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## Joint Coal Board

**The Joint Coal Board is a body corporate with perpetual succession and a common seal constituted under an arrangement between the Governor-General of Australia and the Governor of New South Wales pursuant to the provisions of the Coal Industry Act 1946 (Commonwealth) and the Coal Industry Act, 1946 (NSW).**

The main objectives of the Joint Coal Board stemming from its Mission are:

- To operate a fully funded, efficient, competitive and effective workers compensation insurance scheme for the NSW coal mining industry.
- To provide the NSW coal mining industry with an occupational health service that provides medical assessments, injury management, work environment monitoring and health educational material.
- To provide a relevant user-pays statistical service on the NSW and Australian coal industries.
- To provide international training/educational courses in coal production and utilisation technology under the auspices of Australian aid programs and of international development agencies.

## Our Vision

To be the best provider of integrated workers' compensation insurance and occupational health and rehabilitation services.

## Our Mission

We shall deliver quality service that promotes health and welfare for our customers.

## Letter to the Minister



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Joint Coal Board  
21/44 Market Street  
Sydney NSW

August 2002

The Minister for Industry, Tourism and Resources

The Special Minister of State, Minister for Industrial Relations and Assistant Treasurer

In accordance with the Coal Industry Act 1946 (Commonwealth) and the Coal Industry Act, 1946 (NSW) the Joint Coal Board presents its Final Report, covering the six months ending 31 December 2001. The report contains financial statements for the period.

The report of the Auditor-General of the Commonwealth required by the Coal Industry Act 1946 (Commonwealth) and the Coal Industry Act, 1946 (NSW) is attached to the financial statements in the report.

A handwritten signature in black ink, appearing to read 'I. L. Farrar'.

Ian L Farrar  
Chairman

A handwritten signature in black ink, appearing to read 'R. Land'.

Ronald P Land  
Member

A handwritten signature in black ink, appearing to read 'U. Cario'.

Ugo Cario  
Member

This is the final report of the Joint Coal Board and my last report as Chairman.

In previous reports I referred to the Federal Government's proposed withdrawal from the Joint Coal Board as part of its election commitment to place the NSW coal industry on an equal footing with other coal-producing States.

Following introduction of the Coal Industry Repeal Act 2001, and negotiations with the NSW Government, agreement was reached on the formation of a new company that will be called Coal Services Pty Limited. All resources, including staff and their entitlements, will be transferred to the new company which will undertake all the activities currently performed by the Joint Coal Board.

The Coal Industry Act 2001 was passed, effectively ceasing the operations of the Joint Coal Board on 31 December 2001. The new company, Coal Services Pty Limited, commenced on 1 January 2002.

In the six months to 31 December 2001 the Board incurred an operating loss of \$27.7 million primarily resulting from an increase of \$27 million in the outstanding claims provision to \$330.8 million. Further increases in workers' compensation premiums will therefore be required to address the solvency position of the new company in 2002/2003.

However, there are some positive indicators for the NSW coal industry. Employment rose by 1.1% to 9932 compared to the equivalent period from July–December 2000 and raw coal production increased by 5.9% to 74.4Mt over the same period. Export tonnages fell by 1.7% to 38.4Mt. compared to the equivalent period from July–December 2000 but there was an increase in the value of coal exports – up 31.4% to \$ 2.4 billion.

Regrettably there was one fatality during the six months which occurred at Baal Bone Colliery. The Board extends its sympathy to the family of the miner.

I would like to acknowledge the support by our Federal Minister, Ian Macfarlane and our State Minister, John Della Bosca and their respective staffs during this historic change.

I would also like to thank the staff of the Board who consistently delivered a quality service during the finalisation of the transfer to the new company.



Ian L Farrar  
Chairman

## Comparative Statistical Profile

	Notes	Units	1993	1994	1995	1996	1997	1998	1999	2000	2001	6 months to 31 Dec 2001
Industry Declared wages (assessable)		\$m	847.0	799.0	813.0	875.0	946.0	887.9	754.9	693.7	693.2	387.4
Average Number Employed		Number	15100	14700	14300	14473	14793	13522	11064	10150	9838	10041
Premiums Received	(a)	\$m	33.0	32.5	38.0	55.8	60.0	54.0	45.9	51.9	60.6	40.9
Average Industry Premium Rate		%	3.9	4.1	4.7	6.4	6.3	6.1	6.1	6.4	8.5	10.2
Premium Cost Per Employee		\$	2185	2211	2657	3855	4056	4008	4140	5113	6160	7876*
Workers Compensation Claims Lodged		Number	5903	5690	6231	5533	5095	4651	3552	3285	2892	1349
Claim Rate	(b)	%	39.1	38.7	43.6	38.2	34.4	34.0	32.1	32.4	29.4	26.9*
Payments on Claims		\$m	77.0	72.4	68.1	64.9	69.1	57.8	73.0	72.6	80.7	40.1
Provision for Outstanding Claims		\$m	223.0	212.4	221.3	233.0	232.3	247.7	261.7	277.0	304.4	330.8
Raw Coal Production		mTonnes	102.9	101.9	107.8	113.1	123.7	134.0	131.4	132.9	138.8	74.4
Premium Cost Per Tonne of Coal Produced		\$	0.32	0.32	0.35	0.49	0.49	0.40	0.35	0.39	0.44	0.55
Lost Time Injury Frequency Rate	(c)	Number	78	68	73	56	48	52	39	34	33	31
Severity Rate	(d)	Days	1210	1128	1332	1050	999	1215	1079	947	1083	539.6
No of Mines		Number	67	68	69	72	68	66	64	57	56	59
Days Lost per Employee due to Industrial Disputes		Days	2.5	6.7	2.0	5.0	5.8	5.4	2.6	2.4	1.2	0.3
Days Lost per Employee due to Workers Compensation		Days	3.4	3.6	4.1	3.7	3.3	3.2	3.5	3.3	3.1	1.7
Fatalities		Number	4	1	2	2	6	2	3	3	2	1
Investment Income		\$m	37.1	21.6	29.5	37.5	55.1	33.3	27.9	39.5	28.0	5.0
Total Assets		\$m	352.0	312.5	293.3	306.2	332.1	344.6	327.6	330.2	333.9	331.8
Accumulated Funds		\$m	56.4	42.5	22.4	24.0	55.7	57.3	31.1	23.5	3.3	(24.4)
Staff	(e)	Number	143	139	131	130	130	131	123	114	113	131 #

Notes (a) 2000 and 2001 figures include a 20% levy imposed in the policy year 1 October 1999 to 1 October 2000

(b) the claims rate is calculated as follows: 
$$\frac{\text{Number of claims during the period} \times 100}{\text{number of employees exposed to risk during period}}$$

(c) number of lost time injuries per million hours worked

(d) days lost due to absences on workers compensation per million hours worked

(e) staff numbers as at 30 June in each year

\* annualised

# includes casuals

The consolidated financial statements for the Joint Coal Board for the six months ended 31 December 2001 follow in this report. They show an operating loss for the six months of \$27.7 million resulting mainly from an increase in the outstanding claims provision to \$330.8 million.

Premium income for the six months was \$40.9 million. Investment income was \$4.4 million representing a rate of return of 1.4 %.

Payments on claims were \$40.1 million.

## Asset Classes

Asset Class	Asset Allocation Benchmarks (%)	As at 31.12.01 \$('000)	(%)
Cash and Money Market	4	16 014	5.0
Fixed Interest	35	102 028	31.9
Australian Equities	30	101 250	31.7
Property Trusts	3	10 867	3.4
Overseas Equities	10	27 255	8.6
Property	17	62 131	19.4
Other	1	94	–
<b>Total</b>	<b>100</b>	<b>319 639</b>	<b>100.0</b>

## The Organisation

### Responsible Minister

The Coal Industry Act 1946 (Commonwealth) is administered by the Commonwealth Minister for Industry, Tourism and Resources. The Coal Industry Act, 1946 (NSW) is administered by the NSW Special Minister of State, Minister for Industrial Relations & Assistant Treasurer.

### Annual Operating Plan

The Coal Industry Acts provide that the Board must by 31 May each year submit to Ministers an annual operating plan for the year commencing on the following 1 July. The plan must address the strategy the Board proposes to adopt in exercising its powers and functions.

The Annual Operating Plan for 2001/02 was submitted to both Ministers on 28 May 2001 and has been closely adhered to in the six months to 31 December 2001.

### Direction on Matters of Policy

The Board is subject to the joint control and direction of the Commonwealth Minister and the State Minister. Either Minister may, with the agreement of the other Minister, issue written directions to the Board and it is the duty of the Board to carry out any direction given. When requested by either Minister, the Board must furnish reports to both Ministers on matters of policy. No direction or requirement has been issued in the six months to 31 December 2001.

### Board Meetings to 31 December 2001

Member	Eligible to Attend	Attended
Mr Farrar	6	6
Mr Land	6	5
Mr Cario	6	6

### Business of the Board

The Joint Coal Board has two major operating divisions – Coal Mines Insurance and JCB Health and between them they employ about 80% of the total staff of the Board.

- Coal Mines Insurance provides workers' compensation insurance services to all coal mines in NSW.
- JCB Health provides the occupational health services associated with Coal Mines Insurance, and health-related services that enable the Board to discharge its legislated responsibilities for the health and welfare of mine workers.

The Board operates an investment portfolio and regularly reviews its investment strategy and asset allocations. It also undertakes risk management and fraud control (including occupational health & safety), internal audit, monthly financial reporting and good corporate governance and has a comprehensive statistical service that provides information on production, employment, productivity, exports and consumption of coal in NSW, as well as accident statistics related to the health and welfare of coalmine workers.

The Joint Coal Board is also represented on several coal-related organisations where the strategic alliances created allow the Board's expertise to be utilised for the benefit of the NSW coal industry – examples are the JCB Health & Safety Trust and the Hunter Valley Coal Chain Council.



**The Joint Coal Board is constituted under an arrangement between the Governor-General of Australia and the Governor of New South Wales made pursuant to the provisions of the Coal Industry Act 1946 (Commonwealth) and the Coal Industry Act, 1946 (NSW).**

The powers and functions of the Board are stated in identical provisions of the Commonwealth Act, sections 23 to 27, and the New South Wales Act, sections 24 to 28, and are as follows:

- to provide occupational health and rehabilitation services for workers engaged in the coal industry including providing preventive medical services, monitoring workers' health and investigating related health matters;
- to collect, collate and disseminate accident and other statistics related to the health and welfare of workers engaged in the coal industry;
- to refer matters relating to the safety of workers engaged in the coal industry, as it thinks fit, to the Chief Inspector of Coal Mines or the Commonwealth Minister and the State Minister for consideration;
- to provide courses in the production and utilisation of coal under international development assistance programs sponsored or administered by the Commonwealth Government or approved by the Commonwealth Minister and the State Minister;
- to report to the Commonwealth Minister and the State Minister as it thinks fit, or when requested by either Minister, on matters related to the health or welfare of workers engaged in the coal industry, or on any other matter concerning or arising out of the Board's powers or functions;
- to publish reports or information of public interest concerning or arising out of the Board's powers or functions; and
- to promote the welfare of workers and former workers in the coal industry in the State, their dependants, and communities in coal mining areas.

Until such time as the Commonwealth Minister and the State Minister direct, the Board has the following powers and functions:

- to monitor, promote and specify adequate training standards relating to health and safety for workers engaged in the coal industry; to monitor dust in coal mines; and to collect, collate and disseminate statistics related to the coal industry, other than statistics related to the health and welfare of workers.

The Board has power to establish workers' compensation insurance schemes and to require any employer in the coal industry in the State to effect with or through the Board all workers' compensation insurance in respect of the employer's employees in that industry.

## Brief History

The Joint Coal Board was established in 1946 under mirror Commonwealth and State legislation which gave the Board sweeping powers over virtually every aspect of the NSW coal industry. These included control over mining methods, opening and closing of mines, distribution of coal (including its purchase and sale), regulation of prices and employment and recruitment to the coal industry. The Board also had power to acquire and operate coal mines or to manage any coal mine.

The coal industry at this time was technologically constrained and the Board, in conjunction with the NSW Department of Mines, undertook a major drilling program to identify open cut reserves. It then invested substantial capital to establish new open cut mines when no-one else would take the risk, and in mechanisation of underground mines by purchasing equipment and selling/leasing it to existing mine owners.

The Board also, at its inception, established a medical service to undertake regular medical examinations of the workforce and this initiative has largely been responsible for the reduction in the incidence of pneumoconiosis in NSW coal workers today.

Shortly after its formation the Board established its own workers' compensation insurance scheme to replace the existing scheme that was heavily subsidised by the Commonwealth. Today, the Board continues to operate an efficient, effective and competitive workers' compensation insurance scheme for all coalminers in NSW.

The Board was very active in the development of the coal industry up until a review of its operations in 1992. The Board's focus was then redirected towards occupational health and welfare. This has continued and expanded so that today the Board offers an exceptional occupational health service to the coal mining industry delivering health assessments, injury management, work environment monitoring & health education services in a professional and competitive manner.

## Board Members

Appointments to the Board are for terms of up to three years. The terms of the Chairman and Members expired on 31 December 2001



**IAN FARRAR,**  
B.Comm; FCPA;  
FCIS; FAIM; FAICD

Ian Farrar was appointed Chairman and Chief Executive Officer of the Joint Coal Board in July 1992.

Prior to this Ian was Senior Principal

Advisor to the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Australia's largest research organisation and has extensive experience in research management.



**RON LAND**

Ron Land is the Secretary of the Northern Branch of the United Mine Workers Federation. Ron is also Deputy Chairman of CoalSuper, Company Secretary of United Mining Services

Limited, and is a Trustee of the Joint Coal Board Health and Safety Trust and the United Collieries Trust Fund.

Ron has extensive experience as an underground mine worker, with 14 years experience working for a variety of coal mines in the northern coal district, before becoming Northern District Secretary of the CFMEU in 1985.

Ron was appointed the employees' representative on the Board in February 1998.



**UGO CARIO,**  
B.Comm; CPA

Ugo is Managing Director of Austral Coal Limited – a public company owning the Tahmoor underground longwall mine located in the southern coalfields.

Ugo was appointed to Austral Ltd in January 1997 when the mine was acquired from CRA.

Prior to 1997 Ugo worked for Rio Tinto for 22 years and as General Manager was responsible for their commercial and business analysis division as well as operating the Tahmoor mine and Illawarra Cokeworks. He is also a director of the Port Kembla Coal Terminal.

Ugo was appointed as the employers' representative on the Board in July 2000.

## Executive Team & Staff

### Executive Team

The executive team meets at least once a month to develop and address key strategic management and policy issues relevant to the operations of the Board. Where appropriate, the team implements, or recommends that the Board implement, measures that will assist staff to improve overall performance within the Board.

The team comprises the following persons:



Mr Ian Farrar,  
Chairman and Chief  
Executive Officer



Dr Bill Kirby, General  
Manager, Coal Mines  
Insurance



Mr Peter Flemming,  
Manager, Investment  
Management



Ms Sharon Buckley,  
General Manager,  
JCB Health



Ms Kay Jones,  
Manager, Finance &  
Administration

### Staff

Peter Adlington, Renae Alam, Janet Alania, Anne Anderson, Frances Arjonilla, Maria Arsenovic, Belinda Bailey, Chris Baillie, Tammy Ballard, Stephen Bevan, Tony Bezzina, Cena Biscocho, Craig Bloomfield, Lillian Bond, Marion Brien, Christine Brown, Sharon Buckley, Margaret Butler, Wendy Cairns, Sue Calvert, Natalie Card, Judy Carlisle, Victoria Catimbang, Lynne Chapman, Jacqueline Chevis, Helen Chung, Karen Clape, Wendy Cordell, Ken Cram, Judith Creagh, Jill Davidson, Neil Derwent, Rebecca Dicks, Margaret Donald, Julie Evans, Anne Evers, Sandra Felder, Lyn Ferguson, Peter Flemming, Leisa Floyd, Susan Fox, Belinda Frandsen, Stephanie Gilfillan, Sue Gilroy, Antony Gloss, Glenn Goodwin, Jane Gorton, Jenny Gould, Sarah Hamilton, Stella Hardas, James Hardy, Julie Heuston, Natalie Hewitt, Tanya Howe, Eva Hua, Ben Hutton, Suzanne Johnson, Anissa Jones, Kay Jones, Paul Junea, David Kane, Judy Keller, Chris Kelly, Jody Kerr, Kim Kerr, Bill Kirby, Brian Kirkland, Allen Lee, Paul Livingston, Gary Mace, Janelle Mackee, Dana MacPherson, Donna MacPherson, Fernando Mariano, Karina Mason, Chere McCamley, Graeme McDonald, Lynette McKinnon, Freda Meenaghan, Connie Merritt, Jo Midwinter, Carol Mische, Narelle Morsillo, Ellen Mungoven, Gail Narvo, Danny Ngo, Kirsten Nicholls, Nola O'Connor, Mark O'Neill, Tom Packovski, Lynette Pike, Bill Pollock, Ellen Prescott, Geoff Pritchard, Sarah Pryor, Maria Reynolds, Carla Ridolfi, Liz Rienstra, Cheryl Roach, Alison Robinson, Karen Rock, Rebecca Rumbel, Melinda Scott, Amanda Schultz, Lynn Sinclair, Calee Smith, Luisa Solari, Jacqui Solomon, Chris Sparsis, Sandra Speakman, Pauline Suhr, Debbie Tancred, Sally Taylor, Sandy Thai, Belinda Thomas, Peter Thurgood, Lyn Tran, Kylie Vanderlely, Donna Varley, Shamali Viswakula, Karen Walker, Kim Wilkinson-Kerin, Fiona Williams, Kristy Williams, Sharyn Williams, Denise Willis, Roger Willis, Elaine Winterbine, Renia Woodard, David Wu, Jenny Young.

## Board

The Board is responsible for the business of the economic entity, including its strategic direction within the parameters established by its governing legislation, establishing goals for management and monitoring achievement of those goals. The Board has established a framework for corporate governance which includes an Audit Committee, a process for the identification of risk and its management through a system of internal control and the establishment of appropriate ethical standards.

The Board consists of three people: an independent Chairperson, a Member representative of coal industry employers, and a Member representative of coal industry employees.

## Audit Committee

The Audit Committee comprises the two Members of the Board representing the coal industry's employers' and employees' interests and a retired general manager of the Board.

The role of the Committee is to review all aspects of the internal and external audit processes, including the monitoring of the identification and management of risk. Details of the systems reviewed by the Audit Committee appear elsewhere in this report.

## Risk Management and Control

The Board acknowledges that it is responsible for the overall internal control framework. To assist in discharging this responsibility the Board has instigated an internal control framework which includes:

## Risk Management and Internal Control System

The risks involved in achieving the Board's objectives and the system of internal control in place to ensure that those risks are kept within acceptable limits are monitored by the Audit Committee through Internal Audit.

## Financial Reporting

A comprehensive budgeting system is in place. Monthly actual results against budget are reported to the Board and variations examined.

## Fraud Control

The Board has a fraud control plan in place and it is updated on a regular basis. The current assessment of the plan is that the potential for fraud at the Board is low.

## Internal Audit

An internal auditor reports directly to the Chairman of the Audit Committee and is responsible for monitoring, investigating and reporting on the system of internal control and the risks that this system mitigates.

## Ethical Standards and Code of Conduct

The Board recognises the importance to good corporate governance of a high standard of conduct by the Board and its people. The Board has a Code of Conduct for its Members, and one for its staff.

## Board Members

The Board has instituted a code of conduct for the Chairman and Members to ensure they act in good faith, with appropriate skill, care and diligence in the interests of the NSW coal industry. They have a fiduciary duty of loyalty to the Joint Coal Board as a whole and to meet these requirements the Chairman and Members must:

- at all times act honestly
- exercise due care in the performance of their duties
- be diligent, attend Board meetings and make themselves knowledgeable about the operation of the JCB
- ensure that systems are established within the JCB to provide sufficient and accurate data on a regular and timely basis
- act in the interests of the JCB as a whole
- avoid conflicts of interest
- be independent in their judgements and actions
- maintain confidentiality of information provided and not disclose it unless there is agreement of the Board to do so.

## Ethical Standards

Our first responsibility is to the people who comprise the NSW coal industry; the workers and the management of the coal mining companies to whom we provide a service. In meeting their needs everything we do must be of high quality. Without compromising quality we must constantly strive to reduce our costs to ensure premiums are minimised and services we provide on a “user pays” basis are provided at reasonable prices. Services we provide to our stakeholders must be provided efficiently and be of a high quality. Advice to Ministers must be timely and unbiased. Suppliers of goods and services to the Board must have an opportunity to compete for our business on an equitable and fair basis, and we must recognise their legitimate aim is to make a fair profit.

We are responsible to our employees; each must be considered as an individual.

We must respect the dignity and recognise the merit of each employee. Remuneration must be fair and adequate, and working conditions clean, orderly and safe. Employees must feel free to communicate and to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management and the actions of management must be just and equitable.

**The Joint Coal Board is represented on several coal related organisations. The strategic alliances created allow for the Board's expertise to be utilised to the benefit of the NSW coal industry.**

## Audit Committee

The Joint Coal Board established the Audit Committee to assist it to meet its responsibility for good corporate governance and accountability. During the six months to 31 December 2001, membership of the committee was as follows:

Ugo Cario	Board Member	Chairman of the Committee
Ron Land	Board Member	Member of the Committee
Lloyd O'Brien	Past General Manager	Member of the Committee

Representatives from the Board's Internal Audit function and relevant managers attend meetings of the committee, whose function is to review and guide the internal audit process. During the six months to 31 December 2001, the Audit Committee reviewed reports from the Board's Internal Auditor on the following systems:

- claims and related systems including miners' group certificates
- JCB Health internal communications
- premium rate setting
- premium income
- purchasing and creditors
- investments
- property
- health and safety trust
- funeral benefits trust
- audit committee preparations

- audit planning and liaison
- external audit recommendations

The committee also meets periodically with delegates from the Australian National Audit Office to coordinate the total audit function and to receive any reports from them relating to internal control. The Board's financial statements are reviewed by a separate committee.

## Occupational Health and Safety Committee

The Joint Coal Board Occupational Health and Safety Committee comprises a representative from each Board office and a management representative. The purpose of the committee is to help to identify, report on and monitor issues relating to the occupational health and safety of the Board's staff.

Four Committee meetings were held throughout the year – one each at the offices in Lithgow, Warners Bay, Singleton and Sydney.

## Hunter Valley Coal Chain Council

The Joint Coal Board chairs the Hunter Valley Coal Chain Council and provides its Secretariat. The Council met quarterly to discuss issues and resolve problems arising across the coal chain in the Hunter Valley. Meetings were held at Joint Coal Board, Warners Bay; Department of Mineral Resources, Gateshead; Newcastle Port Corporation, Newcastle & CFMEU offices, Cessnock.

Membership of the Council is drawn from organisations including PWCS, Newcastle Trades Hall Council, FreightCorp, CFMEU, Department of Mineral Resources, Department of Industrial Relations (State), the Newcastle Port Corporation and the Maritime Union of Australia. The Council's wide representation from organisations across the coal chain helps to identify potential problems before they arise, and provides a forum for addressing issues of concern to the Members.

## Freedom of Information

The Board's statement for the purposes of the Freedom of Information Act 1982 appears in accordance with Section 8 of the Act as follows:

### FOI Procedures and Initial Contact Points

All enquiries for access to documents under FOI should be made to the Human Resources Officer, Joint Coal Board, 44 Market Street, Sydney, Telephone (02) 8270 3200. Board publications may be obtained and inspected at this address.

### Arrangements for Outside Participation

As the Board is set up under essentially identical Acts of the New South Wales and Commonwealth Parliaments, the right of the New South Wales Government to participate in the Board is the same as that of the Commonwealth Government. There is no other formal arrangement for outside participation.

### Categories of Documents

Publications produced by the Board are listed elsewhere in this report. The Board maintains files containing documents relating to its functions and responsibilities and to its internal administration. Documents include personnel records, reports, minutes, correspondence and accounting records. Other categories of documents held are medical data on coalmine workers, accident statistics, Board Orders and Alnewcol Circulars.

The Board's business records, accounting records, statistical data and accident data are accessible by computer. No requests for information under FOI were made in the six months to 31 December 2001 for information held by the Board.

## Statistical Publications

### New South Wales Coal Statistics

Annual publication containing comprehensive statistical information on production, employment, productivity, exports and domestic consumption of New South Wales coal.

### Australian Black Coal Statistics

Annual publication produced in co-operation with the Department of Mines & Energy, Queensland. Contains a wide range of industry statistics for the 2000 calendar year, resource data and producers directory

### Lost-Time Injuries and Fatalities, New South Wales Coal Mines

Annual publication containing lost-time injury and fatality statistics for NSW coal mines.

### Injury and Disease Claims, New South Wales Coal Mines

Annual publication containing injury and disease claim data for NSW coal mines.

### Australian Longwall Quarterly Report

Production, productivity and equipment information on an individual mine basis to assist the underground longwall industry to gauge performance. 4 issues – March, June, September and December quarters plus a copy of:-

### Australia's Longwalls

Annual publication co-produced with Australia's Mining Monthly – comprehensive profiles on longwall mines, new projects and a statistical review of the calendar year.

**Visit the JCB Website at [www.jcb.org.au](http://www.jcb.org.au) for a complete list of publications, price list and order forms.**



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## Joint Coal Board Statement by Board Members

In the opinion of the Board members, the accompanying statements of the Joint Coal Board and of the Group for the six months ended 31 December 2001, give a true and fair view of the matters required by Schedule 1 of the Commonwealth Authorities and Companies (Financial Statements 2000–01) Orders, issued by the Finance Minister.

At the date of this statement there are reasonable grounds to believe that the debts of the Joint Coal Board will be able to be paid as and when they fall due.

Signed in accordance with a written resolution of the Board.



Ian L Farrar  
Chairman



Ronald P Land  
Board Member



Ugo Cario  
Board Member

16 May 2002

## Statements of Financial Performance

for six months ended 31 December 2001

	Note	Consolidated		Parent entity	
		6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Revenues from ordinary activities</b>					
Premiums	2(a)	40,947	60,587	40,947	60,587
Investment income	2(b)	5,049	27,996	5,047	27,988
Net gains from sales of assets	2(c)	–	–	–	–
Transfers from provisions	2(d)	–	53	–	53
Other	2(e)	868	13,062	870	13,067
<b>Total revenues from ordinary activities</b>		<b>46,864</b>	<b>101,698</b>	<b>46,864</b>	<b>101,695</b>
<b>Operating expenses from ordinary activities</b>					
Claims expense	3(a)	66,514	108,065	66,513	108,064
Employees	3(b)	3,533	6,721	3,533	6,721
Depreciation and amortisation	3(c)	186	362	186	362
Net losses from sales of assets	3(d)	22	52	22	52
Transfers to provisions	3(e)	472	116	472	116
Other	3(f)	3,861	6,566	3,861	6,566
<b>Total expenses from ordinary activities</b>		<b>74,588</b>	<b>121,882</b>	<b>74,587</b>	<b>121,881</b>
<b>Loss from ordinary activities before income tax</b>	4	<b>(27,724)</b>	<b>(20,184)</b>	<b>(27,723)</b>	<b>(20,186)</b>
Income tax expense	6	–	–	–	–
<b>Net loss from ordinary activities after income tax</b>		<b>(27,724)</b>	<b>(20,184)</b>	<b>(27,723)</b>	<b>(20,186)</b>
<b>Total changes in equity</b>		<b>(27,724)</b>	<b>(20,184)</b>	<b>(27,723)</b>	<b>(20,186)</b>

The above statements of financial performance should be read in conjunction with the accompanying notes

## Statements of Financial Position

as at 31 December 2001

	Note	Consolidated		Parent entity	
		6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Current assets</b>					
Cash	7	16,014	17,081	16,013	17,077
Receivables	8	9,736	19,307	9,743	19,319
Investments	9	187,042	190,197	187,042	190,197
Other	10	217	104	217	104
<b>Total current assets</b>		<b>213,009</b>	<b>226,689</b>	<b>213,015</b>	<b>226,697</b>
<b>Non-current assets</b>					
Investments	11	116,583	104,462	116,666	104,544
Plant and equipment	12	1,357	1,372	1,357	1,372
Other	13	841	1,422	841	1,422
<b>Total non-current assets</b>		<b>118,781</b>	<b>107,256</b>	<b>118,864</b>	<b>107,338</b>
<b>Total assets</b>		<b>331,790</b>	<b>333,945</b>	<b>331,879</b>	<b>334,035</b>
<b>Current liabilities</b>					
Payables	14	2,245	1,798	2,365	1,928
Provisions	15	76,855	75,080	76,842	75,054
Other	16	925	682	925	682
<b>Total current liabilities</b>		<b>80,025</b>	<b>77,560</b>	<b>80,132</b>	<b>77,664</b>
<b>Non-current liabilities</b>					
Provisions	17	276,178	253,073	276,156	253,057
<b>Total non-current liabilities</b>		<b>276,178</b>	<b>253,073</b>	<b>276,156</b>	<b>253,057</b>
<b>Total liabilities</b>		<b>356,203</b>	<b>330,633</b>	<b>356,288</b>	<b>330,721</b>
<b>Net assets</b>		<b>(24,413)</b>	<b>3,312</b>	<b>(24,409)</b>	<b>3,314</b>
<b>Equity</b>					
<b>Parent entity interest</b>					
Reserves	22	19,450	19,450	19,450	19,450
Retained losses		(43,863)	(16,138)	(43,859)	(16,136)
<b>Total equity</b>	23	<b>(24,413)</b>	<b>3,312</b>	<b>(24,409)</b>	<b>3,314</b>

The above statements of financial position should be read in conjunction with the accompanying notes

## Statements of Cash Flows

for six months ended 31 December 2001

	Note	Consolidated		Parent entity	
		6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Operating activities</b>					
<b>Cash received</b>					
Premiums received		43,494	65,040	43,494	65,040
Rent received		3,747	8,951	3,747	8,951
Interest received		1,617	3,895	1,614	3,887
Dividends received		1,093	1,182	1,093	1,182
Other investment income		2,888	9,424	2,888	9,424
Joint Coal Board Health and Safety Trust		–	70	–	70
Other operating receipts		12,713	1,542	12,718	1,555
<b>Total cash received</b>		<b>65,552</b>	<b>90,104</b>	<b>65,554</b>	<b>90,109</b>
<b>Cash used</b>					
Claims paid		40,455	81,151	40,445	81,151
Reinsurance paid		203	96	203	96
Other underwriting expenses paid		400	722	400	722
Joint Coal Board Health and Safety Trust		–	–	–	–
Interest paid		–	–	–	–
Miners' pension fund payments		1,226	4,146	1,226	4,146
Other operating payments		10,479	17,299	10,488	17,306
<b>Total cash used</b>		<b>52,763</b>	<b>103,414</b>	<b>52,762</b>	<b>103,421</b>
<b>Net cash from (used by) operating activities</b>	31	<b>12,789</b>	<b>(13,310)</b>	<b>12,792</b>	<b>(13,312)</b>
<b>Investing activities</b>					
<b>Cash received</b>					
Proceeds from sale of fixed interest securities		10,332	33,374	10,332	33,374
Proceeds from maturity of fixed interest securities		–	162	–	162
Proceeds from sale of property		–	26,267	–	26,267
Proceeds from sale of shares		10,189	33,896	10,189	33,896
Proceeds from sale of plant and equipment		290	574	290	574
<b>Total cash received</b>		<b>20,811</b>	<b>94,273</b>	<b>20,811</b>	<b>94,273</b>
<b>Cash used</b>					
Payments for fixed interest securities		22,348	37,622	22,348	37,622
Payments for property		62	212	62	212
Payments for shares		11,821	33,881	11,821	33,881
Payments for plant and equipment		506	1,045	506	1,045
<b>Total cash used</b>		<b>34,737</b>	<b>72,760</b>	<b>34,737</b>	<b>72,760</b>
<b>Net cash from (used by) investing activities</b>		<b>(13,926)</b>	<b>21,513</b>	<b>(13,926)</b>	<b>21,513</b>
<b>Net increase (decrease) in cash held</b>		<b>(1,137)</b>	<b>8,203</b>	<b>(1,134)</b>	<b>8,201</b>
Cash at the beginning of the reporting period		17,556	9,353	17,552	9,351
<b>Cash at the end of the reporting period</b>	7	<b>16,419</b>	<b>17,556</b>	<b>16,418</b>	<b>17,552</b>

The above statements of cashflows should be read in conjunction with the accompanying notes

## Schedules of Commitments

as at 31 December 2001

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>By Type</b>				
<b>Capital commitments</b>				
Plant and equipment	–	7	–	7
<b>Total capital commitments</b>	–	7	–	7
<b>Other commitments</b>				
Operating leases	932	1,103	932	1,103
<b>Total other commitments</b>	932	1,103	932	1,103
<b>Net commitments</b>	932	1,110	932	1,110
<b>By Maturity</b>				
One year or less	353	351	353	351
From one to five years	579	759	579	759
Over five years	–	–	–	–
<b>Net commitments</b>	932	1,110	932	1,110

All commitments are GST inclusive where relevant.

## Schedules of Contingencies

as at 31 December 2001

As at balance date there were no contingent liabilities.

The above schedules of commitments and contingencies should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

for six months ended 31 December 2001

### Note 1

#### Summary of Significant Accounting Policies

##### (a) Basis of preparation

The financial statements are a special purpose financial report for the six months ending 31 December 2001, and have been prepared in accordance with Schedule 1 to Commonwealth Authorities and Companies (Financial Statements 2000–2001) Orders issued by the Finance Minister.

The financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Accounting Standards Board (Accounting Guidance Releases) and the Consensus Views of the Urgent Issues Group, and having regard to Statements of Accounting Concepts.

The financial statements have been prepared on an accrual basis and are in accordance with historical cost convention, except where otherwise stated.

Accounting policies adopted are consistent with those of the previous years.

##### (b) Principles of consolidation

The consolidated financial statements are those of the economic entity comprising the Joint Coal Board (the parent entity) and Coal Mines Insurance Pty Limited, a controlled entity.

The effects of all transactions between entities in the economic entity are eliminated in full.

##### (c) Premium revenue

Workers compensation insurance policies are written by the parent entity on an annual basis. Premium revenue is recognised by the parent entity as soon as the amount can be reliably measured. This predominately occurs each

month, as policyholders make their monthly instalment payments. These instalments are calculated at the appropriate premium rate on the wages actually paid during the preceding calendar month.

The earned portion of premiums received and receivable is recognised as revenue. Any unearned premiums are determined by apportioning the premiums received during the year on a daily pro-rata basis.

##### (d) Outwards reinsurance

Premium paid to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received.

##### (e) Claims

The liability for outstanding claims covers claims reported but not yet paid, claims incurred but not yet reported (IBNR) and the anticipated direct and indirect costs of settling those claims.

Claims outstanding are assessed on the basis of statutory obligations and accident pay agreements, and are subject to independent actuarial assessment.

The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims will not be paid out in the immediate future. These payments are estimated on the basis of the expected ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and superimposed inflation. The expected future payments are discounted to present value at the balance date using long term, market-determined, risk-adjusted discount rates. Details of inflation and discount rates adopted are included in note 18.

**(f) Income tax**

The operations of the Joint Coal Board are not subject to income tax.

The operations of Coal Mines Insurance Pty Limited are subject to income tax, where those operations are conducted as principal and not as delegate of the Joint Coal Board. Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit (after allowing for permanent differences). Income tax on net cumulative timing differences is set aside to the deferred income tax and future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. This benefit will only be obtained if:

- (i) the taxable entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the taxable entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the taxable entity in realising the benefit from the deductions for the losses.

**(g) Depreciation of plant and equipment**

Items of plant and equipment at cost are depreciated at rates based upon their expected economic lives. The minimum limit for the capitalisation of expenditure is \$1,000.

**(h) Maintenance and repairs**

Maintenance and repair costs are charged as expenses.

**(i) Investments and investment income**

Investments are taken up in the financial statements at net market value at balance date. Investments include all land and buildings owned by the Board.

Changes in the net market values of investments at the balance date from their net market values at the previous balance date (or cost of acquisition, if acquired during the financial year) are recognised as revenue or expense in the statement of financial performance.

Net market values are determined as follows:

Land and buildings – by Board officers based on assessments provided by independent registered valuers

Fixed interest securities – by reference to market quotations

Australian shares – by reference to market quotations

Equity trust units – by reference to unit redemption prices

Property trust units – by reference to market quotations

Gunnedah rail loop and loader – by Board officers

Where material, estimated costs of realisation are deducted.

Investment revenue is brought to account on an accruals basis. Dividends and distributions on quoted shares and property trusts are deemed to accrue on the date the shares or property trusts are quoted ex-dividend or ex-distribution.



**(j) Cash**

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

**(k) Operating leases**

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

**(l) Employee entitlements****(i) Annual and long service leave**

A liability for annual and long service leave is recognised and measured in respect of services provided by employees up to balance date.

The liability for annual leave is measured at its nominal value and is expected to be settled within twelve months.

The liability for long service leave is measured as the present value of estimated future cash outflows. In estimating future payments regard is had to expected future salary levels and experience of employee departures and periods of service. The expected future payments are discounted to present value at the balance date using a discount rate of 7.25%.

**(ii) Superannuation**

A liability or an asset in respect of defined benefit superannuation is recognised and measured for schemes administered by the SAS Trustee Corporation (STC), based on an assessment made by the STC actuary (William M Mercer). These schemes include State Superannuation Scheme, State Authorities Superannuation Scheme and State Authorities Non Contributory Superannuation Scheme.

**(m) Comparative Figures**

Comparative figures are for the twelve months ending 30 June 2001. Where appropriate, they have been reclassified so as to be comparable with the figures presented for the current six month period. Figures for the six month period ending 31 December 2000 were unavailable.

**(n) Rounding**

Amounts have been rounded to the nearest \$1,000 with the following exceptions:

- remuneration of Board members,
- remuneration of executives,
- remuneration of auditors

and where included as part of the narrative of a note.

The symbol “~” has been used for amounts greater than zero and less than \$500.

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 2</b>				
<b>Operating Revenues</b>				
<b>(a) Premiums</b>				
Premium income	40,947	60,587	40,947	60,587
<b>(b) Investment income</b>				
Dividends	878	1,134	878	1,134
Equity and Property trust distributions	2,180	4,518	2,180	4,518
Fixed Interest trust distributions	1,168	3,465	1,168	3,465
Interest – short term investments	390	1,065	388	1,057
Interest – long term investments	1,627	2,953	1,627	2,953
Interest – other	–	~	–	~
Rental income	3,579	8,201	3,579	8,201
Changes in net market value of investments:				
Fixed interest investments	817	(93)	817	(93)
Property	(~)	1,624	(~)	1,624
Australian listed shares and equity trust units	(5,699)	2,730	(5,699)	2,730
Property trust units	464	539	464	539
Realised profits:				
Fixed interest investments	74	(40)	74	(40)
Property	(1)	3,467	(1)	3,467
Australian listed shares and equity trust units	(656)	(1,630)	(656)	(1,630)
Property trust units	174	59	174	59
Other investment income	54	4	54	4
	5,049	27,996	5,047	27,988
<b>(c) Net gains from sales of assets</b>				
Profit arising from disposal of non-current assets	–	–	–	–
<b>(d) Transfers from provisions</b>				
Reduction in provision for superannuation benefits	–	–	–	–
Reduction in provision for doubtful debts	–	53	–	53
	–	53	–	53
<b>(e) Other income</b>				
Expense recovery (i)	–	11,525	–	11,525
Other	868	1,537	870	1,542
	868	13,062	870	13,067
<b>Total operating revenues</b>	<b>46,864</b>	<b>101,698</b>	<b>46,864</b>	<b>101,695</b>

(i) The Joint Coal Board Health and Safety Trust agreed to reimburse the parent entity for expenditure on research and related activities, conducted during the period July 1991 to June 2000.

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 3</b>				
<b>Operating Expenses</b>				
<b>(a) Claims expense</b>				
Payments on claims	40,114	80,665	40,106	80,650
Movement in provision	26,400	27,400	26,407	27,414
	<u>66,514</u>	<u>108,065</u>	<u>66,513</u>	<u>108,064</u>
<b>(b) Employees expense</b>				
Salaries and wages	2,486	5,065	2,486	5,065
Annual leave/long service leave provision	288	599	288	599
Superannuation and staff related costs	178	355	178	355
Increase in provision for superannuation benefits	581	702	581	702
	<u>3,533</u>	<u>6,721</u>	<u>3,533</u>	<u>6,721</u>
<b>(c) Depreciation and amortisation</b>				
Depreciation of plant and equipment	186	362	186	362
<b>(d) Net losses from sales of assets</b>				
Loss arising from disposal of non-current assets	22	52	22	52
<b>(e) Transfers to provisions</b>				
Provision for doubtful debts	472	116	472	116
<b>(f) Other</b>				
Rental expense relating to operating leases	151	318	151	318
Cleaning and other property costs	79	176	79	176
Welfare expenditure – direct	126	145	126	145
Investment property operating and management expenses	881	2,270	881	2,270
Auditors' fees for audit of accounts	69	66	69	66
Other underwriting expenses	535	874	535	874
Miners' pensions expense under Joint Coal Board indemnity	568	(286)	568	(286)
Bad debts expense	–	72	–	72
Other expenses	1,452	2,931	1,452	2,931
	<u>3,861</u>	<u>6,566</u>	<u>3,861</u>	<u>6,566</u>
<b>Total operating expenses</b>	<u>74,588</u>	<u>121,882</u>	<u>74,587</u>	<u>121,881</u>

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 4</b>				
<b>Operating Loss</b>				
Premium revenue	40,947	60,587	40,947	60,587
Reinsurance premium expense	(101)	(191)	(101)	(191)
	40,846	60,396	40,846	60,396
Claims expense (excluding claims discount expense)	(45,968)	(87,162)	(45,967)	(87,161)
Acquisition costs	(20)	(20)	(20)	(20)
Claims management expense	(2,489)	(4,792)	(2,489)	(4,792)
Other underwriting expense	(433)	(683)	(433)	(683)
	(48,910)	(92,657)	(48,909)	(92,656)
Underwriting result	(8,064)	(32,261)	(8,063)	(32,260)
Investment revenue	5,049	27,996	5,046	27,988
Claims discount expense	(20,546)	(20,903)	(20,546)	(20,903)
Miners' pension expense	(568)	286	(568)	286
Sundry income	867	13,114	870	13,119
General and administration expenses	(4,462)	(8,416)	(4,462)	(8,416)
Loss from ordinary activities before income tax	(27,724)	(20,184)	(27,723)	(20,186)

**Note 5****Claims Expense**

Payments on claims	40,114	80,665	40,106	80,650
Movement in provision	26,400	27,400	26,407	27,414
Claims expense (including claims discount expense)	66,514	108,065	66,513	108,064
Claims discount expense	(20,546)	(20,903)	(20,546)	(20,903)
Claims expense (excluding claims discount expense)	45,968	87,162	45,967	87,161

The claims discount expense represents that portion of the increase in the liability for outstanding claims arising during the year from the passage of time as the claim payments discounted in the prior year come closer to settlement.

	Consolidated	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 6</b>		
<b>Income Tax (Consolidated)</b>		
Operating profit (loss) of taxable entity	(1)	2
Income tax calculated at 34%	~	1
Tax effect of permanent differences:		
Income tax losses for the current year not brought to account	~	(1)
Income tax losses not previously brought to account now utilised	–	–
Income tax attributable to operating profit	–	–
The directors of the taxable entity estimate that the potential future income tax benefit at 31 December in respect of tax losses not brought to account is:	16	16

This benefit for tax losses will only be obtained if:

- (i) the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the losses

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 7</b>				
<b>Current Assets – Cash</b>				
Cash	5,882	1,654	5,881	1,650
Deposits at call	9,479	5,427	9,479	5,427
Short Term Deposits	653	10,000	653	10,000
	16,014	17,081	16,013	17,077

The above figures reconcile to cash at the end of the period, as shown in the statement of cash flows, as follows:

Balances as above	16,014	17,081	16,013	17,077
Add: Deposit with investment managers (Note 9)	405	475	405	475
Balances per statement of cash flows	16,419	17,556	16,418	17,552

The parent entity has a bank overdraft facility of \$600 000 which was unused as at 31 December 2001.

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 8</b>				
<b>Current Assets – Receivables</b>				
Trade debtors	1,440	869	1,440	869
Other debtors	364	148	371	160
	<u>1,804</u>	<u>1,017</u>	<u>1,811</u>	<u>1,029</u>
Provision for doubtful debts	(662)	(190)	(662)	(190)
	<u>1,142</u>	<u>827</u>	<u>1,149</u>	<u>839</u>
Accrued income				
Interest	1,245	844	1,245	844
Dividends	233	377	233	377
Premiums	7,060	5,685	7,060	5,685
Expense recovery from Joint Coal Board Health and Safety Trust	–	11,525	–	11,525
Other	56	49	56	49
	<u>9,736</u>	<u>19,307</u>	<u>9,743</u>	<u>19,319</u>

Debtors (gross) which are overdue are aged as follows:

Overdue by:

– less than 30 days	1,052	803	1,059	815
– 30 to 60 days	417	65	417	65
– 60 to 90 days	239	13	239	13
– more than 90 days	96	136	96	136
Total debtors (gross)	<u>1,804</u>	<u>1,017</u>	<u>1,811</u>	<u>1,029</u>

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 9</b>		
<b>Current Assets – Investments (Consolidated and parent entity)</b>		
Australian bond trust units	47,531	46,798
Australian listed shares	42,755	43,544
Australian equity trust units	58,090	58,385
Overseas equity trust units	27,255	30,124
Property trust units	10,867	10,732
Deposit with investment managers	405	475
Mortgage bonds	45	45
Gunnedah rail loop and loader	94	94
	<u>187,042</u>	<u>190,197</u>

6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
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**Note 10****Current Assets – Other (Consolidated and parent entity)**

Deposit paid	~	~
Prepayments	217	104
	<u>217</u>	<u>104</u>

Consolidated		Parent entity	
6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000

**Note 11****Non-Current Assets – Investments**

Semi-government stock	31,811	30,709	31,811	30,709
Commonwealth bonds	11,128	5,219	11,128	5,219
Corporate Securities	10,224	5,147	10,224	5,147
Equity Loan	1,032	1,031	1,032	1,031
Mortgage bonds	257	269	257	268
Property	62,131	62,087	62,131	62,087
Shares in controlled entity – at cost	–	–	83	83
	<u>116,583</u>	<u>104,462</u>	<u>116,666</u>	<u>104,544</u>

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 12</b>		
<b>Non-Current Assets – Plant and Equipment (Consolidated and parent entity)</b>		
Office improvements at cost	277	284
Less: accumulated depreciation	205	200
	<u>72</u>	<u>84</u>
Computer equipment at cost	1,067	1,031
Less: accumulated depreciation	705	744
	<u>362</u>	<u>287</u>
Motor vehicles at cost	736	780
Less: accumulated depreciation	71	65
	<u>665</u>	<u>715</u>
Furniture and equipment at cost	1,337	1,354
Less: accumulated depreciation	1,079	1,068
	<u>258</u>	<u>286</u>
	<u>1,357</u>	<u>1,372</u>

**Reconciliations**

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	Office Improvements \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Furniture & Equipment \$'000	Total \$'000
Carrying amount at start of year	84	287	715	286	1,372
Additions	–	147	333	9	489
Disposals	–	(5)	(312)	–	(317)
Depreciation/amortisation expense	(12)	(67)	(71)	(37)	(187)
Carrying amount at end of year	<u>72</u>	<u>362</u>	<u>665</u>	<u>258</u>	<u>1,357</u>

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 13</b>		
<b>Non-Current Assets – Other (Consolidated and parent entity)</b>		
Prepayments – superannuation	841	1,422



	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 14</b>				
<b>Current Liabilities – Payables</b>				
Trade and other creditors	1,402	897	1,402	897
Net GST payable to ATO	651	521	651	521
Accrued expenses	192	380	192	380
Coal Mines Insurance Pty Limited	–	–	120	130
	<u>2,245</u>	<u>1,798</u>	<u>2,365</u>	<u>1,928</u>

**Note 15****Current Liabilities – Provisions**

Outstanding claims	72,413	70,326	72,400	70,300
Miners' pension fund – indemnity	3,700	3,900	3,700	3,900
Employee entitlements	657	754	657	754
Common user facility – deferred maintenance	85	100	85	100
	<u>76,855</u>	<u>75,080</u>	<u>76,842</u>	<u>75,054</u>

6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
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**Note 16****Current Liabilities – Other (Consolidated and parent entity)**

Unearned premiums	403	177
Income received in advance	476	472
Rental bonds received	46	33
	<u>925</u>	<u>682</u>

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 17</b>				
<b>Non-Current Liabilities – Provisions</b>				
Outstanding claims	258,387	234,074	258,365	234,058
Miners' pension fund – indemnity	16,778	17,960	16,778	17,960
Employee entitlements	1,013	976	1,013	976
Common user facility – deferred maintenance	–	63	–	63
	<u>276,178</u>	<u>253,073</u>	<u>276,156</u>	<u>253,057</u>

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 18</b>				
<b>Outstanding Claims</b>				
(a) Expected future claims payments (undiscounted)	423,700	386,100	423,656	386,044
Discount to present value	(92,900)	(81,700)	(92,891)	(81,686)
Liability for outstanding claims	330,800	304,400	330,765	304,358
Current	72,413	70,326	72,400	70,300
Non-current	258,387	234,074	258,365	234,058
	330,800	304,400	330,765	304,358

(b) The following average inflation rates and discount rates were used in the measurement of outstanding claims:

	6 mths ended 31 Dec 2001	12 mths ended 30 June 2001	6 mths ended 31 Dec 2001	12 mths ended 30 June 2001
For the succeeding year				
Inflation rate – normal	3.50%	3.50%	3.50%	3.50%
Inflation rate – superimposed	1.50%	1.50%	1.50%	1.50%
Discount rate	7.25%	7.25%	7.25%	7.25%
For subsequent years				
Inflation rate – normal	3.50%	3.50%	3.50%	3.50%
Inflation rate – superimposed	1.50%	1.50%	1.50%	1.50%
Discount rate	7.25%	7.25%	7.25%	7.25%

(c) The weighted average expected term to settlement of the outstanding claims from the balance date is estimated to be 4.1 years (June 2001 3.9 years).

### Note 19

#### Net Claims Incurred (Consolidated)

Current year claims relate to risks borne in the current financial year.

Prior year claims relate to a reassessment of the risks borne in all previous financial years.

	6 mths ended 31 Dec 2001 \$'000			12 mths ended 30 June 2001 \$'000		
	Current Year	Prior Years	Total	Current Year	Prior Years	Total
Gross claims incurred and related expenses	57,081	20,633	77,714	86,922	18,343	105,265
Reinsurance and other recoveries	–	–	–	–	–	–
Gross claims net of reinsurance and recoveries	57,081	20,633	77,714	86,922	18,343	105,265
Discount on gross claims incurred	11,993	(793)	11,200	16,346	(19,146)	(2,800)
Discount associated with reinsurance and other recoveries	–	–	–	–	–	–
Net discount movement	11,993	(793)	11,200	16,346	(19,146)	(2,800)
	45,088	21,426	66,514	70,576	37,489	108,065

**Note 20****Joint Coal Board Indemnity – Miners' Pension Fund (Consolidated and parent entity)**

With the agreement of the Commonwealth and New South Wales Governments, the Joint Coal Board has indemnified COALSUPER Pty Ltd, for its liability to pre-1978 pensioners in the Statutory Fund.

The actuarial valuation of the liability at 31 December 2001 was \$20,478,000.

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
(a) Expected future pension payments (undiscounted)	31,119	33,338
Discount to present value	(10,641)	(11,478)
Liability for future pension payments	20,478	21,860
Current	3,700	3,900
Non-current	16,778	17,960
	20,478	21,860

(b) The following average inflation rates and discount rates were used in the measurement of the Miners' Pension Fund liability:

	6 mths ended 31 Dec 2001	12 mths ended 30 June 2001
For the succeeding year		
Inflation rate	3.00%	3.00%
Discount rate	7.25%	7.25%
For subsequent years		
Inflation rate	3.00%	3.00%
Discount rate	7.25%	7.25%

(c) The weighted average expected term to settlement of future pension payments from the balance date is estimated to be 5.0 years (June 2001 5.0 years).

(d) Miners' pensions expense under Joint Coal Board indemnity:

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
Pension payments	1,950	4,153
Movement in provision	(1,382)	(4,439)
	568	(286)

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 21</b>		
<b>Employee Entitlements – Provisions (Consolidated and parent entity )</b>		
Long service leave entitlements		
Current	19	64
Non-current	1,013	976
	1,032	1,040
Annual leave entitlements		
Current	638	690
Superannuation entitlements	–	–
Total employee entitlements		
Current	657	754
Non-current	1,013	976
	1,670	1,730

#### Superannuation entitlements

During the year, the parent entity participated in various superannuation schemes that offered either defined and/or accumulated benefits to employees on retirement, disability or death. These schemes included the State Superannuation Fund, the State Authorities Superannuation Scheme, the State Authorities Non Contributory Superannuation Scheme, First State Superannuation Scheme, and various personal superannuation schemes administered by financial institutions.

Contributions are made to the schemes by employees and the parent entity based on salary and within the rules of each scheme. The total amount paid or payable by the parent entity was \$213,405 (June 2001 – \$425,677). This amount includes \$91,113 (June 2001 – \$180,889) paid as part of salary packages and is included as part of the salaries and wages expense. Current employer contributions to all schemes are calculated to meet the full cost of the parent entity's liabilities under each scheme.

The gross superannuation liabilities for the defined benefit schemes administered by the SAS Trustee Corporation (STC) are assessed each year by the STC actuary. The difference between the gross liability and the employer reserve account balance held by STC for each scheme is recognised either as a liability or an asset. There is no provision for superannuation liability in these statements. Prepaid superannuation contributions for the State Superannuation Scheme, the State Authorities Superannuation Scheme, and the State Authorities Non Contributory Superannuation Scheme are shown as an asset at Note 13.

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 22</b>		
<b>Reserves (Consolidated and parent entity)</b>		
Claims Stabilisation Reserve	–	–
Disaster Reserve	4,700	4,700
Investment Fluctuation Reserve	10,000	10,000
General Reserve	4,750	4,750
	<u>19,450</u>	<u>19,450</u>
Movements in Reserves were:		
<b>Claims Stabilisation Reserve</b>		
Balance at beginning of year	–	5,900
Transfer to Accumulated Losses	–	5,900
Balance at end of year	<u>–</u>	<u>–</u>
<b>Disaster Reserve</b>		
Balance at beginning of year	<u>4,700</u>	<u>4,700</u>
Balance at end of year	<u>4,700</u>	<u>4,700</u>
<b>Investment Fluctuation Reserve</b>		
Balance at beginning of year	<u>10,000</u>	<u>10,000</u>
Balance at end of year	<u>10,000</u>	<u>10,000</u>
<b>General Reserve</b>		
Balance at beginning of year	4,750	14,750
Transfer to Accumulated Losses	–	10,000
Balance at end of year	<u>4,750</u>	<u>4,750</u>

**Note 23****Total Equity****Insurance Services**

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
Reserves	14,700	14,700	14,700	14,700
Retained losses	(51,261)	(23,623)	(51,257)	(23,621)
Insurance Services equity	(36,561)	(8,923)	(36,557)	(8,921)

**Other Services**

Reserves	4,750	4,750	4,750	4,750
Retained profits	7,398	7,485	7,398	7,485
Other Services equity	12,148	12,235	12,148	12,235
Total equity	(24,413)	3,312	(24,409)	3,314

6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
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**Note 24****Welfare Expenditure (Consolidated and parent entity)**

During the year the parent entity made the following payments from welfare funds:

Welfare grants	27	76
Funeral benefits	99	69
Administrative expenditure	10	10
	136	155

The financial status of welfare funds at year end reconciles as follows:

Funds available at beginning of year	2,682	2,633
Welfare expense	(136)	(155)
Allocated investment revenue	35	204
Funds available at end of year	2,581	2,682

The above balance of \$ 2 581 000 (June 2001–\$ 2 682 000) is included in the equity component for other services (refer Note 23).

**Note 25****Remuneration of Auditors**

Amounts received, or due and receivable by the auditors for auditing the accounts of the Joint Coal Board and Coal Mines Insurance Pty Limited

	Consolidated		Parent entity	
	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
	69	66	69	66
	69	66	69	66

The auditors received no other benefits.

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 26</b>		
<b>Remuneration of Board Members (Consolidated and parent entity)</b>		
Remuneration received or due and receivable from the parent entity	149,964	288,468

The number of Board Members included in these figures are shown below in their relevant remuneration bands:

	Number	Number
Remuneration between:		
\$10,000 and \$19,999	1	–
\$20,000 and \$29,999	1	1
\$50,000 and \$59,999	–	1
\$100,000 and \$109,999	1	–
\$200,000 and \$209,999	–	1

The above remuneration amounts include \$ 41 480 (June 2001 \$ 81 584) relating to payments made to a superannuation scheme in connection with the retirement of Board Members.

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
<b>Note 27</b>		
<b>Remuneration of Executives (Consolidated and parent entity)</b>		
Remuneration received or due and receivable by executives who earn \$100,000 or more in a total remuneration package in connection with the management of the parent entity	–	912,719

The number of executives included in these figures are shown below in their relevant remuneration bands:

	Number	Number
Remuneration between:		
\$100,000 and \$109,999	–	2
\$110,000 and \$119,999	–	1
\$120,000 and \$129,999	–	1
\$130,000 and \$139,999	–	1
\$150,000 and \$159,999	–	1
\$170,000 and \$179,999	–	1

There were no executives paid \$100,000 or more in the period. The remuneration amounts reported at June 2001 included \$101,452 relating to payments made to superannuation schemes, and termination payments to one executive totalling \$89,961.

The Chairman of the Board, who is also the Chief Executive Officer, has not been included here, but is included at Note 26.

**Note 28****Related Parties (Consolidated and parent entity)****Board Members**

The names of the persons who were Board Members at any time during the six month period were as follows:

I L Farrar (Chairman); R P Land; U Cario.

Each member, acting as a nominee of the Joint Coal Board, held a \$ 1 ordinary share in Coal Mines Insurance Pty Limited at 31 December 2001.

I L Farrar and R P Land were trustees of the Joint Coal Board Health and Safety Trust. The Trust is independent of the entity. All transactions with the Trust are shown separately in these financial statements.

**(a) Remuneration**

The aggregate remuneration (including superannuation payments) of Board Members is disclosed at Note 26.

**(b) Transactions with Board Member related entities****(i) Income transactions**

R P Land is the company secretary of United Mining Support Services, and secretary of the Northern District, Mining and Energy Division, Construction Forestry Mining and Energy Union. During the period Joint Coal Board provided Workers Compensation insurance services to these organisations. All transactions were conducted under normal commercial terms and conditions.

R P Land is a director and Chairman of Coalsuper Services Pty Ltd. During the period Joint Coal Board provided office space for rental to Coalsuper Services Pty Ltd. All transactions were conducted under normal commercial terms and conditions.

U Cario is the managing director of Austral Coal Limited, a director of Tahmoor Coal Pty Ltd, and a director of Port Kembla Coal Terminal Limited. During the period Joint Coal Board provided workers compensation insurance services to these organisations.

All transactions were conducted under normal commercial terms and conditions.

Aggregate amounts of each of the above income transactions with director and their director related entities are:

	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000
Premium Income	3,196	4,634
Rental Income	64	123

**(ii) Other transactions**

R P Land is a director of Coalsuper Pty Ltd.

The parent entity has indemnified Coalsuper Pty Ltd for its liability to pre-1978 pensioners in the Statutory Fund. Details of the indemnity are disclosed at Note 20.

**Controlled entity**

All claims on policies issued by the controlled entity are managed by staff of the parent entity.

**Other Related Parties**

The parent entity holds a nominee directorship in Mount Thorley Coal Loading Limited.

The parent entity has made a loan to Mount Thorley Coal Loading Limited which is secured by a bank guarantee. As at 31 December the amount outstanding on the loan was \$1,010,000. During the period, the parent entity received \$37,875 interest on this loan.



**Note 29****Investment in Controlled Entity (Parent entity)**

Name of entity:	Coal Mines Insurance Pty Limited
Country of incorporation:	Australia
Class of shares:	Ordinary

	6 mths ended 31 Dec 2001 %	12 mths ended 30 June 2001 %
Equity holding	100	100
	\$'000	\$'000
Cost of parent entity's investment	83	83
Contribution to net loss from ordinary activities after income tax	(1)	2

Coal Mines Insurance Pty Limited is directly controlled by the Joint Coal Board.

There are no outside equity interests in Coal Mines Insurance Pty Limited.

**Note 30****Financial Reporting by Segments (Consolidated and parent entity)**

The economic entity operates predominantly in the workers' compensation insurance industry in New South Wales.

Consolidated		Parent entity	
6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000	6 mths ended 31 Dec 2001 \$'000	12 mths ended 30 June 2001 \$'000

**Note 31****Reconciliation of Net loss to Net cash flow from operating activities**

Net loss	(27,724)	(20,184)	(27,723)	(20,186)
Depreciation and amortisation	187	362	187	362
Losses (profits) on realisation of investments	408	(1,861)	408	(1,861)
Unrealised losses (profits) on investments	4,418	(4,800)	4,418	(4,800)
Net loss on sale of plant and equipment	22	55	22	55
Increase in provision for doubtful debts	472	63	472	63
Bad Debt written off	–	72	–	72
Increase in trade debtors	(572)	(169)	(572)	(169)
(Increase) decrease in other receivables	(71)	55	(66)	50
Decrease (increase) in accrued income	9,446	(11,454)	9,446	(11,454)
Decrease in prepayments and deposits	468	816	468	816
Increase in trade creditors	799	766	799	765
Decrease in accrued expenses	(186)	(104)	(196)	(112)
Increase in other operating liabilities	243	204	243	204
Increase in claims provision	26,400	27,400	26,407	27,414
Decrease in other provisions	(1,521)	(4,531)	(1,521)	(4,531)
Net cash from (used by) operating activities	12,789	(13,310)	12,792	(13,312)

**Note 32****Subsequent Events**

Pursuant to the Coal Industry Act 2001, the parent entity was dissolved at 31 December 2001.

On 1 January 2002, the assets, rights and liabilities of the parent entity were transferred to a new entity, Coal Services Pty Ltd, which is owned jointly by the NSW Minerals Council, and the Construction Forestry Mining and Energy Union.

**Note 33****Going Concern**

In view of the significant losses incurred in the six months ended 31 December 2001 and the negative equity reported, the Board of the parent entity has carefully considered the going concern assumption underlying this financial report.

As at 31 December 2001 the entity has net asset deficiency of \$24.4 million, and a loss for the half year of \$27.7 million.

Pursuant to the Coal Industry Act 2001, the New South Wales Government has:

- undertaken to continue the monopoly status of the new entity, Coal Services Pty Ltd;
- given the power to the new entity to require, if necessary, coal industry employers to pay a contribution to it to meet any overall deficit in its net assets position in any financial year.

This is designed to ensure the ongoing viability of the new entity as a going concern.

**Note 34 Financial Instruments (Consolidated)****a) Terms conditions and accounting policies**

Financial Instrument	Accounting Policies and Methods	Nature of underlying instrument
<b>Financial Assets</b>		
<b>Deposits at Call</b>	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds are placed in call money market investments awaiting further investment opportunities. Interest is earned on the daily balance and is paid at month end.
<b>Receivables</b>	Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts.	Credit terms are between 7 and 30 days depending on the nature of the receivable.
<b>Equity Loan</b>	Equity Loan is valued according to market quotations.	Loan is secured by a bank guarantee. Interest payable monthly.
<b>Government Securities</b>	Securities issued by Governments and their authorities are valued according to market quotations.	These securities are guaranteed by the issuing government and traded in active markets. Interest is payable half-yearly.
<b>Corporate Securities</b>	Securities issued by Banks are valued according to market quotations.	These securities are traded in active markets. Interest is payable half-yearly.
<b>Mortgage Bonds</b>	Securities issued are valued according to market quotations.	These securities are guaranteed by the New South Wales government and traded in active markets. Interest and capital repayments are made half-yearly.
<b>Short Term Deposits</b>	The deposit is recognised at cost. Interest is accrued as it is earned.	Surplus funds held in short term deposits maturing in 2002.
<b>Shares in listed companies</b>	These shares are carried at market value. Movements in these values are recognised in accordance with AAS26 'Financial reporting of general insurance activities'. Dividend income is recognised when declared by the investee.	The shares held are ordinary shares.
<b>Units in listed property trusts</b>	These units are carried at market value. Movements in these values are recognised in accordance with AAS26 'Financial reporting of general insurance activities'. Distribution income is recognised when declared by the trust.	The units held are ordinary units.
<b>Managed Funds</b>	Units in managed funds are carried at market value. Movements in these values are recognised in accordance with AAS26 'Financial reporting of general insurance activities'. Distributions are recognised when declared.	The units held are ordinary units backed by Australian shares, Overseas shares or Fixed interest securities. Distributions are made quarterly or annually at the discretion of the fund manager.
<b>Financial Liabilities</b>		
<b>Trade Creditors</b>	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made in accordance with the creditor's trading terms.
<b>Indemnity</b>	The indemnity is measured as the present value of the expected future payments.	Payments are made in monthly instalments. Further details are disclosed at note 20.

**Note 34****Financial Instruments (Consolidated)****b) Interest Rate Risk**

The following table details the entity's exposure to interest rate risk at year end

Financial Instrument	Floating Interest Rate	Fixed Interest Rate				Non Interest Bearing	Total	Weighted Average Effective Interest Rate
		1 year or less	1 to 2 years	2 to 5 years	> 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	
<b>6 months ended 31 Dec 2001</b>								
<b>Financial Assets</b>								
Cash at Bank	5,882					5,882	4.29	
Deposits at Call	9,479					9,479	4.20	
Short Term Deposits		653				653	4.20	
Receivables					9,736	9,736	n/a	
Equity Loan		1,032				1,032	4.57	
Government Securities				26,918	16,021	42,939	5.63	
Corporate Securities			5,178	5,046		10,224	5.44	
Mortgage Bonds		45	257			302	5.25	
Shares in listed companies					42,755	42,755	n/a	
Deposit with investment managers					405	405	n/a	
Units in Property Trusts					10,867	10,867	n/a	
Managed Funds					132,876	132,876	n/a	
<b>Total Financial Assets</b>	<b>15,361</b>	<b>1,730</b>	<b>5,435</b>	<b>31,964</b>	<b>16,021</b>	<b>196,639</b>	<b>267,150</b>	
<b>Financial Liabilities</b>								
Creditors					2,245	2,245	n/a	
Indemnity					20,478	20,478	n/a	
<b>Total Financial Liabilities</b>					<b>22,723</b>	<b>22,723</b>		

Financial Instrument	Floating Interest Rate	Fixed Interest Rate				Non Interest Bearing	Total	Weighted Average Effective Interest Rate
		1 year or less	1 to 2 years	2 to 5 years	> 5 years			
		\$'000	\$'000	\$'000	\$'000			
<b>12 months ended 30 June 2001</b>								
<b>Financial Assets</b>								
Cash at Bank	1,654						1,654	4.42
Deposits at Call	5,427						5,427	4.95
Short Term Deposits		10,000					10,000	5.05
Receivables						19,307	19,307	n/a
Equity Loan			1,031				1,031	5.72
Government Securities				20,838	15,090		35,928	6.01
Corporate Securities				5,147			5,147	6.00
Mortgage Bonds		45	269				314	7.90
Shares in listed companies						43,544	43,544	n/a
Deposit with investment managers						475	475	n/a
Units in Property Trusts						10,732	10,732	n/a
Managed Funds						135,307	135,307	n/a
<b>Total Financial Assets</b>	<b>7,081</b>	<b>10,045</b>	<b>1,300</b>	<b>25,985</b>	<b>15,090</b>	<b>209,365</b>	<b>268,866</b>	
<b>Financial Liabilities</b>								
Creditors						1,798	1,798	n/a
Indemnity						21,860	21,860	n/a
<b>Total Financial Liabilities</b>						<b>23,658</b>	<b>23,658</b>	

### c) Credit Risk

The carrying amount of financial assets recorded in the balance sheet, net of any provision for losses, represents the Entity's maximum exposure to credit risk.

### d) Net Fair Value

The Entity's financial assets and liabilities are carried at amounts that approximate net fair value.

# Independent Audit Report



**INDEPENDENT AUDIT REPORT**

To the Joint Coal Board

**Issue:**

These include the special purpose financial statements of the Joint Coal Board for the period ended 31 December 2001 in accordance with the letter of engagement issued by the Australian National Audit Office to the Joint Coal Board, dated 11 February 2002. The special purpose financial statements include the consolidated financial statements of the economic entity comprising the Joint Coal Board and the entities it controlled at the period end or those time to time during the period. The statements comprise:

- Statements of Expenses;
- Statements of Financial Performance;
- Statements of Financial Position;
- Statements of Cash Flows;
- Schedule of Commitments;
- Schedule of Contingencies; and
- Notes to and forming part of the financial statements.

The members of the Joint Coal Board are responsible for the preparation and presentation of the special purpose financial statements and have determined that the accounting policies used are consistent with financial reporting requirements and are appropriate to meet the needs of the Board. I have conducted an independent audit of the special purpose financial statements in order to express an opinion on them to you. My opinion is expressed as to whether the accounting policies used are appropriate to the needs of the Joint Coal Board.

The financial report has been prepared for distribution to the members of the Joint Coal Board. I disclaim any assumption of responsibility for any reliance on this report or on the special purpose financial report of which it forms part by any person other than Joint Coal Board members, or by any person other than that for which it was prepared.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the special purpose financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the special purpose financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been sufficient to form an opinion whether, in all material respects, the special

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purpose financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia or as to present a view which is consistent with my understanding of the Joint Coal Board and the economic entity's financial position, the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In my opinion:

- (i) the special purpose financial statements have been prepared in accordance with Schedule 1 of the Commonwealth Authorities and Companies (Financial Statements) 2000 (2001) (FAS01);
- (ii) the special purpose financial statements give a true and fair view, in accordance with the accounting policies described in note 1 to the financial statements, Australian Accounting Standards, other mandatory professional reporting requirements and Schedule 1 of the Commonwealth Authorities and Companies (Financial Statements) 2000-2001 (FAS01), of the financial position of the Joint Coal Board and the economic entity as at 31 December 2001 and the results of their operations and their cash flows for the period then ended.

**Information regarding the new entity**

Without qualification to the opinion expressed above, attention is drawn to the following report with regard to the continuing (operating) status of the new entity (Coal Services Pty Limited) taking over the business of the Joint Coal Board as disclosed in note 15 of the special purpose financial statements.

Presented to the Coal Industry Act 2001, effective 1 January 2002, the New South Wales Government has:

- (i) undertaken to continue the proprietary status of the new entity, Coal Services Pty Ltd;
- (ii) given the power to the new entity to require, if necessary, and authority employees to pay a contribution to it to meet any overall deficit in its net assets position in any financial year.

This legislation is designed, inter alia, to ensure the ongoing viability of the new entity as a going concern, in view of the significant amount of the Joint Coal Board capital in the six months to 31 December 2001 and the net asset deficiency position at that date.

Australian National Audit Office



David Morgan  
Group Executive Director

Deputy of the Auditor-General  
Canberra  
30 May 2002

## Location of Offices

### SYDNEY

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