivative assets	82,341	1,256	446,264	529,861
Fixed interest securities	1,848,751	10,139,031	–	11,987,782
Australian equities	–	–	20,367,526	20,367,526
International equities	–	–	27,824,113	27,824,113
Alternative assets	–	–	15,593,772	15,593,772
Investment property trusts	27,820	–	9,256,954	9,284,774
Total financial assets	**5,052,586**	**10,154,306**	**79,576,220**	**94,783,112**
Financial liabilities				
Derivative liabilities	(6,952)	(1,837)	(75,608)	(84,397)
Total financial liabilities	**(6,952)**	**(1,837)**	**(75,608)**	**(84,397)**

30 June 2023

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Fund managers' cash and cash equivalents	1,599,574	15,638	8,813,343	10,428,555
Alternative debt	1,401,568	–	–	1,401,568
Derivative assets	51,821	784	194,855	247,460
Fixed interest securities	1,470,138	8,157,352	–	9,627,490
Australian equities	–	–	16,880,516	16,880,516
International equities	–	–	22,977,417	22,977,417
Alternative assets	–	–	14,149,854	14,149,854
Investment property trusts	13,693	–	10,038,655	10,052,348
Total financial assets	**4,536,794**	**8,173,774**	**73,054,640**	**85,765,208**
Financial liabilities				
Derivative liabilities	(5,699)	(832)	(482,756)	(489,287)
Total financial liabilities	**(5,699)**	**(832)**	**(482,756)**	**(489,287)**

18. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

Based on an assessment of historical movements in cash and bond rates over rolling 1 year periods, an assumption of +1.90% or -1.90% variable volatility factor has been determined by the Fund's investment advisor as the appropriate assumption for this scenario analysis. A change of +1.90% (2023: +0.95%) in interest rates with all other variables remaining constant would have decreased the Fund's operating result and net assets available for members' benefits by $288,764,122 (2023: $120,688,352). A change of -1.90% (2023: -0.95%) in interest rates with all other variables remaining constant would have increased the operating result and net assets available for members' benefits by $288,764,122 (2023: $120,688,352). The analysis is performed on the same basis for 2023. The impact mainly arises from the reasonably possible change in interest rates on the fair value of fixed and floating interest securities.

(iii) Price risk

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

The Fund's investments are exposed to price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. The securities are classified on the Statement of Financial Position at fair value. All securities investments present a risk of loss of capital. The maximum risk is determined by the fair value of the financial instruments.

Price risk is minimised through diversification and ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies and through robust due diligence processes. Internal and external inestment manager mandate compliance is monitored by internal management and the custodian, and performance reports against benchmark are reported on a regular basis to the Investment Committee.

Sensitivity analysis is based on analysis of historical data in respect of asset class returns and using this analysis to formulate expected future ranges of returns, the investment advisor has determined that the following assumptions are appropriate for this scenario analysis. The assumptions below are based on an expected range of outcomes with a +/- 1% standard deviation.

30 June 2024

	Carrying amount $'000	Volatility factor minimum %	Volatility factor maximum %	Decrease in net assets $'000	Increase in net assets $'000
Financial assets					
Fund managers' cash and cash equivalents	7,822,984	1.5%	3.0%	117,345	234,690
Alternative debt	1,372,300	-3.5%	10.0%	(48,031)	137,230
Fixed interest securities	11,987,782	-3.5%	10.0%	(419,572)	1,198,778
Australian equities	20,367,526	-24.5%	40.5%	(4,990,044)	8,248,848
International equities	27,824,113	-21.5%	33.5%	(5,982,184)	9,321,078
Alternative assets	15,593,772	-5.5%	17.0%	(857,657)	2,650,941
Investment property trusts	9,284,774	-11.5%	24.0%	(1,067,749)	2,228,346
Total	**94,253,251**			**(13,247,892)**	**24,019,911**

30 June 2023

	Carrying amount $'000	Volatility factor minimum %	Volatility factor maximum %	Decrease in net assets $'000	Increase in net assets $'000
Financial assets					
Fund managers' cash and cash equivalents	10,428,555	2.5%	3.5%	260,714	364,999
Alternative debt	1,401,568	0.5%	7.5%	7,008	105,118
Fixed interest securities	9,627,490	0.5%	7.5%	48,137	722,062
Australian equities	16,880,516	-8.5%	24.5%	(1,434,844)	4,135,726
International equities	22,977,417	-7.5%	21.0%	(1,723,306)	4,825,258
Alternative assets	14,149,854	1.0%	13.0%	141,499	1,839,481
Investment property trusts	10,052,348	-2.5%	16.0%	(251,309)	1,608,376
Total	**85,517,748**			**(2,952,101)**	**13,601,020**

18. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial investment will cause financial loss for the other party by failing to discharge an obligation. Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents.

The Fund invests in debt securities, provides direct loans and lends securities secured by collateral which carry credit risk. The Fund employs investment managers to manage the securities within approved credit limits within their mandate. Compliance of managers with their mandates is monitored by internal management and the Fund's custodian.

The Fund does not have any significant exposure to any individual counterparty or industry and assets are invested by individual investment managers and in specific investment trusts and investment linked insurance policies.

The Fund permits (within the limitations prescribed in the respective investment mandate) that internal and external investment managers may utilise derivatives such as forward foreign exchange contracts to gain access to, and allow flexibility in, the financial markets in order to manage and structure the Fund's investment portfolio in line with the Fund's investment strategy.

The Fund restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements as set out in Note 18(d).

The fair value of financial assets included in the Statement of Financial Position represent the Fund's exposure to credit risk in relation to those assets. An analysis of debt securities by rating is set out in the tables below.

Rating	2024 $'000	2023 $'000
AAA to AA-	9,280,806	7,275,086
A+ to A-	5,781,654	8,082,305
BBB+ to BBB-	495,757	412,918
Below BBB-	891,523	851,102
No Rating	5,178,790	4,594,374
Total	**21,628,530**	**21,215,785**

The Fund has updated the presentation of amounts in the credit risk management disclosure to incorporate fund managers' cash and cash equivalents, alternative debt, derivative securities and fixed interest portfolios to provide financial statement users with a more complete understanding of the Fund's credit risk exposures.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising cash to meet commitments associated with members' liabilities or is unable to maintain the targeted risk and return allocation. Cash flow interest rate risk is the risk that future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

To control liquidity and cash flow interest rate risk, the Fund invests the majority of its assets in financial instruments, which under normal market conditions are readily convertible to cash.

The Fund limits the allocation of cash and ensures that the allocation is consistent with the investment objectives and the Fund's expected demographic profile and net cash flows. The Fund's relatively young membership profile coupled with the bulk of its assets being invested in highly liquid asset classes allows the Fund to tolerate an exposure to assets with lower levels of inherent liquidity (e.g. property and infrastructure investments) in an expectation of higher risk adjusted investment returns in the longer term.

18. Financial risk management (continued)

(c) Liquidity risk (continued)

The tables below analyse the contractual maturities of the Fund's liabilities, based on the remaining period to the contractual maturity date at the year end.

30 June 2024

	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	> 12 months $'000
Payables	(119,829)	(119,829)	–	–	–
Financial liabilities	(84,397)	(25,806)	(22,996)	(32,240)	(3,355)
Members' benefits	(47,582)	–	–	(205)	(47,377)
Lease liabilities	(91,960,631)	(91,960,631)	–	–	–

30 June 2023

	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	> 12 months $'000
Payables	(144,742)	(144,742)	–	–	–
Financial liabilities	(489,287)	(187,586)	(201,427)	(95,323)	(4,951)
Lease liabilities	(62,254)	–	–	(86)	(62,168)
Members' benefits	(83,260,910)	(83,260,910)	–	–	–

Members' benefits have been included in the "Less than 1 month" column above as this is the amount that members could call upon as at year end.

The tables below analyse the contractual maturities of the Fund's derivative financial instruments that will be settled on a gross basis, based on the remaining period to the contractual maturity date at the year end.

30 June 2024

	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	> 12 months $'000
Financial assets					
Inflows	12,096,730	5,576,893	2,643,493	3,856,815	19,529
(Outflows)	(12,181,127)	(5,602,700)	(2,666,489)	(3,889,055)	(22,883)
Total	**(84,397)**	**(25,807)**	**(22,996)**	**(32,240)**	**(3,354)**

30 June 2023

	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	> 12 months $'000
Financial assets					
Inflows	18,989,257	6,637,275	5,985,689	6,322,625	43,668
(Outflows)	(19,478,544)	(6,824,861)	(6,187,116)	(6,417,948)	(48,619)
Total	**(489,287)**	**(187,586)**	**(201,427)**	**(95,323)**	**(4,951)**

18. Financial risk management (continued)

(d) Derivatives

Derivative 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 recognised amounts and there is an intention to settle transactions on a net basis, or realise the asset and settle the liability simultaneously.

Fund managers enter into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. Under such arrangements derivative financial assets and liabilities could potentially be offset at the counterparty level under certain circumstances such as default. The amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency would be aggregated into a single net amount payable by one party to the other and the relevant arrangements terminated. The ISDA agreements do not meet the criteria for offsetting in the Statement of Financial Position as the Fund does not have a legally enforceable right of set-off.

(e) Environmental, social and governance

The Fund has a duty to act in the best financial interest of our members. The Fund believes companies that actively manage material* environmental, social and governance (ESG) risks and opportunities are likely to generate better risk-adjusted long term returns for our members, and as such, consideration of these risks and opportunities is entirely consistent with our best financial interest duty.

Responsible investment is one component of the Fund's investment model, and the Fund's approach is guided by our Investment Governance Framework and the Responsible Investment (RI) Policy. The RI Policy is reviewed every three years by the Investment Committee.

Climate change in particular is a complex environmental and social issue that will increasingly impact the global economy over time and as such the Fund has developed a Climate Change Position Statement, Climate Principles and Climate Change Roadmap to help guide the integration of climate change risks and opportunities within the broader Investment Framework. The Fund has set goals of net zero portfolio emissions by 2050 and aims to contribute to a 45% reduction in real world emissions by 2030. These goals currently cover over 70% of the Fund's investment portfolio including listed equities, property, infrastructure and a subset of listed credit instruments and work will continue to expand the boundary of these targets to include additional asset classes.

The Fund seeks to apply responsible investment considerations including climate change across our investment options by:

- Working to integrate consideration of material ESG risks and opportunities into the investment processes of both internal and external fund managers. The quality of ESG integration is an important consideration in the selection, appointment, and ongoing monitoring of our external investment managers and internally held assets
- Including responsible investment outcomes in the annual reviews for the Fund's investment team
- Undertaking annual exposure analysis and incorporating modern slavery considerations into due diligence and monitoring to meet the Fund's obligations under the Modern Slavery Act 2018
- Whilst our primary approach to responsible investment is through ESG integration, there are occasions where we consider investment in particular companies and industries to be incompatible with the long-term requirements of our members. The Fund has developed an Exclusions Governance Framework to determine where such exclusions may be appropriate
- The Fund may also employ investment mandate limitations to some index-based emerging market portfolios where we have limited ability to engage and influence companies with very poor ESG practices. Our current approach for these investment mandates excludes companies that have attracted the Sustainalytics** highest controversy rating of 'Severe' for a period of at least 12 months, with this list being reviewed annually
- Being an active steward. Through voting at general meetings and discussions with a company or manager we aim to improve practices so that companies we invest in are better run and provide more sustainable long-term returns. We also encourage the development of standards, guidelines and regulatory reform while also promoting a shift towards a sustainable finance system
- Maintaining a transparent and evidence-based approach. The fund leverages a wide range of information and data to continuously evolve our approach, is involved in ongoing research to understand emerging issues, and provides evidence to measure and report on our progress
- The Fund is an active participant in dedicated engagement forums such as the Australian Council of Superannuation Investors (ACSI) Rights and Cultural Heritage Risk Management Working Group, Climate Action 100+ and Investors Against Slavery and Trafficking Asia Pacific (IAST APAC)
- Advocating for change. As a large and growing superannuation fund, the Fund participates in collective initiatives to help address systemic risks, such as climate change, for example through participation in the Australian Sustainable Finance Institute (ASFI) and the Investor Group on Climate Change (IGCC).

* Material ESG risks and opportunities are those that are highly likely to affect business or investment performance.

** The Fund currently uses Morningstar Sustainalytics data for this purpose.

18. Financial risk management (continued)

(e) Environmental, social and governance (continued)

As a signatory to the Australian Asset Owners Stewardship Code (the 'Code'), the Fund supports the principles and guidance outlined in the Code which are designed to raise the transparency and accountability of voting, engagement, advocacy and oversight of manager's stewardship practices. The Fund has produced a stewardship statement for public disclosure in compliance with the Code.

The Fund is also a signatory to the Principles for Responsible Investment (PRI), which establish a collective international framework for institutional investors to integrate ESG risks and opportunities into their investment decision-making

Additionally, the Fund is involved in collaborative efforts to support the UN Sustainable Development Goals (SDGs). The Fund is an active subscriber to the SDI AOP (Sustainable Development Investments Asset Owner Platform), which aims to maintain a standardised taxonomy and increase the quality of data available to investors for the purpose of linking investment activities to SDGs, engaging on SDG alignment and monitoring external managers.

19. Fair value hierarchy

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets/liabilities at fair value through profit or loss (refer to Note 5)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

(i) Classification of financial assets and financial liabilities

The Fund classifies fair value measurements of financial instruments using a hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).These inputs must be observable for substantially the full term of the financial instrument
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This includes any instruments that are not categorised in Level 1 or Level 2.

The levels in the fair value hierarchy to which instruments are being classified, are determined on the basis of the lowest level input that is significant to 'the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is determined to be a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the instrument being classified.

19. Fair value hierarchy (continued)

(a) Fair value hierarchy (continued)

(i) Classification of financial assets and financial liabilities (continued)

Recognised fair value measurements.

The following tables present the Fund's financial assets and liabilities measured and recognised at fair value.

30 June 2024

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Fund managers' cash and cash equivalents	–	7,822,984	–	7,822,984
Alternative debt	–	1,372,300	–	1,372,300
Derivative assets	–	529,861	–	529,861
Fixed interest securities	–	11,987,782	–	11,987,782
Australian equities	20,356,865	–	10,661	20,367,526
International equities	27,821,056	1,663	1,394	27,824,113
Alternative assets	374,659	1,322,067	13,897,046	15,593,772
Investment property trusts	1,163,345	–	8,121,429	9,284,774
Total financial assets	**49,715,925**	**23,036,657**	**22,030,530**	**94,783,112**
Financial liabilities				
Derivative liabilities	–	(84,397)	–	(84,397)
Total financial liabilities	**–**	**(84,397)**	**–**	**(84,397)**

30 June 2023

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Fund managers' cash and cash equivalents	–	10,428,555	–	10,428,555
Alternative debt	–	1,401,568	–	1,401,568
Derivative assets	–	247,460	–	247,460
Fixed interest securities	–	9,627,490	–	9,627,490
Australian equities	16,868,729	–	11,787	16,880,516
International equities	22,976,998	–	419	22,977,417
Alternative assets	412,555	1,522,835	12,214,464	14,149,854
Investment property trusts	1,868,089	–	8,184,259	10,052,348
Total financial assets	**42,126,371**	**23,227,908**	**20,410,929**	**85,765,208**
Financial liabilities				
Derivative liabilities	–	(489,287)	–	(489,287)
Total financial liabilities	**–**	**(489,287)**	**–**	**(489,287)**

19. Fair value hierarchy (continued)

(a) Fair value hierarchy (continued)

(ii) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(b) Valuation techniques used to derive Level 2 and Level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter-derivatives) is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.
These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Fund specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(c) Fair value measurement using significant unobservable inputs (Level 3)

The following tables present the movement in Level 3 instruments.

30 June 2024

	Australian equities $'000	International equities $'000	Alternative assets $'000	Investment property trusts $'000	Total $'000
Opening balance	11,787	419	12,214,464	8,184,259	20,410,929
Purchases	12,184	1,257	1,313,729	764,955	2,092,125
Sales	(10,543)	(1,565)	(570,467)	(301,401)	(883,976)
Transfers into/(out of) from Level 3	13,621	1,009	381,283	-	395,913
Gains and losses recognised in profit or loss	(16,388)	274	593,285	(526,384)	50,787
Closing balance	**10,661**	**1,394**	**13,932,294**	**8,121,429**	**22,065,778**
Total unrealised gains or losses recognised in profit or loss attributable to balances held at the end of the reporting period	**(15,815)**	**189**	**591,986**	**(526,023)**	**50,337**

30 June 2023

	Australian equities $'000	International equities $'000	Alternative assets $'000	Investment property trusts $'000	Total $'000
Opening balance	2,153	981	10,799,499	7,353,541	18,156,174
Purchases	4,957	19,301	1,132,340	1,532,133	2,688,731
Sales	(738)	(23,569)	(229,886)	(215,626)	(469,819)
Transfers into/(out of) from Level 3	5,681	–	(134,860)	(65,886)	(195,065)
Gains and losses recognised in profit or loss	(266)	3,706	647,371	(419,903)	230,908
Closing balance	**11,787**	**419**	**12,214,464**	**8,184,259**	**20,410,929**
Total unrealised gains or losses recognised in profit or loss attributable to balances held at the end of the reporting period	**(401)**	**2,727**	**646,429**	**(419,410)**	**229,345**

19. Fair value hierarchy (continued)

(i) Changes in valuation techniques

There have been no changes to asset valuation techniques during the year.

(ii) Valuation inputs and relationships to fair value

The Fund's Level 3 fair value investments comprise investments in delisted or suspended Australian and International equities, unlisted alternative investment assets and investment properties.

The significant unobservable inputs used in Level 3 fair value measurements are summarised below:

Description	Fair value as at 30June 2024 $'000	Fair value as at 30June 2023 $'000	Valuation technique	Key unobservable inputs*	Range of inputs (Weighted average) 2024	Range of inputs (Weighted average) 2023
Australian equities	**10,661**	11,787	Stock Exchange	Last Traded Price	**$0 - $0.51 ($0.19)**	$0 - $2.55 ($1.14)
International equities	**1,394**	419	Stock Exchange	Last Traded Price	**$0 - $114.05 ($33.90)**	$0 - $114.05 ($114.05)
Alternative assets	**489,819**	314,641	External Fund Managers' Unitholder Statement	Redemption Unit Price	**$0.01 - $12,900 ($65.35)**	$1.94 - $1.94 ($1.94)
	13,442,475	11,899,823	Partner Capital Statements	Net Asset Value	**$0 - $2,464.1m ($1,163.2m)**	$0 - $2,380.2m ($1,244.2m)
	13,932,294	12,214,464				
Investment property trusts	**8,121,429**	8,184,259	Net Assets Valuation	Net Asset Value	**$0 - $1,395.7m ($1,142.1m)**	$0 - $1,613.9m ($1,000.7m)

* There were no significant inter-relationships between unobservable inputs that may materially affect the fair values.

An increase in the key unobservable inputs described above will result in an increase in the fair value of the financial instruments classified as Level 3.

20. Controlled entities

The Fund's exposure to the fair value of investments held in controlled entities and commitments to these entities are shown below:

30 June 2024

	No.	Fair value $'000	Commitments $'000
Asset class			
Internally managed investment property trusts	13	4,640,395	398,000
Alternative assets	5	1,447,226	350,551
Total	**18**	**6,087,621**	**748,551**

30 June 2023

	No.	Fair value $'000	Commitments $'000
Asset class			
Internally managed investment property trusts	14	4,375,094	780,000
Alternative assets	5	1,444,011	398,725
Total	**19**	**5,819,105**	**1,178,725**

20. Controlled entities (continued)

The Fund has control or significant influence of the following controlled entities:

Name of entity	Equity holding		Value	
	2024 %	2023 %	2024 $'000	2023 $'000
Internally managed Cbus properties				
313 Spencer Street Holding Unit Trust	100	100	197,847	215,874
447 Collins Street Holdings Unit Trust	100	100	265,445	282,186
Cbus Property Commercial Unit Trust	100	100	2,271,968	1,752,739
Cbus Property Developments No.2 Pty Ltd	100	100	–	–
Cbus Property Developments Unit Trust	100	100	–	196
Cbus Property Group Funding Unit Trust	100	100	27,820	13,693
Cbus Property Hospitality Unit Trust*	100	100	–	–
Cbus Property Industrial Unit Trust **	–	100	–	–
Cbus Property Pty Ltd	100	100	(5,356)	(4,521)
Cbus Property Residential Operations Unit Trust	100	100	724,685	873,612
Cbus Property Retail Unit Trust	100	100	862,636	834,381
George Street Holding Unit Trust*	100	100	–	–
SESP No.1 Unit Trust	100	100	295,217	406,756
USI (Breakfast Point) Pty Ltd	100	100	133	178
Total			**4,640,395**	**4,375,094**
Internally managed Australian infrastructure investments				
Cbus AI (Port) Trust	100	100	73,092	70,281
Cbus Forth Ports Trust	100	100	557,934	557,697
Cbus Infrastructure Holding Trust	100	100	140,205	142,514
Total			**771,231**	**770,492**
Internally managed Australian private equity				
USAM Investments Pty Ltd	100	100	170	170
ROC Cbus Private Equity Trust	100	100	675,825	673,349
Total			**675,995**	**673,519**
Total combined			**6,087,621**	**5,819,105**

* These trusts are inactive at reporting date.
** This trust was terminated on 31 October 2023.

Notes to the Financial Statements

For the year ended 30 June 2024

21. Related parties

(a) Trustee

United Super Pty Ltd (USPL) is the Trustee of the Fund.

The Trustee Company holds an Australian Financial Services Licence and a Registrable Superannuation Entity Licence.

A Trustee fee is paid to USPL for services provided to the Fund in accordance with the Trust Deed.

Amounts paid and payable to the Trustee in forms of fees and reimbursements during the financial year are disclosed in Note 15 and total $19,378,954 (2023: $4,850,529). As at 30 June 2024, $182,955 (2023: $452,163) was payable to the Trustee and is included in payables in the Statement of Financial Position.

(b) Directors

Key Management Personnel (KMP) include persons who were Directors of the Trustee at any time during the financial year and up to the date of this report. The Directors' remuneration paid and payable during the financial year is set out in the following tables:

Year ended 30 June 2024

Name	Short-term benefits	Post-employment benefits	Total	Fees paid to
	Board and committee fees $	Superannuation $	$	
M Beveridge	107,043	11,802	118,845	Director
H Davis	105,389	11,655	117,044	Director
A Devasia	88,991	9,853	98,844	AMWU [1]
S Dunne [7]	181,539	20,061	201,600	Director
J Edwards	146,381	16,154	162,535	Director
R Mallia [7,10]	97,099	10,745	107,844	CFMEU [2]
A Milner [7]	99,935	11,020	110,955	Director
D Noonan [7,11]	112,929	12,485	125,414	Director
J O'Mara [7,11]	107,914	11,921	119,835	CFMEU [3]
E Setches [7]	88,148	9,746	97,894	CEPU [4]
R Sputore [7]	123,173	13,612	136,785	Director
W Swan	211,004	23,296	234,300	Director
K Wakefield [7,9]	72,072	7,961	80,033	AWU [5]
D Wawn	87,356	9,649	97,005	MBA [6]
M Zelinsky [8]	18,089	1,990	20,079	Director
Total	**1,647,062**	**181,950**	**1,829,012**	

[1] Fees paid to Automotive Food Metals Engineering Printing & Kindred Industries Union (AMWU)
[2] Fees were paid to Construction Forestry and Maritime Employees Union Construction and General Division NSW Divisional Branch (CFMEU) until payments to the CFMEU were suspended on an interim basis
[3] Fees were paid to Construction Forestry Maritime Mining and Energy Union - The Construction and General Division Australian Capital Territory Divisional Branch (CFMEU) until payments to the CFMEU were suspended on an interim basis
[4] Fees paid to Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Plumbing Division Victorian Divisional Branch (CEPU)
[5] Fees paid to Australian Workers Union (AWU)
[6] Fees paid to Master Builders Australia Limited (MBA)
[7] Member of the Fund
[8] Director (Ceased 30/08/2023)
[9] Director (Appointed 19/09/2023)
[10] Director (Ceased 27/08/2024)
[11] Director (Ceased 28/08/2024)

Notes to the Financial Statements

For the year ended 30 June 2024

21. Related parties (continued)

(b) Directors (continued)

Year ended 30 June 2023

Name	Short-term benefits	Post-employment benefits	Total	Fees paid to
	Board and committee fees $	Superannuation $	$	
M Beveridge	112,154	11,802	123,956	Director
H Davis	107,387	11,336	118,723	Director
A Devasia [9]	50,368	5,327	55,695	AMWU [1]
A Donnellan [8]	33,817	3,551	37,368	Director
A Donnellan [8]	19,058	2,001	21,059	AMWU [1]
S Dunne [7]	171,735	18,122	189,857	Director
J Edwards	147,130	15,499	162,629	Director
R Mallia [7]	109,648	11,576	121,224	CFMEU [2]
A Milner [7]	111,989	11,797	123,786	Director
D Noonan [7,11]	29,581	3,167	32,748	Director
F O'Grady [7,10]	71,652	7,523	79,175	Director
J O'Mara [7]	114,818	12,104	126,922	CFMEU [3]
E Setches [7]	81,037	8,557	89,594	CEPU [4]
R Sputore [7]	125,847	13,275	139,122	Director
W Swan	199,020	20,980	220,000	Director
D Wawn [7]	99,622	10,499	110,121	MBA [6]
M Zelinsky	45,914	4,821	50,735	AWU [5]
M Zelinsky	56,295	5,962	62,257	Director
Total	**1,687,072**	**177,899**	**1,864,971**	

[1] Fees paid to Automotive Food Metals Engineering Printing & Kindred Industries Union (AMWU)
[2] Fees paid to Construction Forestry and Maritime Employees Union Construction and General Division NSW Divisional Branch (CFMEU)
[3] Fees paid to Construction Forestry Maritime Mining and Energy Union - The Construction and General Division Australian Capital Territory Divisional Branch (CFMEU)
[4] Fees paid to Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Plumbing Division Victorian Divisional Branch (CEPU)
[5] Fees paid to Australian Workers Union (AWU)
[6] Fees paid to Master Builders Australia Limited (MBA)
[7] Member of the Fund
[8] Director (Ceased 12/12/2022)
[9] Director (Appointed 01/01/2023)
[10] Director (Ceased 31/03/2023)
[11] Director (Appointed 01/04/2023)

Certain Directors are members of the Fund. Their membership terms and conditions are the same as those available to other members of the Fund.

21. Related parties (continued)

(c) Other KMP

Other KMP included the following senior Executives and their remuneration is set out in the following tables:

Year ended 30 June 2024

Name	Role	Short-term employee benefits*				Post-employment benefits	Termination payments	Total
		Cash salary, fees & short-term compensated absences $	Short-term cash profit-sharing & other bonuses $	Non-monetary benefits** $	Other $	Superannuation $	$	$
K Fok [1,2]	Chief Executive Officer (CEO)	1,388,462	187,626	–	480	27,500	–	**1,604,068**
M Walker [2]	Deputy CEO & Chief Member Officer	785,500	17,532	12,275	–	27,500	–	**842,807**
B Chatfield [2]	Chief Investment Officer	922,500	196,443	10,805	–	27,500	–	**1,157,248**
N Day [2,6]	Chief Operating Officer	672,500	43,277	11,721	537	27,500	–	**755,535**
M Georgiou [2,13]	Chief Risk Officer	22,019	–	–	–	1,058	–	**23,077**
N Hannemann [2,7]	Chief Transformation Officer	364,671	–	9,718	170	23,798	–	**398,357**
J Hartman [2,8]	Chief People Officer	385,039	–	12,007	–	27,500	–	**424,546**
R Henderson [12]	Chief Risk Officer - Acting	10,096	–	–		635	–	**10,731**
B Langdon [2,11]	Chief Risk Officer - Acting	260,440	-	4,813	–	13,327	–	**278,580**
W Martin [2,10]	Chief Risk Officer	477,171	7,372	5,788	–	16,394	–	**506,725**
M Robinson [2,3]	Chief Information & Technology Officer	157,073	7,971	1,720	–	11,740	310,998	**489,502**
A Thow [2,4]	Group Executive - Brand, Growth & Product	122,239	–	1,720	–	11,740	248,329	**384,028**
K Wells-Jansz [2,5]	Chief Financial Officer	266,653	12,287	1,702	–	11,740	561,274	**853,656**
A West [2,9]	Chief Strategy Officer	666,862	93,734	10,267	–	23,798	–	**794,661**
Total		**6,501,225**	**566,242**	**82,536**	**1,187**	**251,730**	**1,120,601**	**8,523,521**

[1] Fund CEO
[2] Member of the Fund
[3] Chief Information & Technology Officer (Ceased 23/08/2023)
[4] Group Executive - Brand, Growth & Product (Ceased 23/08/2023)
[5] Chief Financial Officer (Ceased 23/08/2023)
[6] Chief Operating Officer (Appointed 23/08/2023)
[7] Chief Transformation Officer (From 23/08/2023 to 31/07/2024)
[8] Chief People Officer (Appointed 23/08/2023)
[9] Chief Strategy Officer (From 23/08/2023 to 05/08/2024)
[10] Chief Risk Officer (Ceased 19/12/2023)
[11] Chief Risk Officer - Acting (From 20/12/2023 to 10/06/2024)
[12] Chief Risk Officer - Acting (From 10/06/2024 to 17/06/2024)
[13] Chief Risk Officer (Appointed 17/06/2024)

Notes to the Financial Statements

For the year ended 30 June 2024

21. Related parties (continued)

(c) Other KMP (continued)

Year ended 30 June 2023

Name	Role	Short-term employee benefits*				Post-employment benefits	Termination payments[8]	Total
		Cash salary, fees & short-term compensated absences	Short-term cash profit-sharing & other bonuses	Non-monetary benefits**	Other	Superannuation		
		$	$	$	$	$	$	$
K Fok [1,2]	Chief Executive Officer (CEO)	822,500	363,390	-	587	27,500	–	**1,213,977**
J Arter [2,7]	Former Chief Executive Officer (CEO)	804,375	41,282	8,536	-	20,625	–	**874,818**
M Walker [2]	Deputy CEO and Chief Member Officer	562,500	39,037	11,190	-	27,500	–	**640,227**
B Chatfield [2,5]	Chief Investment Officer	206,734	-	-	-	6,875	–	**213,609**
J Hartman [2,3]	Group Executive, People & Culture - Acting	34,006	-	1,468	-	4,759	–	**40,233**
W Martin [2]	Chief Risk Officer	537,500	19,150	11,379	-	27,500	–	**595,529**
K Miller [2,4]	Former Group Executive, People & Culture	417,808	9,085	11,379	-	21,577	–	**459,849**
M Robinson [2]	Chief Information & Technology Officer	562,500	11,956	11,379	400	27,500	–	**613,735**
A Thow [2,6]	Group Executive - Brand, Growth & Product	512,019	-	11,379	-	26,442	–	**549,840**
K Wells-Janz [2]	Chief Financial Officer	489,685	30,187	11,190	594	27,238	–	**558,894**
Total		**4,949,627**	**514,087**	**77,900**	**1,581**	**217,516**	**–**	**5,760,711**

[1] Fund CEO (Appointed 13/06/2023), former Acting CEO (30/03/2023 – 12/06/2023), former Fund CIO (1/07/2022 – 30/03/2023)
[2] Member of the Fund
[3] Group Executive, People & Culture - Acting (Appointed 28/04/2023)
[4] Group Executive, People & Culture (Ceased 28/04/2023)
[5] Chief Investment Officer (Appointed 13/06/2023), former Acting CIO (30/03/2023 – 12/06/2023)
[6] Group Executive - Brand, Growth & Product (Appointed 18/07/2022)
[7] Fund CEO (Ceased 30/03/2023)
[8] The above table does not include termination payments made to J Arter and K Miller as these were paid during the year ended 30 June 2024. Termination benefits paid totalling $536,250 was made to J Arter on 16 November 2023 and $133,125 was paid to K Miller on 10 August 2023 respectively.

* Short-term employee benefits include cash salary, annual leave, lump sum payments and other non-monetary benefits
** Includes car parking benefits and any associated fringe benefits tax

21. Related parties (continued)

(d) Controlled entities

Disclosures relating to controlled entities are set out in Note 20.

(e) Related party investments and transactions

The Fund's investment assets are held custodially on behalf of USPL as Trustee for the Fund. Details of the Fund's related party investments and transactions are listed below.

(i) Frontier Advisors Pty Ltd (Frontier)

The Fund held 31.0% (2023: 31.0%) shareholding in Frontier valued at $2,399,400 (2023: $2,204,100). Frontier provides investment consulting services to the Fund and other institutional clients. During the year, the Fund paid Frontier investment consulting fees of $2,701,686 (2023: $2,757,946) on normal terms and conditions.

Mr J Edwards is a Director of Frontier and Director fees of $17,164 (2023: $16,505) were paid during the year by Frontier.

(ii) Sponsoring organisations

Marketing and promotion of the Fund includes partnership arrangements with the Fund's member and employer sponsoring organisations.

The Fund invests in industry partnership arrangements that deliver effective and strategic benefits that outweigh the cost of these arrangements through growth of the level of employer/member support of the Fund, strengthening of the Fund's brand identity, awareness and image and support of the Building and Construction Industry.

All proposed partnership arrangements are assessed to ensure they are in the best financial interest of members.

Amounts paid and payable to the Fund's sponsoring organisations are set out in the following tables:

30 June 2024

	Directors' fee payments $	Industry partnership payments $	Rental payments* $	Total payments $
Construction, Forestry and Maritime Employees Union (CFMEU)	227,679	1,332,385	250,801	1,810,865
Australian Workers Union (AWU)	80,033	180,263	–	260,296
Automotive Food Metals Engineering Printing & Kindred Industries Union (AMWU)	98,844	(50,787)	–	48,057
Communications, Electrical and Plumbing Union (CEPU)	97,894	25,175	–	123,069
Master Builders Association (MBA)	97,004	491,236	11,297	599,537
Total	**601,454**	**1,978,272**	**262,098**	**2,841,824**

30 June 2023

	Directors' fee payments $	Industry partnership payments $	Rental payments* $	Total payments $
Construction, Forestry and Maritime Employees Union (CFMEU)	280,894	1,312,496	272,264	1,865,654
Australian Workers Union (AWU)	50,735	156,750	–	207,485
Automotive Food Metals Engineering Printing & Kindred Industries Union (AMWU)	55,695	115,995	–	171,690
Communications, Electrical and Plumbing Union (CEPU)	89,594	30,400	–	119,994
Master Builders Association (MBA)	110,121	454,308	8,716	573,145
Total	**587,039**	**2,069,949**	**280,980**	**2,937,968**

The amounts above include Directors' fee payments made by the Trustee of the Fund to the sponsoring organisations that employ a Director of the Trustee, payments made under partnership arrangements as well as rental payments for commercial office spaces. All transactions are made on normal commercial terms.

* There were additional rental payments made to two other related parties during the year. Refer Note 21 (e)(iii).

21. Related parties (continued)

(e) Related party investments and transactions (continued)

(iii) Rental payments for commercial office spaces

The following rental payments for commercial office spaces were made to the following other related parties:

	2024 $	2023 $
Cbus Property 50 Flinders Street Pty Ltd	95,495	99,333
Cbus Property Pirie Street Pty Ltd ATF Pirie Street Unit Trust	30,499	–
Total	**125,994**	**99,333**

(f) Other related entities

(i) Cbus Property Pty Ltd (Cbus Property)

Cbus Property is a wholly owned entity of the Fund and manages a portfolio of the Fund's directly held investment property trusts. It invests in direct property investments in Australia in accordance with the Investment Management Agreement between Cbus Property and the Fund. Cbus Property does not have ownership of any direct property assets.

Ms M Beveridge, Mr H Davis, Mr D Noonan and Mr E Setches (appointed 01/01/24) are Directors of Cbus Property. Fees earned by these Directors during the year are as follow:

	2024 $	2023 $
Short-term employee benefits	364,002	301,346
Post-employment benefits	40,040	31,641
Total	**404,042**	**332,987**

The above compensation payments include Directors' fees paid and payable directly to the Fund's sponsoring organisations.

During the year ended 30 June 2024, the Fund received a total amount of $56,015 (2023: $140,955) from Cbus Property for co-branded marketing campaign services.

The Fund also paid a total amount of $nil (2023: $26,964) to Cbus Property for investment and regulatory related advice.

All transactions were made on normal terms and conditions.

22. Insurance arrangements

The Fund provides income protection, death and disability benefits to its members. The Trustee has group policies in place with third party insurance companies to insure these death and disability benefits for the members of the Fund. The Trustee acts as an agent for these arrangements.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance 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 members' accounts and reinsurance recoveries allocated are recognised in the Statement of Changes in Members' Benefits.

23. Matters subsequent to the end of the financial year

On 13 August 2024 APRA imposed additional licence conditions on the Fund to engage an independent expert to conduct a review in relation to the requirements under Prudential Standard SPS 520 *Fit and Proper* and the Trustees' compliance with the duty to act in the best financial interests of beneficiaries of the funds in making expenditure decisions. The Fund is working constructively with APRA and cooperating with the independent reviewer.

On 23 August 2024 the Fund was notified by the National Executive of the Construction, Forestry and Maritime Employees Union (CFMEU) that the Construction and General Division (C&G Division) and its branches had been placed into administration. The CFMEU is one of the Fund's member sponsoring organisations. The CFMEU holds three of the fourteen shares in the Trustee.

The CFMEU's shares in the Trustee are under the control of the CFMEU National Executive, and consequently the National Executive advised that its three representatives would cease as Directors of the Trustee on 27 August and 28 August 2024. Despite those cessations, the Board of the Trustee continues to have a quorum.

Decisions regarding the replacement of these Directors remains a matter for the CFMEU National Executive having

regard to the necessary skills and experience required and that any nominated Director are appropriate persons likely to satisfy the fit and proprietary requirements.

The CFMEU National Executive has a 90-day period to nominate new Directors, and the Fund will await advice of its nominations.

As a result of the CFMEU entering administration, the Trustee has suspended all payments to the CFMEU and entry into any new agreements or arrangements on an interim basis pending further investigation. The only exception to this is in respect of certain rent obligations that the Trustee is satisfied are at market rates.

Other than the items noted above, there have been no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect the operations, results of those operations and state of affairs of the Fund in future financial years.

24. Contingent assets, contingent liabilities and commitments

Investment commitments

The Fund has made commitments to invest in certain financial assets. Significant investment commitments contracted for at the end of the reporting period but not recognised as assets are as follows:

	2024 $	2023 $
Alternative debt	89,598,174	36,685,087
Alternative assets	3,087,919,248	2,582,142,836
Investment property trusts	553,165,618	1,000,451,188
Total	**3,730,683,040**	**3,619,279,111**

There were no other contingent assets, contingent liabilities or commitments as at 30 June 2024.

Trustee's Declaration

In the opinion of the Directors of the Trustee of Construction and Building Unions Superannuation Fund:

(a) the financial statements and notes set out on pages 11 to 48 are in accordance with the *Corporations Act 2021*, including:

  (i) complying with Australian Accounting Standards (including interpretations) and other mandatory professional reporting requirements

  (ii) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the year ended on that date

(b) the Fund has been conducted in accordance with its constituent Trust Deed; the relevant requirements of the *Corporations Act 2001* and Regulations; the requirements under section 13 of the *Financial Sector (Collection of Data) Act 2001* during the year ended 30 June 2024

(c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of United Super Pty Ltd as Trustee for the Construction and Building Unions Superannuation Fund.



Director



Director

Melbourne
19 September 2024

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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Independent auditor's report to the members of Construction and Building Unions Superannuation Fund

Opinion

We have audited the financial report of Construction and Building Unions Superannuation Fund (the RSE), which comprises the statement of financial position as at 30 June 2024, the income statement, statement of changes in member benefits, statement of cash flows and statement of changes in equity for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the RSE is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the RSE's financial position as at 30 June 2024, and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Trustee are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the RSE's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the RSE or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.

- Obtain 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 RSE's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 RSE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 8 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Construction and Building Union Superannuation Fund for the year ended 30 June 2024, complies with section 300C of the *Corporations Act 2001*.

Responsibilities

The directors of the Trustee are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300C of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
19 September 2024

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