

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	31 December 2023 \$'000	31 December 2022 \$'000
ASSETS			
Cash and cash equivalents	7	537,694	500,607
Receivables		12,923	18,821
Investments			
Unit trusts	8	6,074,268	5,348,191
Equities	9	309	122,343
Forward foreign exchange contracts		46,901	4,943
Other Assets			
Prepayments		-	191
Current tax assets	11(d)	13,398	5,585
TOTAL ASSETS		6,685,493	6,000,681
LIABILITIES			
Creditors and accruals	10	2,864	2,334
Forward foreign exchange contracts		7,196	14,723
Deferred tax liabilities	11(e)	104,644	47,805
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS		114,704	64,862
NET ASSETS AVAILABLE FOR MEMBER BENEFITS		6,570,789	5,935,819
LESS MEMBERS BENEFITS			
Defined contribution members' benefits	4(a)	6,438,611	5,815,694
Defined benefits members' benefits	4(b)	11,357	12,932
MEMBERS BENEFITS		6,449,968	5,828,626
NET ASSETS		120,821	107,193
EQUITY			
Death and Disablement Reserve	6	36,384	34,486
Scheme Operating Reserve	6	34,069	30,831
Employer Funding Reserve	6	18,379	17,819
Defined benefit liabilities over funded	6	2,921	1,389
Unallocated	4(c)	29,068	22,668
TOTAL EQUITY		120,821	107,193

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**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	31 December 2023 \$'000	31 December 2022 \$'000
REVENUE FROM SUPERANNUATION ACTIVITIES			
Interest		16,054	6,229
Dividends		2,538	2,728
Trust distributions		191,544	246,497
Net changes in fair value of financial instruments	12	511,855	(716,754)
Other investment income		9,031	7,875
Other income		15	8
		731,037	(453,417)
EXPENSES			
Investment expenses	13	28,156	26,140
Administration expenses	14	235	210
		28,391	26,350
		702,646	(479,767)
ALLOCATION TO MEMBER BENEFITS			
Less: Net benefits/(losses) allocated to defined contribution accounts		631,484	(405,413)
Less: Net change in defined benefit liabilities		70	(654)
		631,554	(406,067)
		71,092	(73,700)
NET RESULT BEFORE INCOME TAX EXPENSE			
INCOME TAX EXPENSE/(BENEFIT)	11(a)(b)	50,080	(54,295)
		21,012	(19,405)
NET RESULT AFTER INCOME TAX EXPENSE	4(c)		

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**STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Defined Contribution \$'000	Defined Benefit \$'000	Total \$'000
<u>Year ended 31 December 2023</u>				
Opening balance of member benefits		5,815,694	12,932	5,828,626
CONTRIBUTIONS				
Employer contributions		285,612	-	285,612
Member contributions		38,037	-	38,037
Government co-contributions		89	-	89
Transfers in		60,906	-	60,906
Total contributions		384,644	-	384,644
Income tax on contributions	11(c)	(44,938)	-	(44,938)
Net after tax contributions		339,706	-	339,706
BENEFITS PAID				
Benefits paid		(354,587)	(1,645)	(356,232)
Net benefits paid		(354,587)	(1,645)	(356,232)
INSURANCE				
Insurance premiums charged to member accounts	5	(9,222)	-	(9,222)
Claims credited to member accounts		14,153	-	14,153
Tax benefit from insurance premiums	11(c)	1,383	-	1,383
Net insurance benefit		6,314	-	6,314
BENEFITS ALLOCATED TO MEMBER ACCOUNTS				
Comprising:				
Net investment earnings allocated		637,452	-	637,452
Administration fees deducted		(5,968)	-	(5,968)
Net change in defined benefit member accrued benefits		-	70	70
Net income		631,484	70	631,554
Closing balance of member benefits	4	6,438,611	11,357	6,449,968

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**STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Defined Contribution \$'000	Defined Benefit \$'000	Total \$'000
<u>Year ended 31 December 2022</u>				
Opening balance of member benefits		6,161,879	15,309	6,177,188
CONTRIBUTIONS				
Employer contributions		263,339	-	263,339
Member contributions		38,581	-	38,581
Government co-contributions		121	-	121
Transfers in		75,427	-	75,427
Total contributions		377,468	-	377,468
Income tax on contributions	11(c)	(41,149)	-	(41,149)
Net after tax contributions		336,319	-	336,319
BENEFITS PAID				
Benefits paid		(277,115)	(1,723)	(278,838)
Net benefits paid		(277,115)	(1,723)	(278,838)
INSURANCE				
Insurance premiums charged to member accounts	5	(9,171)	-	(9,171)
Claims credited to member accounts		7,819	-	7,819
Tax benefit from insurance premiums	11(c)	1,376	-	1,376
Net insurance benefit		24	-	24
BENEFITS ALLOCATED TO MEMBER ACCOUNTS				
Comprising:				
Net investment earnings allocated		(399,321)	-	(399,321)
Administration fees deducted		(6,092)	-	(6,092)
Net change in defined benefit member accrued benefits		-	(654)	(654)
Net income		(405,413)	(654)	(406,067)
Closing balance of member benefits	4	5,815,694	12,932	5,828,626

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Death and Disablement Reserve \$'000	Scheme Operating Reserve \$'000	Employer Funding Reserve \$'000	Total Reserves \$'000	DB Liabilities Over/(Under) Funded \$'000	Unallocated Note 4(c) \$'000	Total Equity \$'000
Year Ended 31 December 2023							
Opening balance	34,486	30,831	17,819	83,136	1,389	22,668	107,193
Transfer to/(from) reserves	5,724	4	(1,272)	4,456	-	(4,456)	-
Reserve funded insurance premiums	(7,384)	-	-	(7,384)	-	-	(7,384)
Net result	3,558	3,234	1,832	8,624	1,532	10,856	21,012
Closing balance	36,384	34,069	18,379	88,832	2,921	29,068	120,821
Year Ended 31 December 2022							
Opening balance	43,228	33,010	20,141	96,379	2,043	35,524	133,946
Transfer to/(from) reserves	1,429	4	(1,033)	400	-	(400)	-
Reserve funded insurance premiums	(7,348)	-	-	(7,348)	-	-	(7,348)
Net result	(2,823)	(2,183)	(1,289)	(6,295)	(654)	(12,456)	(19,405)
Closing balance	34,486	30,831	17,819	83,136	1,389	22,668	107,193

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	31 December 2023 \$'000	31 December 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		15,687	6,229
Dividends received		2,538	2,728
Trust distributions received		9,386	17,309
GST recouped		135	235
Other income		1,111	50
Insurance recoveries		14,153	7,819
Investment expenses		(4,069)	(3,444)
Administration expenses		(9)	(306)
Insurance premiums		(16,585)	(16,522)
Income tax paid		(813)	(28,356)
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	16(a)	21,534	(14,258)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investment redemptions		579,117	367,521
Investment acquisitions		(548,255)	(322,644)
NET CASH INFLOWS FROM INVESTING ACTIVITIES		30,862	44,877
CASH FLOWS FROM FINANCING ACTIVITIES			
Employer contributions		285,688	263,420
Member contributions		38,037	38,581
Government co-contribution		89	121
Transfers in		60,906	75,427
Benefits paid		(356,233)	(278,849)
Income tax paid on contributions received		(43,796)	(38,832)
NET CASH INFLOWS FROM FINANCING ACTIVITIES		(15,309)	59,868
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		37,087	90,487
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		500,607	410,120
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	16(b)	537,694	500,607

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

ANZ Australian Staff Superannuation Scheme ("Scheme") is a corporate superannuation scheme, which provides defined benefit pensions to certain eligible members and/or beneficiaries and defined contribution benefits to other members.

The Scheme is constituted by a Trust Deed dated 16 November 1987 (as amended) to provide superannuation benefits for current and former employees (and their partners) of Australia and New Zealand Banking Group Limited ABN 83 810 127 567 ("ANZ") and associated companies.

The Trustee of the Scheme is ANZ Staff Superannuation (Australia) Pty Limited RSEL L0000543.

The Scheme is a superannuation fund domiciled in Australia. The address of the Scheme's registered office is Level 9, 833 Collins Street, Docklands, Victoria 3008.

The Trustee was granted the authority to offer a MySuper product under section 29T of the Superannuation Industry (Supervision) Act 1993 on 25 October 2013.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements constitute general purpose financial statements which have been prepared in accordance with Australian Accounting Standards including AASB 1056 *Superannuation Entities*, other applicable Accounting Standards, the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS"), and the provisions of the Trust Deed.

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

The financial statements were approved by the Board of the Trustee on 26 March 2024.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

The financial statements are presented in Australian dollars, which is the functional and presentation currency of the Scheme.

(d) Rounding of Amounts

Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

(e) Use of Estimates and Judgements

The preparation of financial statements requires the use of certain accounting assumptions and estimates. It also requires the Trustee and management to exercise judgement in the process of applying the entity's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Critical accounting assumptions, estimates and judgements contained in these financial statements are:

- i. used to determine the liability for accrued benefits and funding arrangement which are disclosed in Note 4(b).
- ii. used to determine the deferred tax assets as disclosed in Note 11(e) and deferred tax liabilities as disclosed at Note 11(f).
- iii. used to determine the fair value of unlisted investments (measured at level 3) as disclosed in Note 19.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONTINUED)

(f) New and amended standards adopted during the year

No new or revised Standards and Interpretations have been adopted in the financial statements where the application has impact on the financial statements.

(g) New Standards and Interpretations not yet Adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Scheme. None of these are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(h) Comparatives

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

(i) Consolidation

As a result of AASB 10 *Consolidated Financial Statements* and as the Scheme is an investment entity, it is not required to consolidate any controlled entities in which it invests but must recognise and measure such investments at fair value through the Income Statement.

The Scheme meets the definition of an investment entity per AASB 10 because:

- The Scheme obtains and manages funds for the purpose of providing members of the Scheme with investment management services;
- The Scheme has committed to its members that its business purpose is to invest solely for returns from capital appreciation and investment income; and
- The Scheme measures and evaluates the performance of its investments on a fair value basis.

Details of unconsolidated entities are set out in Note 21.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all reporting periods presented in these financial statements.

(a) Investments

All investments of the Scheme are recorded at fair value at reporting date which is determined as follows:

i) Unlisted unit trusts are valued at the redemption price at reporting date as advised by the investment managers and are based on the fair value of the underlying investments. Unit values denominated in foreign currency are then translated to Australian dollars using exchange rates at balance date.

ii) Listed Australian and international equities, including listed unit trusts are valued at the last quoted sale price as at the close of business on reporting date. Delisted equities have been written down to the value expected to be recovered from the disposal of those investments.

iii) Derivative financial instruments include forward contracts. The fair value of forward contracts is determined as the net present value of estimated cash flows, discounted at appropriate market rates as at the valuation date.

(b) Cash and Cash Equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown separately on the Statement of Financial Position.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Cash and Cash Equivalents (continued)

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from investing activities, as movements in the fair value of these securities represent the Scheme's main income generating activity.

(c) Foreign Currency

Transactions in foreign currencies are translated at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to Australian dollars at the foreign exchange rates prevailing at that date. Foreign exchange differences are recognised in the Income Statement.

(d) Interest and Other Receivables

Interest receivable represents accrued interest revenue from government securities, other fixed interest securities, money market securities and derivatives.

Receivables are carried at nominal amounts accrued or due at reporting date, which approximate fair value.

(e) Financial Liabilities

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

Benefits payable comprises the entitlements of members which were due for payment prior to year end but had not been paid. Members for whom the benefits subsequently became payable were not included in benefits payable and are included in vested benefits at year end. Other payables are payable on demand or over short time frames of less than 60 days.

The Scheme recognises forward contracts at fair value as at reporting date with any change in fair values since the beginning of the reporting period included in the Income Statement.

(f) Revenue Recognition

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

Changes in fair value of financial instruments

Changes in fair value of financial instruments are recognised in the Income Statement in the periods in which they occur. Changes in fair value are determined as the difference between the fair value at balance date or consideration received (if sold during the year) and the fair value at the previous balance date or the cost (if the investment was acquired during the year).

Interest revenue

Interest revenue is recognised in the Income Statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Trust distribution revenue

Distributions from investments in unit trusts are recognised on an accruals basis.

(g) Contributions and transfers in

Contributions and transfers in are recognised in the Statement of Changes in Member Benefits when the control and benefits from the revenue have transferred to the Scheme and is recognised gross of any taxes.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Goods and Services Tax

GST incurred that is not recoverable from the Australian Taxation Office (ATO) has been recognised as part of the cost of acquisition of the asset or as part of the expense to which it relates.

Receivables and payables are stated with the amount of GST included in the value. The amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Income Tax

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

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date and includes any adjustments to tax payable in respect of prior years. Current tax is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities, which affect neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset or liability giving rise to them is realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Scheme expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Scheme intends to settle its current tax assets and liabilities on a net basis.

(j) Excess Contributions Tax

The ATO may issue assessments to members of the Scheme relating to the relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year.

The liability for excess contributions tax will be recognised when the relevant release authorities are received from members or the ATO.

The excess contributions tax liability recognised by the Scheme will be charged to the relevant member accounts.

(k) No-TFN Contributions Tax

Where a member does not provide their Tax File Number (TFN) to a fund, the fund may be required to pay no-TFN contributions tax at a rate of 32%, which is in addition to the concessional tax rate of 15% which applies to the Scheme's assessable income.

The no-TFN contributions tax liability recognised by the Scheme will be charged to the relevant member accounts. Where a tax offset is obtained by the Scheme in relation to member no-TFN contributions tax, the tax will be included in the relevant member accounts.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments

Recognition

The Scheme recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial assets are recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or liabilities are recorded.

Measurement

Financial instruments are measured at fair value initially and for all subsequent measurement.

Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Scheme transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

4. MEMBER LIABILITIES

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Scheme is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

The Scheme comprises both defined benefit and defined contribution sections.

Benefits under the Scheme are provided from income from the Scheme's assets and contributions received from members, the employer sponsor, Australia and New Zealand Banking Group Limited and associated companies, and other companies. Members' contributions may be varied and employer contributions are determined based on Federal Government requirements and the advice of the Scheme's Actuary.

(a) Defined contribution member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at reporting date.

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

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

	31 December 2023	31 December 2022
	\$'000	\$'000
Vested benefits	6,438,611	5,815,694

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

(b) Defined benefit member liabilities

The Scheme's defined benefit member liabilities relate to the benefits paid to pensioner beneficiaries in the Pension Section. Defined benefit member liabilities are measured tri-annually by a qualified actuary, with annual estimates of these liabilities for the purpose of preparing financial statements provided at the end of each year. The defined benefit pensions payable from the Scheme in the future are projected forward and are then discounted to the actuarial investigation date using the investment return rate assumed for the actuarial investigation.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. MEMBER LIABILITIES (CONTINUED)

(b) Defined benefit member liabilities (continued)

The main assumptions used to determine the actuarial value of the accrued benefits for the defined benefit lifetime pensioners at year end were:

31 December 2023

- The future rate of investment return earned on the Scheme's investments would be 7.9% p.a.*; and
- The future rate of pension increases would be 2.9% p.a.

31 December 2022

- The future rate of investment return earned on the Scheme's investments would be 6.2% p.a.*; and
- The future rate of pension increases would be 3.0% p.a.

*The rates above were provided by the Actuary and are after investment fees and costs.

Liability for accrued benefits at year end is as follows:

	31 December 2023	31 December 2022
	\$'000	\$'000
Accrued benefits	11,357	12,932
Vested benefits	11,357	12,932

The funding policy adopted for the defined benefit section of the Scheme is directed at ensuring that benefits accruing to beneficiaries are fully funded as the benefits fall due. The funding method adopted by the Scheme Actuary in relation to the defined benefit section of the Scheme is known as "aggregate funding" and is described in the report on the actuarial investigation of the Scheme as at 31 December 2022.

In the report on the actuarial investigation as at 31 December 2022, the actuary recommended:

- at the rate required under the Superannuation Guarantee legislation, subject to a minimum of 7% of Salary for Employee Section C members; and
- equal to the salary sacrifice contributions payable on behalf of members.

The contributions to the Pension Section were reassessed as part of the actuarial valuation as at 31 December 2022 and no contributions were required in 2023. The contributions for 2024 will be reassessed as part of the actuarial valuation as at 31 December 2023.

At 31 December 2023 the Scheme had 101.0% coverage of vested benefits (2022: 100.9%).

Sensitivity Analysis

As the defined benefit member liabilities represent a very small amount of the Scheme's overall member liabilities, the Trustee determined that any movements in the main assumptions used to determine the value of the defined benefit member liabilities would result in an immaterial change in the accrued benefits of the Scheme.

Therefore, the Scheme's Actuary has not completed a sensitivity analysis on movements in the main assumptions.

(c) Unallocated

At the end of the period the unallocated equity includes timing differences between the member liabilities detailed in Note 4(a) and Note 4(b) and the net assets available for member benefits in the Statement of Financial Position after allowing for Reserves outlined in Note 6. Timing differences will include investment returns and tax assets or tax liabilities.

The Net Result After Income Tax Expense in the Income Statement is the net investment earnings after tax and expenses which has not been allocated to members' benefits. It is allocated to the Statement of Changes in Equity and timing differences applied to or from the unallocated equity at the end of the period.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5. INSURANCE ACTIVITIES

The Scheme provides death and disability benefits to its members. The Trustee has a group policy in place with a third party insurance provider to insure these death and disability benefits for the members of the Scheme. Salary continuance insurance is available and is also externally insured.

The Scheme deducts premiums from members' accounts. The Death and Disablement Reserve continues to be used to provide a rebate in relation to members' insurance premiums. Insurance claim amounts are recognised where the insurer has paid the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to member accounts are recognised in the Statement of Changes in Member Benefits. The balance of the premium is funded by the Death and Disablement Reserve and is recognised in the Statement of Changes in Equity.

	31 December 2023 \$'000	31 December 2022 \$'000
Insurance premiums charged to member accounts	9,222	9,171
Reserve funded insurance premiums	7,384	7,348
	<hr/>	<hr/>
	16,606	16,519
	<hr/>	<hr/>

The Trustee determined that the Scheme is not exposed to material insurance risk because:

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

6. EQUITY

Four reserves/accounts are maintained for the efficient financial management of the Scheme:

Death and Disablement Reserve

This reserve is used to manage the cash flows relating to the death and Total and Permanent Disablement cover provided through the Scheme. The balance at 31 December 2023 was \$36.4 million (2022: \$34.5 million).

Scheme Operating Reserve

This reserve is part of the financial management of the Scheme and may be used in certain circumstances to address operational risk events or claims against the Scheme arising from operational risk events. The balance at 31 December 2023 was \$34.1 million (2022: \$30.8 million).

Under APRA Prudential Standard SPS114: *Operational Risk Financial Requirement*, the Trustee is required to maintain adequate financial resources to address losses arising from operational risks. These financial resources are held in the Scheme Operating Reserve.

Employer Funding Reserve

This reserve is also part of the financial management of the Scheme and is used to:

- support the funding of the Pension Section Account; and
- fund the account management rebate.

The balance at 31 December 2023 was \$18.4 million (2022: \$17.8 million).

Pension Section Account

This account relates to the assets transferred from the ANZGROUP (Australia) Staff Pension Scheme to finance the benefits paid to pensioner beneficiaries of the Pension Section. The balance at 31 December 2023 was \$14.3 million (2022: \$14.3 million).

The estimated liability for future pension payments at 31 December 2023 was \$11.4 million (2022: \$12.9 million) resulting in a funding surplus of approximately \$2.9 million (2022: surplus of \$1.4 million).

The funding surplus in the Pension Section Account is recognised as part of equity and is presented as "Defined benefit liability overfunded" on the face of the Statement of Financial Position. Any requirement to fund a deficit in the Pension Section will be met by Australia and New Zealand Banking Group Limited.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

7. CASH AND CASH EQUIVALENTS

	31 December 2023 \$'000	31 December 2022 \$'000
General operating account	5,640	3,858
Cash accounts	532,054	496,749
	<hr/>	<hr/>
TOTAL CASH AND CASH EQUIVALENTS	537,694	500,607
	<hr/>	<hr/>

8. UNIT TRUSTS

	31 December 2023 \$'000	31 December 2022 \$'000
Australian equities	1,371,838	1,110,950
International equities	2,175,672	1,828,513
Alternative assets including infrastructure	738,984	981,527
Australian fixed interest	797,489	679,879
International fixed interest	472,036	242,642
Property	518,249	504,680
	<hr/>	<hr/>
TOTAL UNIT TRUSTS	6,074,268	5,348,191
	<hr/>	<hr/>

9. EQUITIES

	31 December 2023 \$'000	31 December 2022 \$'000
Listed Australian equities	241	122,278
Unlisted Foreign equities	68	65
	<hr/>	<hr/>
TOTAL EQUITIES	309	122,343
	<hr/>	<hr/>

10. CREDITORS AND ACCRUALS

	31 December 2023 \$'000	31 December 2022 \$'000
Audit and tax agent fees	253	116
Direct investment expenses	864	707
Trustee liability insurance	33	-
PAYG tax withholding	4	5
Unsettled investments	131	26
Group life premiums payable	1,419	1,398
Salary continuance payable	17	17
Unallocated contributions	143	65
	<hr/>	<hr/>
TOTAL CREDITORS AND ACCRUALS	2,864	2,334
	<hr/>	<hr/>

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

11. TAXATION

	31 December 2023 \$'000	31 December 2022 \$'000
(a) Recognised in the Income Statement		
Current income tax		
- Current tax applied/(charged)	(5,589)	9,037
Deferred income tax		
- Relating to the origination and reversal of temporary differences	56,839	(63,575)
- Prior year under/(over) provisions	(1,170)	243
	<hr/>	<hr/>
Income tax expense/(benefit)	50,080	(54,295)
	<hr/>	<hr/>
(b) Numerical reconciliation between tax expense and result before income tax		
Profit/(Loss) from superannuation activities	702,646	(479,767)
	<hr/>	<hr/>
Tax applicable at the rate of 15% (2022: 15%)	105,397	(71,965)
Tax effect of income/loss not assessable/deductible in determining taxable income		
- Investment income	(31,447)	35,726
Tax effect of other adjustments		
- Imputation & foreign tax credits	(19,986)	(14,306)
- Exempt current pension income	(1,606)	(2,891)
- Benefit on reserve funded premiums	(1,108)	(1,102)
- Prior year under/(over) provisions	(1,170)	243
	<hr/>	<hr/>
Income tax expense/(benefit)	50,080	(54,295)
	<hr/>	<hr/>
(c) Recognised in the Statement of Changes in Member Benefits		
Income tax on contributions	44,938	41,149
Tax benefit from insurance premiums	(1,383)	(1,376)
	<hr/>	<hr/>
Income tax expense	43,555	39,773
	<hr/>	<hr/>

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. TAXATION (CONTINUED)

	31 December 2023 \$'000	31 December 2022 \$'000
(d) Current tax liability/(asset)		
Balance at beginning of year	(5,585)	12,550
Income tax paid – current year	(51,069)	(54,394)
Income tax (paid)/refunded - prior year	6,460	(12,794)
Current year income tax provision	37,966	48,810
Prior year under/(over) provisions	(1,170)	243
	<u>(13,398)</u>	<u>(5,585)</u>
(e) Deferred tax balances		
Deferred tax assets		
Accrued expenses	253	230
Unrealised foreign currency losses	-	1,469
Unallocated receipts	62	9
	<u>315</u>	<u>1,708</u>
Deferred tax liabilities		
Accrued income	7,016	-
Unrealised foreign currency gains	5,491	-
Unrealised capital gains (after discounting)	92,452	49,513
	<u>104,959</u>	<u>49,513</u>
Net Deferred tax liabilities	<u>104,644</u>	<u>47,805</u>

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12. NET CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	31 December 2023 \$'000	31 December 2022 \$'000
Investments held at reporting date	548,563	(669,502)
Investments realised during the year	(36,708)	(47,252)
	<hr/>	<hr/>
TOTAL NET CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS	511,855	(716,754)
	<hr/>	<hr/>

13. INVESTMENT EXPENSES

	31 December 2023 \$'000	31 December 2022 \$'000
Audit and tax agent fees	322	79
Custody fees	640	634
Consulting fees	721	865
Investment management fees	24,977	24,154
Legal fees	8	39
Performance fees	1,488	369
	<hr/>	<hr/>
TOTAL INVESTMENT EXPENSES	28,156	26,140
	<hr/>	<hr/>

14. ADMINISTRATION EXPENSES

	31 December 2023 \$'000	31 December 2022 \$'000
Financial planning fees	-	10
Other expenses	12	18
Trustee expenses	-	9
Trustee indemnity insurance	223	173
	<hr/>	<hr/>
TOTAL ADMINISTRATION EXPENSES	235	210
	<hr/>	<hr/>

These expenses are those paid directly from the Scheme. Some other administration expenses are paid by Australia and New Zealand Banking Group Limited (ANZ). Rather than reimburse ANZ for the administration fees it pays they are netted off against the employer superannuation contributions it remits to the Scheme. The members are not disadvantaged by this arrangement as the full employer superannuation contribution is credited to their accounts.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. AUDITOR'S REMUNERATION

	31 December 2023 \$'000	31 December 2022 \$'000
Amounts paid or due and payable to the auditors of the Scheme – KPMG:		
Audit services	144	128
Other regulatory services	143	136
Taxation services	217	127
	<hr/>	<hr/>
TOTAL AUDITOR'S REMUNERATION	504	391
	<hr/>	<hr/>

16. CASH FLOW INFORMATION

	31 December 2023 \$'000	31 December 2022 \$'000
(a) Reconciliation of cash flows from operating activities		
Net result after income tax expense	21,012	(19,405)
Allocated to member benefits	631,554	(406,067)
Reserve funded insurance premiums	(7,384)	(7,349)
Member funded insurance premiums	(9,201)	(9,173)
Insurance recoveries received for members	14,153	7,819
Trust distributions reinvested	(188,542)	(215,673)
Net changes in fair value of investments	(511,855)	716,754
Other investment income	(7,934)	(7,875)
Investment expenses	24,086	22,617
(Increase)/Decrease in receivables	5,898	(14,356)
(Increase)/Decrease in prepayments	191	(18)
Increase in current tax assets	(7,813)	(18,135)
Increase in creditors and accruals	530	178
Increase/(Decrease) in deferred tax liabilities	54,053	(63,575)
	<hr/>	<hr/>
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	21,534	(14,258)
	<hr/>	<hr/>
(b) Reconciliation of cash		
General operating account	5,640	3,858
Cash accounts	532,054	496,749
	<hr/>	<hr/>
TOTAL CASH AND CASH EQUIVALENTS	537,694	500,607
	<hr/>	<hr/>

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. RELATED PARTIES

(a) Trustee

The following people were Directors of the Trustee during the financial year:

Gary Newman (resigned 30 March 2023)	Adam Vise (resigned 30 June 2023)
Robert Sparrow	Adrian Went (resigned 1 December 2023)
Anne Flanagan	Janelle Mason
Glenn Phillips	Margot Dargan
Janet Torney (Chair) (appointed 10 May 2023)	Rebecca Noonan (appointed 1 July 2023)
Daniel Tarraran (appointed 2 December 2023)	

(b) Key Management Personnel and Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Scheme, directly or indirectly, including any Director (whether executive or otherwise).

In addition to the Directors of the Trustee Company, the other key management personnel who held office during the year are:

Paul Rosam (Senior Manager Superannuation)

Key management personnel who are members of the Scheme contribute and receive benefits on the same terms and conditions as other members.

As at 31 December 2023 the following Directors are employees of Australia and New Zealand Banking Group Limited. The remuneration they receive is as a consequence of their employment and is not related to any services rendered to the Trustee.

Glenn Phillips	Robert Sparrow
Daniel Tarraran	Margot Dargan
Rebecca Noonan	

Key management personnel compensation in relation to services to the Scheme is as follows:

	31 December 2023 \$'000	31 December 2022 \$'000
Short-term employee benefits	555	494
Post employment benefits	51	49
	<hr/>	<hr/>
Total employee benefits	606	543
	<hr/>	<hr/>

Some key management personnel and their associates may receive financial services from Australia and New Zealand Banking Group Limited. Those services are provided at arms length and in the ordinary course of business except where the key management personnel and their associates are entitled to receive the normal available staff discount or other customary discount available in relation to the size of business.

(c) Employer Sponsor

Australia and New Zealand Banking Group Limited is the employer and the Scheme has invested in various ANZ securities such as bank bills and bonds as part of the Scheme's overall investment strategy and in the ordinary course of its operations. All transactions are on a commercial basis. In accordance with the Superannuation Industry (Supervision) Act 1993, no more than 5% of the Scheme's total assets are invested in Australia and New Zealand Banking Group Limited.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

18. FINANCIAL RISK MANAGEMENT

(a) Overview

The Scheme's assets principally consist of financial instruments. These investments are held in accordance with the Trustee's Investment Governance Framework. The Trustee receives regular reports to monitor compliance with the Scheme's investment policy.

The Board of the Trustee has overall responsibility for the risk management framework of the Scheme. The Risk Audit and Compliance Committee (formerly Governance and Audit Committee), established by the Trustee is responsible for developing, monitoring, and enhancing the risk management framework, including those aspects related to investment activities. The risk management processes identify, analyse, and prioritise areas of risk to develop appropriate management strategies (including risk tolerances, controls, monitoring and reporting arrangements) for the risks. The risk management framework is reviewed regularly to reflect changes to the Scheme's activities and operating environment. The Risk Audit and Compliance Committee receives regular reports on the status of the risk controls and progress on risk management activities.

The Investment Committee established by the Trustee also supports the risk management framework in respect of investment activities by undertaking more detailed examination of matters related to the investment strategy and arrangements of the Scheme.

(b) Strategy in using financial instruments

The Scheme's investment objectives and strategy focus on achieving returns through investing in a selection of equity and debt securities and other financial instruments across local and global markets. The Scheme's investment activities expose it to a variety of risks related to the use of financial instruments, including:

- market risk (including currency risk, interest rate risk and other price risk)
- credit risk
- liquidity and cash flow risk

This note presents information about the Scheme's exposure to these risks and its policies and processes for measuring and managing these risks.

(c) Market risk

Market risk is the risk that the value or future cash flows of its holdings in financial instruments will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return for that level of risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Scheme is exposed to currency risk as a result of investments in financial instruments denominated in foreign currencies. The Scheme also enters into foreign currency contracts designed to either hedge some or all of its exposure, or alternatively increase exposure to preferred foreign currencies.

Currency risk is managed through the hedging policy which is set out in its Investment Governance Framework and outlined in the Product Disclosure Statements. The Scheme has authorised investment managers to enter into foreign currency contracts designed to hedge some or all of this exposure in line with its hedging policy. For international equities, the policy is to have a partial currency hedge to provide some protection against decreases in the value of foreign currencies in which the equities are held, but also to allow some of the benefit of increases in the value of foreign currencies to flow through to investment returns. For international infrastructure, international property and international fixed income securities, the policy is to have a full currency hedge.

The Scheme's exposure to foreign exchange risk is in units in infrastructure and fixed income trusts and is summarised as follows:

Currency	Movement in Exchange Rates	Fair Value 31 December 2023 \$'000	Fair Value 31 December 2022 \$'000
EUR	20%	104,152	95,317
USD	20%	103,650	-

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

18. FINANCIAL RISK MANAGEMENT (continued)

The analysis below is provided to meet the disclosure requirements of AASB 7 *Financial Instruments: Disclosures* and should not be used for any other purpose. The analysis is not intended to constitute advice and is not guaranteed.

The movements in exchange rates used for the analysis have been derived through a blend of historical analysis and the views of management and the Asset Consultant.

If the exchange rate between the Australian dollar and the currencies held increase by the rate indicated, the decrease in net assets available to pay benefits would amount to approximately \$29.4 million (2022: decrease \$13.5 million) for the Scheme.

If the exchange rate between the Australian dollar and the currencies held decrease by the rate indicated, the increase in net assets available to pay benefits would amount to approximately \$44.2 million (2022: increase \$20.2 million) for the Scheme.

This analysis assumes that all other variables (including interest rates and hedging policy) remain constant and allows for the tax at 15% on the estimated movement. Such movements in the value of net assets would be reflected in the unit prices for the Scheme's investment options and member account balances.

Interest rate risk

Interest rate risk is the risk that the value of directly held financial instruments and related cash flows will fluctuate because of changes in market interest rates.

The majority of the Scheme's financial assets are non-interest-bearing with only cash and cash equivalents being directly subject to interest rate risk. As a result, the Scheme is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The Scheme's exposure to interest rate risk and the weighted average effective interest rate at the reporting date is as follows:

	Fair Value 31 December 2023 \$'000	Fair Value 31 December 2022 \$'000
Cash and cash equivalents	537,694	500,607

The analysis below is provided to meet the disclosure requirements of AASB 7 *Financial Instruments: Disclosures* and should not be used for any other purpose. The analysis is not intended to constitute advice and is not guaranteed.

The movements in interest rates used for the analysis have been derived through a blend of historical analysis and the views of management and the Asset Consultant.

Assuming interest rates had reduced by 90 basis points (2022: 90 basis points), the decrease in net assets available to pay benefits for the year would amount to approximately \$4.1 million (2022: \$3.8 million) and the decrease in the benefits accrued as a result of operations over the year would amount to \$4.1 million (2022: \$3.8 million).

Assuming interest rates had increased by 90 basis points (2022: 90 basis points), the increase in net assets available to pay benefits for the year would amount to approximately \$4.1 million (2022: \$3.8 million) and the increase in the benefits accrued as a result of operations over the year would amount to \$4.1 million (2022: \$3.8 million).

This analysis assumes that all other variables (including foreign exchange rates) remain constant and allows for tax at 15% on the estimated movement. Such movements in the value of net assets would be reflected in the unit prices for the Scheme's investment options and member account balances.

Other price risk

Other price risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting the markets for those financial instruments.

Other price risk is managed by appropriately diversifying the Scheme's investments both within and between asset classes and markets as part of the strategic asset allocation of the Scheme. The objective of other price risk management is to manage and control other price risk exposures within acceptable parameters, while optimising the return for the level of acceptable risk.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

18. FINANCIAL RISK MANAGEMENT (continued)

The Scheme's exposure to other price risk at the reporting date is as follows:

	Fair Value 31 December 2023 \$'000	Fair Value 31 December 2022 \$'000
<u>Unit trusts</u>		
Australian equities	1,371,838	1,110,950
International equities	2,175,672	1,828,513
Alternative assets including infrastructure	738,984	981,527
Australian fixed interest	797,489	679,879
International fixed interest	472,036	242,642
Property	518,249	504,680
<u>Equities</u>		
Australian equities	241	122,278
Foreign equities	68	65
	6,074,577	5,470,534

The analysis below is provided to meet the disclosure requirements of AASB 7 *Financial Instruments: Disclosures* and should not be used for any other purpose. The analysis is not intended to constitute advice and is not guaranteed.

The following table summarises the sensitivity of the Fund's net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on the Scheme's Asset Consultant's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Scheme's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Scheme invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

31 December 2023 Asset Class	Sensitivity in underlying sectors %	Change in net assets after tax \$'000	Change in net assets available to pay benefits \$'000
<u>Unit trusts</u>			
- Australian equities	+/-21.0%	+/- 244,873	+/- 244,873
- Foreign equities	+/-12.0%	+/- 221,919	+/- 221,919
- Alternative assets including infrastructure	+/-12.9%	+/- 81,030	+/- 81,030
- Australian fixed interest	+/-5.6%	+/- 37,960	+/- 37,960
- Overseas fixed interest	+/-5.0%	+/- 20,062	+/- 20,062
- Property	+/-26.1%	+/- 114,974	+/- 114,974
<u>Equities</u>			
- Australian equities	+/-21.0%	+/- 43	+/- 43
- Foreign equities	+/-12.0%	+/- 7	+/- 7
Total		+/- 720,868	+/- 720,868

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

18. FINANCIAL RISK MANAGEMENT (continued)

31 December 2022 Asset Class	Sensitivity in underlying sectors %	Change in net assets after tax \$'000	Change in net assets available to pay benefits \$'000
Unit trusts			
- Australian equities	+/-20.7%	+/- 195,472	+/- 195,472
- Foreign equities	+/- 14.3%	+/- 222,256	+/- 222,256
- Alternative assets including infrastructure	+/- 11.5%	+/- 95,944	+/- 95,944
- Australian fixed interest	+/- 4.8%	+/- 27,739	+/- 27,739
- Overseas fixed interest	+/- 4.3%	+/- 8,869	+/- 8,869
- Property	+/- 24.4%	+/- 104,671	+/- 104,671
Equities			
- Australian equities	+/- 20.7%	+/- 21,515	+/- 21,515
- Foreign equities	+/- 14.3%	+/- 8	+/- 8
Total		+/- 676,474	+/- 676,474

The modelled movements in market returns used for the analysis have been derived through a blend of historical analysis and the views of management and our Asset Consultant.

This analysis assumes that all other variables (including foreign exchange rates) remain constant and allows for tax at 15% on the estimated movement. Such movements in the value of net assets would be reflected in the unit prices for the Scheme's investment options and member account balances.

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Concentrations of credit risk are minimised by investing in various unlisted unit trusts which in turn hold diversified direct market investments. These unit trusts undertake transactions with a large number of counterparties on recognised and reputable exchanges.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets as they are marked to market. The total credit risk for items including fixed interest securities is therefore limited to the amount carried on the Statement of Financial Position.

The Scheme's maximum exposure to credit risk at the reporting date was as follows:

	Fair Value 31 December 2023 \$'000	Fair Value 31 December 2022 \$'000
Cash and cash equivalents	537,694	500,607
Receivables	12,923	18,821
Units in unit trusts	6,074,268	5,348,191
	6,624,885	5,876,619

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

18. FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity risk and cash flow risk

Liquidity risk is the risk that the Scheme will encounter difficulties in meeting benefits and other financial obligations as they fall due because it is unable to realise investments in a timely manner.

Liquidity risk is managed by monitoring the Scheme's holdings in illiquid assets and stress testing the portfolio for market and liquidity shocks. Liquidity is managed at the option level, with limits placed on the proportion of each option invested in assets deemed most illiquid and on investments in vehicles which have notice periods for redemptions. The majority of other assets are held in readily realisable underlying assets. The Scheme also has limited ability to borrow in the short term to ensure settlement of financial obligations. No such borrowings have arisen during the current or previous reporting periods.

As at 31 December 2023 the Scheme's holdings in illiquid assets were 19.3% (2022: 20.9%).

Illiquid assets are investments which cannot be readily redeemed for cash as a result of the illiquid nature of the underlying investment or investments in assets traded on liquid public markets, but through vehicles which require notice periods.

Other assets are held in readily realisable assets which are actively traded on exchanges such as the Australian Securities Exchange.

The table on the following page sets out the Scheme's financial liabilities at the reporting date into relevant maturity groupings based on the estimated period to settlement. Vested benefits have been included in the less than 1 month column, as this is the amount that members could call upon at year end. This is the earliest date on which the Scheme can be required to pay members' vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

31 December 2023	Less than 1 month \$'000	Total Contractual Cash Flows \$'000	Carrying Amount (Asset)/Liabilities \$'000
Creditors & accruals	2,864	2,864	2,864
Forward FX contracts	-	7,196	7,196
Member benefits	6,449,968	6,449,968	6,449,968
Total	6,452,832	6,460,028	6,460,028

31 December 2022	Less than 1 month \$'000	Total Contractual Cash Flows \$'000	Carrying Amount (Asset)/Liabilities \$'000
Creditors & accruals	2,334	2,334	2,334
Forward FX contracts	-	14,723	14,723
Member benefits	5,828,626	5,828,626	5,828,626
Total	5,830,960	5,845,683	5,845,683

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of all the Scheme's financial instruments at the balance date approximated their fair values.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (i.e. derived from prices).
- Level 3: valuation technique for which the lowest level input that is significant to the fair value measurement is not observable.

Except for forward currency contracts, all assets classified as either Level 2 or Level 3 are unlisted unit trusts, unlisted equities or similar pooled investment vehicles. Where available unit prices are sourced from third party vendors. Where not available from third party vendors, unit prices are sourced from the relevant investment managers. Forward currency contracts are valued by reference to publicly available market prices.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The majority of the assets underlying the unit trusts and pooled investment vehicles classified as either Level 2 or Level 3 consist of exchange traded securities and are valued by reference to market prices. Level 2 also includes some investments in Australian unlisted property trusts and hedge funds, while Level 3 includes investments in unit trusts which invest in private equity and private debt. In these cases, the unit trusts are valued using valuation techniques that may use significant unobservable inputs at the underlying asset level. The Trustee does not calculate the unobservable inputs itself.

31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value				
<i>Equities and managed investment schemes</i>				
- Unlisted equities and trusts	4,292,425	1,231,654	550,257	6,074,336
- Listed equities and trusts	241	-	-	241
<i>Derivatives</i>				
- Forward foreign exchange contracts	-	46,901	-	46,901
	<u>4,292,666</u>	<u>1,278,555</u>	<u>550,257</u>	<u>6,121,478</u>
Financial liabilities at fair value				
<i>Derivatives</i>				
- Forward foreign exchange contracts	-	7,196	-	7,196
	<u>-</u>	<u>7,196</u>	<u>-</u>	<u>7,196</u>
31 December 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value				
<i>Equities and managed investment schemes</i>				
- Unlisted equities and trusts	4,256,540	694,293	390,675	5,341,508
- Listed equities and trusts	129,026	-	-	129,026
<i>Derivatives</i>				
- Forward foreign exchange contracts	-	4,943	-	4,943
	<u>4,385,566</u>	<u>699,236</u>	<u>390,675</u>	<u>5,475,477</u>
Financial liabilities at fair value				
<i>Derivatives</i>				
- Forward foreign exchange contracts	-	14,723	-	14,723
	<u>-</u>	<u>14,723</u>	<u>-</u>	<u>14,723</u>

Sensitivity analysis

For the fair values of the Level 3 investments the sensitivity of unobservable inputs to fair value would result in an increase/(decrease) to fair value:

31 December 2023	Sensitivity	\$'000
International equities	15.6%	38
Alternative assets including infrastructure	7.4%	26,112
Australian fixed interest	0.3%	241
International fixed interest	1.7%	1,936
31 December 2022	Sensitivity	\$'000
International equities	21.6%	70
Alternative assets including infrastructure	15.1%	44,951
Australian fixed interest	10.4%	7,818
International fixed interest	10.5%	1,806

Sensitivity is based on asset consultant modelling for 1 year major recession scenario.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table presents the reconciliation of the movement in Level 3 instruments for the year ended 31 December by class of financial instrument.

	Fair Value 31 December 2023 \$'000	Fair Value 31 December 2022 \$'000
Opening balance	390,675	297,548
Purchases	132,223	108,298
Sales	(140)	(234)
Total gains and losses recognised in the Income Statement	27,499	(14,937)
	<hr/>	<hr/>
Closing balance	550,257	390,675

Gains or losses included in Income Statement are presented in change in fair value of financial assets and liabilities at fair value through Income Statement as follows:

Total gains/(losses) included in Income Statement for the year	27,499	(14,937)
	<hr/>	<hr/>
Total gains/(losses) included in the Income Statement attributable to changes in unrealised gains and losses relating to assets held at the end of the reporting year	27,470	(14,945)
	<hr/>	<hr/>

20. COMMITMENTS

As at 31 December 2023 the Scheme had outstanding investment commitments of \$19.0 million (2022: \$59.1 million).

21. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The Scheme has a controlling interest in the following unconsolidated structured entities, which are domiciled in Australia. The Scheme accounts for the movements in its investments in unconsolidated structured entities through the Income Statement.

Northern Haven Infrastructure Fund No 1* (Alternative assets including infrastructure)	100%
Insight High Income Fund (Australian fixed interest)	100%
Willis Towers Watson Australia Global Equity Focus Fund (International equities)	84%
Macquarie Pure Index Fund (Australian equities)	76%
BlackRock Enhanced Australian Bond Fund (Australian fixed interest)	92%

As at 31 December 2023, there are no significant restrictions on the ability of an unconsolidated structured entity to transfer funds to the Scheme in the form of dividends or to repay advances made to the unconsolidated structured entity by the Scheme.

As at 31 December 2023, the Scheme does not have any current commitments or intentions to provide financial or other support to unconsolidated structured entities, including commitments or intentions to assist the unconsolidated structured entities in obtaining financial support.

*The Northern Haven Infrastructure Fund No. 1 (formerly Morgan Stanley Infrastructure Fund No. 1) is an Australian domiciled unconsolidated structured entity. It is a single unit holder trust in which the Scheme holds 100% of the units on issue representing a commitment of US\$25 million which is invested in the US\$5.8 billion Morgan Stanley Global Infrastructure Fund.

22. SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on the Scheme's financial statements at 31 December 2023.

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME


STATEMENT BY TRUSTEE

In the opinion of the Trustee

- (a) the accompanying financial statements and notes set out on pages 2 to 27 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) present fairly the Scheme's financial position as at 31 December 2023 and its performance for the year ended on that date; and
- (b) the Scheme has been conducted in accordance with the provisions of the Trust Deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, and Regulations, the Corporations Act 2001, Regulations and Guidelines and Financial Sector (Collection of Data) Act 2001 during the year ended 31 December 2023; and
- (c) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Trustee, ANZ Staff Superannuation (Australia) Pty Limited ABN 92 006 680 664.


.....
Director


.....
Director

Signed at Melbourne this 26th day of March 2024.



Independent Auditor's Report

ANZ Australian Staff Superannuation Scheme ABN: 83 810 127 567

Report by the RSE Auditor to the Trustee and members

Opinion

I have audited the financial statements of ANZ Australia Staff Superannuation Scheme (the Scheme) for the year ended 31 December 2023, comprising the Statement of Financial Position, Income Statement, Statement of Changes in Member Benefits, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes as set out on pages 2 to 27 attached.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of ANZ Australian Staff Superannuation Scheme as at 31 December 2023 and the results of its operations, cash flows, changes in equity and changes in member benefits for the year ended 31 December 2023.

Basis for Opinion

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

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



Responsibilities of the Trustee for the Financial Statements

The 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal controls 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my audit opinion. My conclusions are based on



the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the 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 I identified during my audit.

KPMG

Maria Trinci

Partner

Melbourne

26 March 2024