

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND

ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2021

ABN 75 493 363 262

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND

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CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND

Statement of Financial Position
As at 30 June 2021

	Notes	Jun-21 $'000	Jun-20 $'000
Assets			
Cash and cash equivalents	3(a)	39,976	31,243
Trade and other receivables	4	9,541	5,920
Financial assets	5, 20	66,059,271	54,534,866
Property, plant and equipment	6(i)	12,797	7,739
Right-of-use assets	6(ii)	53,126	64,437
Intangible assets	7	42,569	74,327
Total assets		**66,217,280**	**54,718,532**
Liabilities			
Trade and other payables	8	(96,494)	(84,778)
Current income tax liabilities	9(e)	(359,181)	(14,619)
Lease liabilities	10	(72,569)	(83,185)
Financial liabilities	5, 20	(459,958)	(356,120)
Deferred tax liabilities	9(d)	(1,676,538)	(1,148,707)
Total liabilities excluding members' benefits		**(2,664,740)**	**(1,687,409)**
Net assets available for members' benefits		**63,552,540**	**53,031,123**
Members' liabilities			
Allocated to members		(63,196,524)	(52,593,683)
Unallocated to members		(4,619)	(5,302)
Total members' liabilities	12	**(63,201,143)**	**(52,598,985)**
Net assets		**351,397**	**432,138**
Equity	2(m)		
General reserve		26,071	96,020
Administration reserve		30,958	20,916
Insurance reserve		135,486	169,313
Operational risk reserve		158,882	145,889
Total equity		**351,397**	**432,138**

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

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND

Income Statement
For the year ended 30 June 2021

	Notes	Jun-21 $'000	Jun-20 $'000
Superannuation activities income			
Interest revenue		203,458	250,995
Distribution and dividend revenue		1,131,649	1,293,930
Net changes in fair value of financial instruments	13	9,501,129	(998,726)
Other investment income		22,843	23,419
Total superannuation activities income		**10,859,079**	**569,618**
Expenses			
Investment expenses	14	(183,317)	(188,942)
Administration and other operating expenses	15	(237,782)	(205,043)
Insurance premium expenses		(73,116)	(74,905)
Total expenses		**(494,215)**	**(468,890)**
Result from superannuation activities before income tax (expense)/benefit		**10,364,864**	**100,728**
Income tax (expense)/benefit	9(a)	(872,863)	147,615
Result from superannuation activities after income tax (expense)/benefit		**9,492,001**	**248,343**
Less: Net benefits allocated to members' accounts		(9,572,742)	(210,166)
Operating result after income tax		**(80,741)**	**38,177**

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

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND

Statement of Changes in Members' Benefits
For the year ended 30 June 2021

	Notes	Jun-21 $'000	Jun-20 $'000
Opening balance of members' benefits		**52,598,985**	**50,997,546**
Contributions received from:			
Employers		3,436,955	3,342,119
Members		577,602	429,407
Government		28,984	29,270
Transfers from other superannuation funds		1,108,598	1,715,062
Income tax on contributions	9(c)	(536,610)	(518,581)
Net after tax contributions		**4,615,529**	**4,997,277**
Benefits paid to members/beneficiaries		(3,528,975)	(3,625,360)
Insurance premiums charged to members		(320,608)	(281,589)
Death and disability insurance entitlements received		263,470	300,945
Benefits allocated to members' accounts, comprising:			
Net investment income		9,746,552	307,899
Administration fees		(173,810)	(97,733)
Closing balance of members' benefits	12	**63,201,143**	**52,598,985**

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

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND

Statement of Changes in Equity
For the year ended 30 June 2021

	General reserve $'000	Administration reserve $'000	Insurance reserve $'000	Operational risk reserve $'000	Total equity $'000
Opening balance as at 1 July 2020	96,020	20,916	169,313	145,889	432,138
Net transfers (to)/from reserves	-	13,315	-	(13,315)	-
Net allocations (to)/from Members' Benefits	(9,746,552)	173,810	-	-	(9,572,742)
Net allocations (to)/from Income Statement	9,676,603	(177,083)	(33,827)	26,308	9,492,001
Closing balance as at 30 June 2021	**26,071**	**30,958**	**135,486**	**158,882**	**351,397**

	General reserve $'000	Administration reserve $'000	Insurance reserve $'000	Operational risk reserve $'000	Total equity $'000
Opening balance as at 1 July 2019	39,538	-	210,527	143,896	393,961
Net transfers (to)/from reserves	(14,946)	14,731	-	215	-
Net allocations (to)/from Members' Benefits	(307,899)	97,733	-	-	(210,166)
Net allocations (to)/from Income Statement	379,327	(91,548)	(41,214)	1,778	248,343
Closing balance as at 30 June 2020	**96,020**	**20,916**	**169,313**	**145,889**	**432,138**

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

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND

Statement of Cash Flows
For the year ended 30 June 2021

	Notes	Jun-21 $'000	Jun-20 $'000
Cash flows from operating activities			
Interest received		52	299
Death and disability proceeds received from insurer		263,470	300,945
Administration expenses paid		(200,761)	(181,365)
Insurance premiums paid		(391,957)	(352,065)
Interest received/(paid)		1,394	(877)
Income tax received/(paid)		(10,844)	116,281
Net cash outflow from operating activities	3(b)	**(338,646)**	**(116,782)**
Cash flows from investing activities			
Purchases of financial instruments		(74,799,765)	(64,423,830)
Proceeds from sale of financial instruments		74,061,483	63,224,118
Payments for fixed and intangible assets		(2,047)	(45,258)
Net cash outflow from investing activities		**(740,329)**	**(1,244,970)**
Cash flows from financing activities			
Employer contributions received		3,436,955	3,342,120
Member contributions received		577,602	429,407
Government co-contributions received		28,984	29,270
Transfers from other superannuation entities received		1,108,598	1,715,061
Benefits paid to members or beneficiaries		(3,528,975)	(3,625,360)
Payment of lease liabilities		(9,220)	(6,612)
Tax paid on contributions		(526,236)	(519,569)
Net cash inflow from financing activities		**1,087,708**	**1,364,317**
Net increase/(decrease) in cash and cash equivalents		**8,733**	**2,565**
Cash and cash equivalents at the beginning of the financial year		**31,243**	**28,678**
Cash and cash equivalents at the end of the financial year	3(a)	**39,976**	**31,243**

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

1. General information

The Construction and Building Unions Superannuation Fund (the Fund) is a superannuation fund incorporated and domiciled in Australia. The address of the Fund's registered office is Level 22, 130 Lonsdale Street, Melbourne, VIC 3000.

The Fund was constituted by a Trust Deed dated 15 December 2015 (as amended) to provide superannuation benefits to its members.

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

2. Summary of significant accounting policies

Unless covered in the notes to the financial statements the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all 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 *Superannuation Industry (Supervision) ('SIS') Act 1993* and its accompanying Regulations 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 it communicated directly to members, is investing solely for returns from capital appreciation, investment income or both; and

• 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.

Therefore, the Fund does not consolidate these controlled entities but instead, has applied the option to measure 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 within Australia.

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 25) 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

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

The financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee on 21 September 2021. The Directors of the Trustee have the power to amend and reissue the financial statements.

(b) Critical accounting estimates, judgements and assumptions

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 entity. All estimates, judgements and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the estimates, judgements and assumptions.

2. Summary of significant accounting policies (continued)

(b) Critical accounting estimates, judgements and assumptions (continued)

COVID-19 significant valuation uncertainty

The Fund has measured the fair value of its property investments, including controlled entities managed by Cbus Property Pty Ltd, at their net asset value (NAV) at the end of the reporting period.

Significant valuation uncertainty clauses continue to be incorporated into external valuation reports adopted for several of the Fund's investments in property, including investments managed by Cbus Property Pty Ltd. This is consistent with global industry practice. This uncertainty does not mean the valuations adopted cannot be relied upon; however, the clauses indicate the higher degree of valuer judgment in determining significant valuation assumptions in the COVID-19 environment.

As a result, the Fund has exercised a significantly higher degree of judgment in measuring the fair value of its property investments as at 30 June 2021.

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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that are considered to have a material impact on the Fund.

(d) New standards, amendments and interpretations effective after 1 July 2021 and have not been early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 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.

(e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises cash at bank with the Administrator for operational activities of the Fund. Other cash held forms part of the Fund's investment portfolio and is treated as a financial asset, classified as fund managers' cash and cash equivalents. This includes short term deposits, margin accounts and unsettled trades.

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents as defined above.

(f) Receivables and payables

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 30 days of recognition.

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

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

All payables, unless otherwise stated, are non-interest bearing, unsecured and generally paid within 30 day terms.

(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 through profit or loss. All transaction costs for such instruments are recognised directly in the Income Statement.

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

2. Summary of significant accounting policies (continued)

(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.

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 less accumulated depreciation and any impairment losses. 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 treated 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 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 and 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. 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 financial liability.

Correspondingly, the 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. The weighted average incremental borrowing rate for the leased liabilities initially recognised as of 1 July 2019 was 2.90% p.a. There has been no changes to the lease term, thus no reassessment of discount rate is required.

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.

2. Summary of significant accounting policies (continued)

(k) Intangible assets

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.

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, the Company 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 and 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 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 of continuing operations are recognised in administration and other operating expenses.

(m) 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 long-term aim is to hold a General Reserve within a range of 0.05%-0.25% (2020: 0.05%-0.25%) of the Fund's net assets available for members' benefits;

- 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 long-term aim is to hold an Administration Reserve within a range of 0.01%-0.25% (2020: 0.01%-0.25%) of the Fund's net assets available for members' benefits;

- 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; and
  - Insurance related revenue and expenditure of the fund; and

- 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.*

  During the year, the Fund reviewed its reserve policies and revised its target to 0.25% of the Fund's net assets available for members' benefits to ensure the reserve remains adequate based on the size, business mix and complexity of Cbus' business operations and suitably reflect the operational risks identified in Cbus' risk management framework.

  The Trustee intends to maintain the reserve at 0.25% (2020: 0.28%) of the Fund's net assets available for members' benefits in line with its updated internal policy.

(n) Revenue and expense recognition

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.

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

2. Summary of significant accounting policies (continued)

(n) Revenue and expense recognition (continued)

Net 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.

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.

(o) 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. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss or in respect of taxable temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. 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 not reverse 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.

(p) 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; and

- 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.

2. Summary of significant accounting policies (continued)

(p) Goods and services tax (GST) (continued)

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).

(q) 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 operates ("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.

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.

(r) Rounding of amounts

The Fund is an entity of the kind referred to in Class Order 98/100 (as amended), issued by the Australian Securities and Investments Commission (ASIC), relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

3. Cash and cash equivalents

(a) Components of cash and cash equivalents

	Jun-21 $'000	Jun-20 $'000
Cash at bank	39,976	31,243
Total cash and cash equivalents	**39,976**	**31,243**

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

Operating result after income tax	(80,741)	38,177
Change in operating assets and liabilities:		
(Increase)/decrease in assets measured at fair value	(10,675,710)	(380,375)
Increase/(decrease) in payables	10,740	6,437
Increase/(decrease) in insurance premiums payable	(57,138)	19,356
Increase/(decrease) in income tax payable	862,019	(31,334)
Adjustments for non-cash and non-operating items:		
Depreciation and amortisation	29,442	20,791
Allocation to members' accounts	9,572,742	210,166
Net cash outflow from operating activities	**(338,646)**	**(116,782)**

4. Trade and other receivables

	Jun-21 $'000	Jun-20 $'000
GST receivable	948	1,206
Other receivables	8,593	4,714
Total trade and other receivables	**9,541**	**5,920**

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).

5. Financial assets and liabilities

	Jun-21 $'000	Jun-20 $'000
Financial assets		
Fund Managers' cash and cash equivalents	7,496,123	1,884,305
Alternative debt	594,804	2,448,693
Derivative assets	141,001	700,255
Fixed interest securities	6,587,805	7,113,553
Australian equities	14,526,365	11,790,486
International equities	19,895,487	11,353,805
Alternative assets	9,926,217	13,456,472
Investment properties:		
Externally managed properties	3,578,430	2,431,348
Internally managed properties	3,313,039	3,355,949
Total investment properties	6,891,469	5,787,297
Total financial assets	**66,059,271**	**54,534,866**

	Jun-21 $'000	Jun-20 $'000
Financial liabilities		
Derivative liabilities	(459,958)	(356,120)
Total financial liabilities	**(459,958)**	**(356,120)**

6. Property, plant and equipment

(i) Property, plant and equipment owned
Information about property, plant and equipment owned by the Fund is presented below:

	Jun-21 $'000	Jun-20 $'000
Property, plant and equipment		
Opening net book value	7,739	8,649
Additions	5,199	3,807
Reclassified from intangible assets	3,651	-
Disposals	(395)	(1,656)
Depreciation charge	(3,397)	(3,061)
Closing net book value	**12,797**	**7,739**
Cost	19,441	11,549
Accumulated depreciation	(6,644)	(3,810)
Net book value	**12,797**	**7,739**

(ii) Right-of-use lease assets
Set out below are the carrying amounts of right-of-use assets recognised and their movements during the year.

	Jun-21 $'000	Jun-20 $'000
Right-of-use assets		
Balance as at 1 July	64,437	-
Additions on adoption of AASB 16	-	70,236
Depreciation expense	(11,311)	(5,799)
Balance as at 30 June	**53,126**	**64,437**

7. Intangible assets

	Jun-21 $'000	Jun-20 $'000
Internally generated intangible assets		
Opening net book value	74,327	48,464
Additions and assets under construction	12,922	38,387
Reclassified as Property, plant and equipment	(3,651)	-
Disposals	-	(593)
Impairment	(26,295)	-
Amortisation	(14,734)	(11,931)
Total intangible assets	**42,569**	**74,327**

The carrying amount of the internally generated intangible assets as at 30 June 2021 has been determined based on recoverable amount calculations using 5 year projections from financial budgets approved by the Trustee's board. As a result of this analysis, management has recognised an impairment charge and this is recorded within Administration and Other Operating Expenses in the Income Statement.

8. Trade and other payables

	Jun-21 $'000	Jun-20 $'000
Insurance premiums payable	(28,533)	(26,765)
Investment manager fees payable	(22,794)	(13,697)
Investment manager performance fees payable	(7,289)	(14,723)
Administration expenses payable	(16,518)	(15,787)
Asset consulting fees payable	(240)	(239)
Custodian fees payable	(6,261)	(1,350)
Provision for employee benefits	(14,859)	(12,217)
Total trade and other payables	**(96,494)**	**(84,778)**

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.

9. Income tax

	Jun-21 $'000	Jun-20 $'000
(a) Income tax expense/(benefit) recognised in the Income Statement		
Current income tax expense/(benefit)		
Current tax on profits for the year	353,370	(90,540)
Adjustments for current tax of prior periods	(8,338)	(22,762)
Deferred income tax expense/(benefit)		
Relating to origination and reversal of temporary differences	527,831	(34,313)
Total income tax expense/(benefit) recognised in the Income Statement	**872,863**	**(147,615)**
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Result from superannuation activities before income tax expense/(benefit)	10,364,864	100,728
Prima facie tax at the applicable Australian tax rate of 15% (2020: 15%)	1,554,730	15,109
Tax effects of amounts which are not (assessable)/deductible in calculating taxable income:		
Capital (gains)/losses not (assessable)/deductible	(408,554)	67,790
Exempt pension income	(73,171)	(10,431)
Net imputation and foreign tax credits	(143,712)	(155,311)
Insurance premium deduction	(48,092)	(42,010)
Adjustments for current tax of prior periods	(8,338)	(22,762)
Total income tax expense/(benefit)	**872,863**	**(147,615)**
(c) Income tax on contributions recognised in the Statement of Changes in Members' Benefits		
Contributions and Transfers-in	5,152,139	5,515,858
Tax at the complying superannuation fund rate of 15% (2020: 15%)	772,821	827,379
Non-assessable contributions	(72,478)	(53,219)
Non-assessable transfers-in	(164,371)	(255,759)
No TFN Tax	638	180
Total income tax on contributions recognised in the Statement of Changes in Members' Benefits	**536,610**	**518,581**

(d) Deferred tax liabilities

30 June 2021	**Opening Balance $'000**	**(Charged)/ Credited to income $'000**	**Closing Balance $'000**
Deferred tax liabilities			
Unrealised (gains)/losses on investments	(1,148,707)	(527,831)	(1,676,538)
Total deferred tax liabilities	**(1,148,707)**	**(527,831)**	**(1,676,538)**

9. Income tax (continued)

(d) Deferred tax liabilities (continued)

30 June 2020	Opening Balance $'000	(Charged)/ Credited to income $'000	Closing Balance $'000
Deferred tax liabilities			
Unrealised (gains)/losses on investments	(1,183,020)	34,313	(1,148,707)
Total deferred tax liabilities	**(1,183,020)**	**34,313**	**(1,148,707)**

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) Current income tax assets and liabilities

The Fund's current income tax liability of $359,180,942 (2020: $14,618,556) represents the amount of income tax payable in respect of current and prior periods.

10. Lease liabilities

	Jun-21 $'000	Jun-20 $'000
Lease liabilities	(72,569)	(83,185)
Total lease liabilities	**(72,569)**	**(83,185)**

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.

	Jun-21 $'000	Jun-20 $'000
Balance as at 1 July	83,185	-
Additions on adoption of AASB 16	-	70,236
Reclassifications	-	18,305
Accretion of interest	1,801	877
Payments	(12,417)	(6,233)
Balance as at 30 June	**72,569**	**83,185**
Current	-	166
Non-Current	72,569	83,019
Balance as at 30 June	**72,569**	**83,185**

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

	Jun-21 $'000	Jun-20 $'000
Less than one year	-	176
One to five years	1,979	6,779
More than five years	80,008	87,631
Total undiscounted lease liabilities	**81,987**	**94,586**

The following are the amounts recognised in the Income Statement:	Jun-21 $'000	Jun-20 $'000
Depreciation charge of right-of-use assets	11,311	5,799
Interest expense on lease liabilities	1,801	877
Rental expense relating to leases of short-term and low-value assets	(77)	504
Total amount recognised in profit or loss	**13,035**	**7,180**

11. Funding arrangements

During the year ended 30 June 2021, employers contributed to the Fund on behalf of members as part of the Trust Deed, relevant industry award agreements and mandated Superannuation Guarantee Charge of 9.50% (2020: 9.50%). Member and additional employer contributions are paid to the Fund at a rate determined by the member and/or employer.

12. 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.

Members bear the investment risk relating to the underlying investment options, with crediting rates updated daily.

At 30 June 2021 $4,619,000 (2020: $5,302,000) has not been allocated to members as at the end of the reporting period. The amount not yet allocated to members' accounts consists of contributions received by the Fund that have not been able to be allocated to members' accounts as at the end of the reporting period and insurance claims payable which have not yet been paid from members' accounts.

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

	Jun-21 $'000	Jun-20 $'000
Members' liabilities		
Allocated to members	(63,196,524)	(52,593,683)
Unallocated to members	(4,619)	(5,302)
Total members' liabilities	**(63,201,143)**	**(52,598,985)**

13. Net changes in fair value of financial instruments

	Jun-21 $'000	Jun-20 $'000
Fund Managers' cash and cash equivalents	16,961	23,108
Alternative debt	(11,863)	14,471
Derivatives	1,064,414	(477,827)
Fixed interest securities	(408,928)	292,721
Australian equities	3,447,265	(1,090,529)
International equities	3,607,583	730,692
Alternative assets	1,117,957	(542,289)
Investment properties	667,740	50,927
Net changes in fair value of financial instruments	**9,501,129**	**(998,726)**

14. Investment expenses

	Jun-21 $'000	Jun-20 $'000
Investment manager fees	(107,805)	(113,295)
Performance fees	(7,289)	(14,723)
Custodian fees	(6,251)	(5,225)
Asset consulting fees	(2,976)	(3,082)
Other investment expenses	(58,996)	(52,617)
Total investment expenses	**(183,317)**	**(188,942)**

15. Administration and other operating expenses

	Jun-21 $'000	Jun-20 $'000
Administration expenses	(49,916)	(51,579)
Audit fees	(1,009)	(947)
Actuarial fees	(50)	(132)
Marketing and advertising	(20,404)	(17,168)
Trustee fees and reimbursements	(1,699)	(1,511)
Depreciation and amortisation of owned assets	(18,131)	(14,992)
Depreciation of Right-of-use assets	(11,311)	(5,799)
Finance costs relating to Right-of-use assets	(1,801)	(877)
Other operating expenses	(133,461)	(112,038)
Total administration and other operating expenses	**(237,782)**	**(205,043)**

16. Auditor's remuneration

	Jun-21 $	Jun-20 $
During the year the following fees were paid or payable for services provided by the auditors of the Fund and its controlled entities:		
Amounts paid or payable to Ernst & Young for:		
Audit and review of financial statements	414,211	410,110
Other assurance services	148,625	110,227
Other non-assurance services	89,721	151,522
Total auditor's remuneration	**652,557**	**671,859**

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, from 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

Most of the Fund's investments are held on behalf of the Trustee by JPMorgan Chase Bank, National Association (JPM) who act as the 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.

(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 members. 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 within its Investment Governance Framework 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 2021	**US Dollar A$'000**	**GB Pound A$'000**	**Jap. Yen A$'000**	**EURO A$'000**	**Other A$'000**	**Total $'000**
Net exposure	14,663,579	1,500,086	1,217,149	2,379,905	5,899,417	25,660,136
30 June 2020						
Net exposure	8,844,781	1,073,184	598,459	1,227,889	3,841,343	15,585,656

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 +/-8.5% (2020: +/-8.5%) has been determined by the investment advisor as an appropriate assumption for this scenario analysis.

An 8.5% strengthening/weakening of the Australian dollar against the following currencies at 30 June 2021 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 2020. 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.

18. Financial risk management (continued)

(a) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

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

		US Dollar A$'000	GB Pound A$'000	Jap. Yen A$'000	EURO A$'000	Other A$'000
30 June 2021						
	8.50%	(1,148,759)	(117,518)	(95,353)	(186,444)	(462,166)
	-8.50%	1,362,190	139,352	113,068	221,084	548,033
30 June 2020						
	8.50%	(692,909)	(84,074)	(46,884)	(96,194)	(300,935)
	-8.50%	821,646	99,695	55,595	114,066	356,846

(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 2021	Floating Interest rate $'000	Fixed Interest rate $'000	Non-Interest bearing $'000	Total $'000
Financial assets				
Fund Managers' cash and cash equivalents	1,386,533	339	6,109,251	7,496,123
Alternative debt	-	-	594,804	594,804
Derivative assets	37,996	114	102,891	141,001
Fixed interest securities	1,032,648	5,555,157	-	6,587,805
Australian equities	-	-	14,526,365	14,526,365
International equities	-	-	19,895,487	19,895,487
Alternative assets	-	-	9,926,217	9,926,217
Investment properties	9,018	-	6,882,451	6,891,469
	2,466,195	**5,555,610**	**58,037,466**	**66,059,271**
Financial liabilities				
Derivative liabilities	(19,888)	(730)	(439,340)	(459,958)
	(19,888)	**(730)**	**(439,340)**	**(459,958)**

30 June 2020	Floating Interest rate $'000	Fixed Interest rate $'000	Non-Interest bearing $'000	Total $'000
Financial assets				
Fund Managers' cash and cash equivalents	1,641,432	92,011	150,862	1,884,305
Alternative debt	2,312,756	-	135,937	2,448,693
Derivative assets	42,808	3	657,444	700,255
Fixed interest securities	1,108,836	6,004,717	-	7,113,553
Australian equities	-	-	11,790,486	11,790,486
International equities	-	-	11,353,805	11,353,805
Alternative assets	-	-	13,456,472	13,456,472
Investment properties	-	-	5,787,297	5,787,297
	5,105,832	**6,096,731**	**43,332,303**	**54,534,866**
Financial liabilities				
Derivative liabilities	(73,719)	(1,198)	(281,203)	(356,120)
	(73,719)	**(1,198)**	**(281,203)**	**(356,120)**

18. Financial risk management (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 +0.95% or -0.95% (2020: + 0.95% or -0.75%) has been determined by the Fund's investment advisor as the appropriate assumption for this scenario analysis. A change of +0.95% (2020: +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 $76,011,257 (2020: $105,712,636). A change of -0.10% (2020: -0.75%) in interest rates with all other variables remaining constant would have increased the operating result and net assets available for members' benefits by $55,217,659 (2020: $83,457,344). The analysis is performed on the same basis for 2020. The impact mainly arises from the reasonably possible change in interest rates on the fair value of fixed and floating

(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 is exposed to equity securities and derivative securities 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 Statements 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 investment 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 2021	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	7,496,123	0.5%	1.5%	37,481	112,442
Alternative debt	594,804	-2.5%	3.5%	(14,870)	20,818
Fixed interest securities	6,587,805	-2.5%	3.5%	(164,695)	230,573
Australian equities	14,526,365	-7.5%	22.5%	(1,089,477)	3,268,432
International equities	19,895,487	-6.5%	19.5%	(1,293,207)	3,879,620
Alternative assets	9,926,217	1.5%	12.0%	148,893	1,191,146
Investment properties	6,891,469	-1.5%	14.5%	(103,372)	999,263
	65,918,270			**(2,479,247)**	**9,702,294**

30 June 2020	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	1,884,305	0.0%	0.5%	-	9,422
Alternative debt	2,448,693	-2.0%	3.5%	(48,974)	85,704
Fixed interest securities	7,113,553	-2.5%	3.5%	(177,839)	248,974
Australian equities	11,790,486	-8.0%	24.0%	(943,239)	2,829,717
International equities	11,353,805	-5.0%	21.0%	(567,690)	2,384,299
Alternative assets	13,456,472	3.0%	13.5%	403,694	1,816,624
Investment properties	5,787,297	0.0%	14.0%	-	810,222
	53,834,611			**(1,334,048)**	**8,184,962**

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, and amounts due from brokers.

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 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 Statements 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	Jun-21 $'000	Jun-20 $'000
AAA TO AA-	4,224,903	5,689,921
A+ to A-	112,158	2,430,915
BBB+ to BBB-	355,455	259,016
Below BBB-	627,085	43,439
No Rating	1,189,475	1,003,018
	6,509,076	9,426,309

(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.

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 2021	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	>12 months $'000
Trade and other payables	(96,494)	(96,494)	-	-	-
Financial liabilities	(459,958)	(159,469)	(156,377)	(141,805)	(2,307)
Members' liabilities	(63,201,143)	(63,201,143)	-	-	-

30 June 2020	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	>12 months $'000
Trade and other payables	(84,778)	(84,778)	-	-	-
Financial liabilities	(356,120)	(90,729)	(230,837)	(34,488)	(66)
Members' liabilities	(52,598,985)	(52,598,985)	-	-	-

Members' liabilities 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.

18. Financial risk management (continued)

(c) Liquidity Risk (continued)

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 2021	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	>12 months $'000
Financial liabilities					
Inflows	17,797,494	5,918,159	5,898,575	5,963,356	17,404
(Outflows)	(18,257,452)	(6,077,628)	(6,054,952)	(6,105,161)	(19,711)
	(459,958)	**(159,469)**	**(156,377)**	**(141,805)**	**(2,307)**

30 June 2020	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	>12 months $'000
Financial liabilities					
Inflows	9,416,902	5,207,554	4,145,568	58,118	5,662
(Outflows)	(9,773,022)	(5,298,283)	(4,376,405)	(92,606)	(5,728)
	(356,120)	**(90,729)**	**(230,837)**	**(34,488)**	**(66)**

(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.

The 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 believe companies that actively manage environmental, social and governance (ESG) risks and opportunities in their business contribute more to the global economy and are likely to generate better risk adjusted long term returns for our members.

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

Climate change 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 and Climate Change Roadmap to help guide the integration of climate change considerations within the broader investment framework. The Fund has set portfolio wide targets of net zero emissions by 2050 and an interim target of 45% reduction in absolute emissions by 2030. Scenario analysis underpins these targets to and will assist in determining the appropriate future pathways for the portfolio to achieving these objectives.

The Fund applies responsible investment including climate change across our investment options by:
- Integrating responsible investment into direct investment decisions and when selecting, appointing and monitoring external fund managers. External fund managers are expected to integrate ESG risks and opportunities into their investment-decision making process;
- Including responsible investment outcomes in the annual reviews for the Fund's investment team;
- Developing a modern slavery roadmap to guide the integration of such risks, to meet the Fund's obligations under the Modern Slavery Act 2018;
- The Fund does not typically exclude particular companies, sectors or asset types. However, there are some circumstances where it is appropriate to consider exclusions of a sector or a specific stock from the Fund’s portfolio, such as companies involved in the manufacturing of controversial weapons and tobacco products across all listed equity portfolios;
- Being a responsible steward. The Fund engages with companies we invest in and uses the Fund's voting rights at company meetings to improve disclosures and to encourage more responsible practices, where financially material to business outcomes;
- The Fund is an active participant in dedicated engagement forums for example the Australian Council of Super Investors (ACSI) Rights and Cultural Heritage Risk Management Working Group; Climate Action 100+ and Investors Against Slavery and Trafficking Asia Pacific (IAST APAC); and
- Advocating for change. As a large and growing superannuation fund, the Fund participates in collective initiatives to help solve for systemic risks, such as climate change, for example through participation in the Australian Sustainable Finance Initiative (ASFI), Investor Group on Climate Change (IGCC), and the Net Zero Asset Owners Alliance.

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 United Nations Principles for Responsible Investment (UNPRI), which establish a collective international framework for institutional investors to integrate ESG considerations into their investment decision-making.

Additionally, the Fund is undertaking a number of activities both directly and collaboratively in order to support the UN Sustainable Development Goals (SDG). For example, the Fund incorporates the SDGs as an additional lens where relevant to inform our investment decisions where the Fund invests directly.

The Fund tracks its climate change disclosures against the recommendations made by the Taskforce on Climate-related Financial Disclosures and encourages all external fund managers to do so as well.

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.

Recognised fair value measurements

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

30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Fund Managers' cash and cash equivalents	-	7,496,123	-	7,496,123
Alternative debt	11,637	583,167	-	594,804
Derivative assets	-	141,001	-	141,001
Fixed interest securities	-	6,587,805	-	6,587,805
Australian equities	14,506,873	17,335	2,157	14,526,365
International equities	19,892,104	59	3,324	19,895,487
Alternative assets	652,877	801,987	8,471,353	9,926,217
Investment properties	1,580,208	-	5,311,261	6,891,469
	36,643,699	**15,627,477**	**13,788,095**	**66,059,271**
Financial liabilities				
Derivative liabilities	-	(459,958)	-	(459,958)
	-	**(459,958)**	**-**	**(459,958)**

19. Fair value hierarchy (continued)

(a) Fair value hierarchy (continued)

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

30 June 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Fund Managers' cash and cash equivalents	-	1,884,305	-	1,884,305
Alternative debt	-	2,448,693	-	2,448,693
Derivative assets	-	700,255	-	700,255
Fixed interest securities	-	7,113,553	-	7,113,553
Australian equities	11,785,089	4,678	719	11,790,486
International equities	11,353,352	448	5	11,353,805
Alternative assets	522,469	12,038,738	895,265	13,456,472
Investment properties	576,430	1,854,918	3,355,949	5,787,297
	24,237,340	**26,045,588**	**4,251,938**	**54,534,866**
Financial liabilities				
Derivative liabilities	-	(356,120)	-	(356,120)
	-	**(356,120)**	**-**	**(356,120)**

(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-derivative securities) is determined using valuation techniques. These include the use of recent arm's lengths 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. This is the case for the Fund's alternative investment assets and investment properties.

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

The following tables present the movement in Level 3 instruments.

30 June 2021	Australian equities $'000	International equities $'000	Alternative assets $'000	Investment properties $'000	Total $'000
Opening balance	719	5	895,265	3,355,949	4,251,938
Purchases	228	6,922	139,575	335,481	482,206
Sales	(370)	(13,217)	(19,839)	(502,476)	(535,902)
Transfers into/(out of) from Level 3	2,011	9,437	7,299,743	1,998,222	9,309,413
Gains and losses recognised in profit or loss	(431)	177	156,609	124,085	280,440
Closing balance	**2,157**	**3,324**	**8,471,353**	**5,311,261**	**13,788,095**
Total unrealised gains or (losses) recognised in profit or loss attributatble to balances held at the end of the reporting period	**(103)**	**496**	**156,609**	**124,131**	**281,133**

19. Fair value hierarchy (continued)

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

30 June 2020	Australian equities $'000	International equities $'000	Alternative assets $'000	Investment properties $'000	Total $'000
Opening balance	76	5	985,662	3,194,439	4,180,182
Purchases	448	84	-	2,926,148	2,926,680
Sales	(231)	-	(52,626)	(2,827,794)	(2,880,651)
Transfers into/(out of) from Level 3	577	-	3,453	-	4,030
Gains and losses recognised in profit or loss	(151)	(84)	(41,224)	63,156	21,697
Closing balance	**719**	**5**	**895,265**	**3,355,949**	**4,251,938**
Total unrealised gains or losses recognised in profit or loss attributatble to balances held at the end of the reporting period	**(125)**	**(84)**	**(41,214)**	**63,182**	**21,759**

(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 30 June 2021 ($'000)	Fair value as at 30 June 2020 ($'000)	Valuation technique	Key unobservable inputs*	Range of inputs (Weighted average) 2021	Range of inputs (Weighted average) 2020
Australian equities	**2,157**	719	Independent Valuation	Last Traded Price	**$0.0000 - $0.0110 ($0.0229)**	$0.0000 - $1.0850 ($0.9944)
	2,157	719				
International equities	**3,324**	5	Independent Valuation	Last Traded Price	**$0.1750 - $0.1750 ($0.1750)**	$0.0897-$29.9507 ($28.9583)
	3,324	5				
Alternative assets	**464,509**	396,991	External Fund Managers' Unitholder's Statements	Redemption Unit Price	**$1.4526 - $117.5774 ($62.7600)**	$1.1857 - $104.5200 ($57.9300)
	8,604	8,604	Independent Valuation	Price of Similar Artwork/ Auction Estimates	**$150 - $1,000,000 ($240,958)**	$150 - $1,000,000 ($240,958)
	7,998,240	489,670	Partner Capital's Statements	Net Asset Value	**$0m - $1,576.5m ($907.2m)**	$0m - $231.5m ($147.4m)
	8,471,353	895,265				
Investment properties	**5,311,261**	3,355,949	Net Assets Valuation	Net Asset Value	**$0m - $1,538.8m ($1,014.7m)**	$0.0m - $1,591.6m ($1,024.8m)
	5,311,261	3,355,949				

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

20. Controlled entities

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

30 June 2021 Asset class	No. of controlled entities	Fair value of controlled entities $'000	Commitments to controlled entities $'000
Australian investment properties	14	3,313,039	738,504
Alternative assets	4	1,257,402	436,372
Total	**18**	**4,570,441**	**1,174,876**

30 June 2020 Asset class	No. of controlled entities	Fair value of controlled entities $'000	Commitments to controlled entities $'000
Australian investment properties	15	3,355,950	395,766
Alternative assets	4	1,058,703	402,954
Total	**19**	**4,414,653**	**798,720**

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

	Equity Holding		Value	
Name of entity	**2021**	**2020**	**2021 $'000**	**2020 $'000**
Internally managed Cbus properties				
313 Spencer Street Holding Unit Trust	100%	100%	218,309	204,102
447 Collins Street Holdings Unit Trust	100%	100%	269,180	380,132
Cbus Property Commercial Unit Trust	100%	100%	1,538,833	1,591,569
Cbus Property Developments No.2 Pty Ltd	100%	100%	-	-
Cbus Property Developments Unit Trust*	100%	100%	-	-
Cbus Property Group Funding Unit Trust	100%	100%	8,791	3,099
Cbus Property Hospitality Unit Trust*	100%	100%	-	-
Cbus Property Industrial Unit Trust	100%	100%	3	38
Cbus Property Pty Ltd	100%	100%	718	(14,156)
Cbus Property Residential Operations Unit Trust	100%	100%	797,023	693,274
Cbus Property Retail Unit Trust*	100%	100%	-	-
George Street Holdings Unit Trust*	100%	100%	-	-
SESP No.1 Unit Trust	100%	100%	473,689	488,983
United Super Investments Pty Ltd	0%	100%	-	46
USI (Breakfast Point) Pty Ltd	100%	100%	6,493	8,862
			3,313,039	**3,355,949**
Internally managed Australian infrastructure investments				
Cbus AI (Port) Trust	100%	100%	62,103	54,770
Cbus Forth Ports Trust	100%	100%	402,147	353,295
Cbus Infrastructure Holding Trust	100%	100%	132,896	78,410
			597,146	**486,475**
Internally managed Australian private equity				
Roc Cbus Private Equity Trust	100%	100%	660,256	571,228
			660,256	571,228
			4,570,441	**4,413,652**

* These trusts are currently inactive

20. Controlled entities (continued)

The table below summarises the financing obligations of Cbus' internally managed properties. These borrowings are not the Fund's direct obligations.

	Jun-21 $'000	Jun-20 $'000
Current liabilities		
447 Collins Street Unit Trust		
ANZ/NAB Bank Loan - 447 Collins Street Unit Trust	-	148,263
Cbus Property Commercial Unit Trust		
CBA Bank Loan - 311 Spencer Street Unit Trust	-	152,551
ANZ - Cbus Property Finance Pty Ltd	100,000	-
CBA Bank Loan - Melbourne Q Unit Trust	107,861	-
Cbus Property Residential Operations Unit Trust		
ANZ Bank Loan - Sydney Residential 2015 Unit Trust	83,387	157,087
NAB Bank Loan - Brisbane Unit Trust	71,811	-
ANZ Bank Loan - Langston Unit Trust	99,531	-
Non-current liabilties		
Cbus Property Commercial Unit Trust		
CBA/NAB/ANZ/ING Bank Loan - Cbus Property Finance Pty Ltd	790,000	850,000
CBA Bank Loan - Melbourne Q Unit Trust	-	107,092
CBA Bank Loan - 311 Spencer Street Unit Trust	170,000	-
Cbus Property Residential Operations Unit Trust		
ANZ Bank Loan - Langston Place Unit Trust	-	63,612
ANZ Bank Loan - 13 Spring Street (Land) Unit Trust	52,624	52,500
447 Collins Street Unit Trust		
Clean Energy Finance Corporation Bank Loan - 447 Collins Street Unit Trust	100,000	-
Total borrowings	**1,575,214**	**1,531,105**

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.

During the year, the Fund paid USPL a Trustee services fee of $1,699,306 (2020: $1,510,664). This is on a cost recovery basis for expenses borne by the Trustee on behalf of the Trust. These expenses include Director fees.

(b) Key Management Personnel Disclosures

The following tables list key management personnel who held the position of Director of USPL during the year or since the end of the year end up to the date of this report along with the Chief Executive Officer of the Fund during this period. The remuneration paid to these key management personnel for services of the Board, Committees of the Board and the Fund are as follows:

Year ended 30 June 2021

Name	Director Fee /Remuneration $	Superannuation $	Total $	Fees paid to
J ARTER [1,3]	587,942	20,673	608,615	CEO
D ATKIN [2,3]	796,458	9,135	805,593	CEO
S BEYNON [3,4]	68,535	6,511	75,046	Director
S BRACKS	203,512	19,334	222,846	Director
H DAVIS	100,873	9,583	110,456	Director
A DONNELLAN	63,775	6,059	69,834	AMWU
S DUNNE [3]	209,207	19,875	229,082	Director
J EDWARDS	135,709	12,892	148,601	Director
K KEYS [4]	111,615	10,603	122,218	ACTU
R MALLIA [3]	87,638	8,326	95,964	CFMEU
A MCDONALD [3]	126,075	11,977	138,052	Director
A MILNER [3]	77,581	7,370	84,951	Director
D NOONAN [3]	103,222	9,806	113,028	CFMEU
F O'GRADY [3]	75,086	7,133	82,219	Director
E SETCHES [3]	92,555	8,793	101,348	CEPU
R SPUTORE [3]	91,619	8,704	100,323	Director
D WAWN [3]	97,442	9,257	106,699	MBA
M ZELINSKY	71,031	6,748	77,779	AWU
Total	**3,099,875**	**192,779**	**3,292,654**	

[1] Fund CEO (Appointed 24/08/2020)
[2] Fund CEO (1 July 2020 to 24 August 2020) and served as Advisor to the CEO (24 August 2020 to 30 October 2020)
[3] Member of the Fund
[4] Director (Resigned 31/08/2021)

21. Related parties (continued)

(b) Key Management Personnel Disclosures (continued)

Year ended 30 June 2020

Name	Director Fee /Remuneration $	Superannuation $	Total $	Fees paid to
J ARTER [6]	-	-	-	CEO
D ATKIN [1,5]	710,357	25,000	735,357	CEO
S BEYNON [1]	45,072	4,282	49,354	Director
S BRACKS	158,567	15,064	173,631	Director
B DAVIS [2]	2,423	230	2,653	AWU
H DAVIS	78,855	7,491	86,346	Director
A DONNELLAN	-	-	-	AMWU
S DUNNE [1]	176,418	12,019	188,437	Director
J EDWARDS	115,475	10,970	126,445	Director
A HICKS [2]	-	-	-	CEPU
K KEYS	64,516	6,129	70,645	ACTU
R MALLIA [1]	68,597	6,517	75,114	CFMEU
A MCDONALD [1]	86,822	8,248	95,070	Director
A MILNER [1]	52,111	4,951	57,062	Director
D NOONAN [1]	73,130	6,947	80,077	CFMEU
F O'GRADY [1]	52,111	4,951	57,062	Director
E SETCHES [1]	64,062	6,086	70,148	CEPU
R SPUTORE [1]	62,969	5,982	68,951	Director
G THOMPSON [3]	52,311	4,970	57,281	AMWU
D WAWN [1]	72,879	6,923	79,802	MBA
M ZELINSKY	44,697	4,246	48,943	AWU
Total	**1,981,372**	**141,006**	**2,122,378**	

[1] Member of the Fund
[2] Alternate Director (Resigned 01/07/2019)
[3] Director (Resigned 06/12/2019)
[4] Director (Appointed 28/05/2020)
[5] Fund CEO (Resigned 24/08/2020)
[6] Fund CEO (Appointed 24/08/2020)

Contributions and benefits for key management personnel are determined using the same terms and conditions that apply to all other members.

(c) Controlled entities

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

(d) Related party investments and transactions

The Fund's assets are held in trust by USPL and custodially held by JPM. Details of the Fund's related party investments and transactions are listed below.

(i) Industry Super Holdings Pty Ltd (ISH)

The Fund held a 18.0% (2020: 18.0%) shareholding in ISH valued at $219,257,184 (2020: $178,975,507). ISH has a number of wholly owned subsidiaries, one of which manages investments on behalf of the Fund.

Industry Funds Management Pty Ltd (IFM) is one of the Fund's investment managers. It manages a selection of infrastructure, Australian listed equities, private equity, fixed interest and cash portfolios on behalf of the Fund. USPL held investments in IFM totalling $9,085,938,771 (2020: $11,753,671,716) and IFM received $17,755,840 (2020: $18,505,734) in fees for the management of these investment portfolios.

21. Related parties (continued)

(d) Related party investments and transactions (continued)

(i) Industry Super Holdings Pty Ltd (ISH) (continued)

ISH has various other subsidiaries with which the Fund transacts on normal terms and conditions. These non-investment transactions are summarised in the following table.

Company	Nature of transaction	2021 $	2020 $
Industry Fund Services Limited	Financial planning, arrears collection and other member services	2,976,077	4,015,772
Industry Super Australia Pty Ltd (ISA) *	Marketing and policy advocacy services	3,956,026	3,956,026
IFS Insurance Solutions Pty Ltd	Insurance brokering services and other insurance related services including sourcing group life cover	1,112,284	1,266,133

* Mr S Bracks is a Director and member of the ISA's advisory council. No director fee was paid to this Director during the year.

(ii) Members Equity Bank Limited (ME)

The Fund held a 18.9% (2020: 18.9%) shareholding in ME valued at $260,172,597 (2020: $218,015,968). ME provides low-cost home loans and banking products to industry fund members and other institutional clients. ME also offers the Fund and other institutional investors the opportunity to invest in its fixed interest vehicle, Super Loans Trust (SLT).

The Fund held investments in ME (including SLT) totalling $nil (2020: $12,065,451). During the year, the Fund paid ME management fees of $3,116 (2020: $9,349) on normal terms and conditions.

On 1 July 2021, the Fund completed the sale of 100% of its ordinary shares in ME to Bank of Queensland Limited (BOQ) and received proceeds totalling $245,252,073 on the same date, with the balance to be received in two years' time in accordance with the signed Sale and Purchase Agreement.

(iii) ISPT Pty Ltd (ISPT)

The Fund held a 4.0% (2020: 4.0%) shareholding in ISPT valued at $1 (2020: $1). ISPT manages a range of unlisted property trusts on behalf of the Fund and other institutional clients. ISPT in its capacity as Trustee for these trusts managed portfolios totalling $1,690,344,566 (2020: $1,651,330,794) on behalf of the Fund and received $4,746,507 (2020: $4,679,227) in fees for the management of these portfolios.

Mr F O'Grady is a Director of ISPT and Director fees of $67,900 (2020: $67,900) were paid during the period by ISPT.

(iv) Frontier Advisors Pty Ltd (Frontier)

The Fund held 31.0% (2020: 31.0%) shareholding in Frontier valued at $2,204,100 (2020: $1,821,000). Frontier provides investment consulting services to the Fund and other institutional clients. During the year, the Fund paid Frontier investment consulting fees of $3,194,682 (2020: $3,200,735) on normal terms and conditions.

Mr J Edwards is a Director of Frontier and Director fees of $16,187 (2020: $15,400) were paid during the year by Frontier.

(e) Other related entities

(i) Cbus Property Pty Ltd (Cbus Property)

Cbus Property is a 100% held subsidiary of the Fund and manages all the Fund's directly held property assets. Cbus Property is a service company charged with stewardship of the direct property investments of the Fund. It invests in direct property investments in Australia on behalf of the Fund in accordance with the Investment Management Agreement between Cbus Property and the Fund dated 1 January 2010, as amended. Cbus Property does not have ownership of any direct property assets.

Mr D Noonan, Mr A McDonald, Mr S Beynon and Mr S Bracks are Directors of Cbus Property.

21. Related parties (continued)

(e) Other related entities (continued)

(i) Cbus Property Pty Ltd (Cbus Property) (continued)

Cbus Property makes provision for payment of Directors fees as follows:

	Jun-21 $	Jun-20 $
Short-term employee benefits	391,728	391,728
Post-employment benefits	37,216	37,216
	428,944	**428,944**

The above compensation payments include Directors' fees paid directly to sponsoring organisations.

During the year ended 30 June 2021, the Fund received a total net amount of $158,923 (2020: $nil), from Cbus Property Group Funding Pty Ltd, a wholly owned subsidiary of Cbus Property, for co-branded marketing campaign services. All transactions were made on normal terms and conditions.

(iv) 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 for outcomes and benefits to be delivered to the Fund and its members. The amounts below include payments for partnership agreements to the Fund's seven sponsoring organisations.

	Jun-21 $	Jun-20 $
Partnership Agreements		
Employer	313,471	445,729
Member	1,089,361	1,190,002
	1,402,832	**1,635,731**

(v) Rental payments for commercial office spaces

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

	Jun-21 $	Jun-20 $
ISPT Pty Ltd	1,531,320	2,546,046
Cbus Property 50 Flinders Street Pty Ltd	92,839	89,484
Construction Forestry Mining & Energy Industrial Union of Employees - Queensland	22,572	39,069
	1,646,731	**2,674,599**

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.

23. Coronavirus (COVID 19) Pandemic

COVID 19, which is a respiratory illness caused by a new virus, was declared a world wide pandemic by the World Health Organisation in the prior year. Measures to slow the spread of the virus have since had a significant impact on the domestic and global economy and equity, debt and commodity markets.

The Trustee has considered the impact of COVID 19 and other market volatility in preparing its financial statements and the Funds crediting rates to members' accounts. While there are specific areas of judgment as noted in Note 2(b), the impact of COVID 19 resulted in the application of further judgment within those identified areas.

Given the dynamic and evolving nature of COVID 19 as well as limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Fund's assets and liabilities may arise in the future and the impact of events that arise after the reporting period will be accounted for in future reporting periods. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of how COVID 19 and its social and economic consequences that may follow, these matters represent reasonable and supportable forward looking views as at the reporting date.

(a) COVID-19 Early Release of Superannuation Scheme

On 22 March 2020 the Australian Government announced the COVID-19 Early Release of Superannuation Scheme ('ERS') as a temporary measure to stimulate the Australian economy. This scheme allowed eligible Australian and New Zealand citizens and permanent residents members to apply to access up to $10,000 of their superannuation before 1 July 2020. They were also able to access up to a further $10,000 from 1 July 2020 until 31 December 2020.

The COVID-19 early release of superannuation scheme closed on 31 December 2020.

For the year ended 30 June 2021 the Fund paid $1,214,409,970 (2020: $1,093,620,435) in member benefits under the ERS.

(b) Financial statement impacts

In preparing these financial statements the Trustee has considered the impact of COVID-19 in its:

• judgments or estimation uncertainty in addition to those disclosed above;

• adoption of significant assumptions and market inputs used in valuing the Fund's financial instruments (in particular, unlisted investments);

• consideration of external market communications to identify other COVID 19 related impacts;

• assessment of the fair value of the Fund's assets and liabilities; and

• determination of the completeness and appropriateness of financial statement disclosures.

Key items within the Statement of Financial Position and related disclosures impacted by COVID 19 are as follows:

(i) Financial instruments at fair value through profit and loss

The Trustee continues to review the appropriateness of inputs to its valuation of financial instruments as well as performing out of cycle valuations, when applicable. The impact of changes in valuation inputs has also been considered in terms of the classification of financial instruments in the fair value hierarchy, transfers within the fair value hierarchy and the Level 3 sensitivity analysis. The Fund's financial instruments include a portfolio of unlisted equity investments which, in accordance with the Fund's accounting policies, are measured at fair value through profit or loss.

(ii) Recoverability of deferred tax balances

In assessing whether a deferred tax asset can be recognised and given the macro-economic conditions arising from COVID-19 existed at the reporting date, the Trustee has ensured the projections of future taxable earnings is robust and based on reasonable assumptions regarding the Fund's future investment performance and taxable contribution levels.

(c) Risk management

The Trustee's risk management framework continues to be applied across the Fund's operations. The Trustee continues to monitor the impact of COVID 19 on the Fund's risk profile. Non financial risks emerging from remote working by our staff, counterparties and service providers have been identified, assessed, managed and governed through timely application of the Trustee's risk management framework.

The management of liquidity risk is outlined in Note 18(c), which is a key element of the Fund's investment processes. The management of liquidity is governed by the Fund's Liquidity Policy, which is approved by the Trustee and implemented by management. The Fund continues to monitor the effects of the global COVID-19 pandemic and are monitoring it as it unfolds, including:

• actively managing each Investment Option;

• continuing to monitor and respond to global investment markets;

• internal reporting on exposure to illiquid assets, member cashflows and switching activities; and

• stress-testing the investment portfolio for a range of possible scenarios.

23. Coronavirus (COVID 19) Pandemic (continued)

(c) Risk management (continued)

The management of liquidity risk is outlined in Note 18(c), which is a key element of the Fund's investment processes. The management of liquidity is governed by the Fund's Liquidity Policy, which is approved by the Trustee and implemented by management. The Fund continues to monitor the effects of the global COVID-19 pandemic and are monitoring it as it unfolds, including:

• actively managing each Investment Option;

• continuing to monitor and respond to global investment markets;

• internal reporting on exposure to illiquid assets, member cashflows and switching activities; and

• stress-testing the investment portfolio for a range of possible scenarios.

24. Matters subsequent to the end of the financial year

The merger of the Fund and Media Super is progressing well, and the Boards of both companies have completed their due diligence and have executed an Implementation Deed and Deed of Transfer with an objective of merging the two funds in early 2022. It is anticipated that the merger will be finalised by 11 April 2022. The combined funds would represent approximately $70 billion in funds under management and 833,000 members. USPL will act as Trustee for the combined entity.

There have been no other matters or circumstances which have arisen that have significantly affected or may significantly affect the financial position or operating results of the Fund.

25. Contingent assets, contingent liabilities and commitments

Cbus Property Finance Pty Ltd has secured $24,000,000 (2020: $40,000,000) bank guarantee facilities as part of the Club Facility arrangement. Guarantees on behalf of a number of Cbus Property controlled entities have been undertaken in the normal course of business to secure the obligations of the relevant entity. At 30 June 2021, $17,074,407 (2020: $28,251,610) of the facilities were utilised.

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:

	Jun-21 $	Jun-20 $
Alternative debt	31,396,849	28,911,125
Alternative assets	1,637,100,048	689,556,082
Investment properties	738,504,266	608,917,667
	2,407,001,163	**1,327,384,874**

There were no other contingent assets, contingent liabilities or commitments as at 30 June 2021 and 30 June 2020.

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND

TRUSTEE'S DECLARATION

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

(a) the accompanying financial statements and notes set out on pages 1 to 34 are in accordance with:
  (i) Australian Accounting Standards (including interpretations) and other mandatory professional reporting requirements, and
  (ii) present fairly the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

(b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the *Superannuation Industry (Supervision) Act 1993* and its accompanying Regulations; 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 2021; and

(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
21st September 2021

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Building a better working world

Construction and Building Unions Superannuation Fund
ABN 75 493 363 262

Report by the RSE Auditor to the trustee and members

Opinion

We have audited the financial statements of Construction and Building Unions Superannuation Fund for the year ended 30 June 2021 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in reserves.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Construction and Building Unions Superannuation Fund as at 30 June 2021 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2021.

Basis for opinion

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

Responsibilities of the Trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Emphasis of Matter: Fair Value of Property Investments

We draw attention to Note 2(b) of the financial statements which describes the impact of the COVID-19 pandemic on the determination of the fair value of property investments and how this has been considered by the Trustee in the preparation of the financial statements. Due to the increased valuation uncertainty, fair value may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes 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 these financial statements.

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our auditor opinion. My conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Luke Slater
Partner
Melbourne

21 September 2021

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