Australian Retirement Trust

2023 Annual Financial Report

Australian Retirement Trust

For the year ended 30 June 2023

ABN: 60 905 115 063

Issued: 21 September 2023

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Australian Retirement Trust

Statement of Financial Position
as at 30 June 2023

	Note	2023 $m	2022 $m
Assets			
Cash and cash equivalents	1	4,595	4,469
Listed securities	1	101,202	85,682
Unlisted securities	1	103,475	96,721
Other interest bearing securities	1	31,320	29,322
Derivative assets	1	1,598	3,130
Receivables	13	3,599	2,205
Investments in service providers	10	496	423
Employer sponsor receivables	6	17,242	18,330
Current tax assets	4	1	528
Total assets		**263,528**	**240,810**
Liabilities			
Payables	14	2,647	1,916
Derivative liabilities	1	2,842	5,616
Deferred tax liabilities	4	2,838	1,592
Total liabilities excluding member benefits		**8,327**	**9,124**
Net assets available for member benefits		**255,201**	**231,686**
Defined Contribution member benefits	5	223,020	199,052
Defined Benefit member benefits	6	28,924	29,497
Total member benefits		**251,944**	**228,549**
Net assets		**3,257**	**3,137**
Equity			
General Reserve	8	966	973
Unallocated Contribution Reserve	8	11	10
Insurance Reserve	8	1	1
Operational Risk Financial Requirement Reserve	8	614	553
Defined Benefit Surplus	6	1,665	1,600
Total Equity		**3,257**	**3,137**

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

Australian Retirement Trust

Income Statement
For the year ended 30 June 2023

	Note	2023 $m	2022 $m
Superannuation Activities			
Income			
Dividends		3,168	2,486
Distributions		2,157	2,599
Changes in fair value of investments – realised	3	(861)	(2,405)
Changes in fair value of investments – unrealised	3	12,638	(11,374)
Rental and other income		31	15
Interest income		1,082	196
Total income		**18,215**	**(8,483)**
Expenses			
Direct investment expenses		(426)	(243)
Administration expenses		(472)	(286)
Financial planning expenses		(18)	(18)
Other expenses	12	(186)	(78)
Total expenses		**(1,102)**	**(625)**
Net result from insurance activities	17	(8)	(6)
Results from superannuation activities before income tax expense		**17,105**	**(9,114)**
Income tax (expense) / benefit	4	(909)	1,299
Results from superannuation activities after income tax (expense) / benefit		**16,196**	**(7,815)**
Net benefits allocated (from) / to defined contribution members		15,090	(6,845)
Net change in Defined Benefit member benefits		983	(1,770)
Net allocation (from) / to reserves		123	800
Operating result after income tax		**16,196**	**(7,815)**

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

Australian Retirement Trust

Statement of Changes in Member Benefits
For the year ended 30 June 2023

Current Year	Note	Defined contribution member benefits $m	Defined benefit member benefits $m	Total $m
Opening balance as at 1 July 2022		199,052	29,497	228,549
Employer contributions		12,268	2,211	14,479
Member contributions		3,608	36	3,644
Transfers from other superannuation entities		5,166	-	5,166
Successor fund transfers	7	507	50	557
Income tax on contributions		(1,802)	(332)	(2,134)
Net after tax contributions		19,747	1,965	21,712
Benefits paid to or for the benefit of members		(12,622)	(283)	(12,906)
Insurance premiums charged to members' accounts		(973)	(1)	(974)
Insurance proceeds credited to members' accounts		293	-	293
Death and disability amounts received for members		435	-	435
Superannuation contributions surcharge		(1)	1	-
Transfer of members from DB to DC divisions		2,109	(2,109)	-
Transfer (to) / from reserves				
Net administration fees		(322)	(42)	(364)
Other		212	-	212
Net benefits allocated to defined contribution		15,090	-	15,090
Net change in member benefits to be funded by employer sponsor		-	(1,088)	(1,088)
Net change in Defined Benefit member benefits		-	984	984
Closing balance as at 30 June 2023		223,020	28,924	251,944

The above Statement of Changes to Member Benefits should be read in conjunction with the accompanying notes

Australian Retirement Trust

Statement of Changes in Member Benefits
For the year ended 30 June 2023

Prior Year	Note	Defined contribution member benefits $m	Defined benefit member benefits $m	Total $m
Opening balance as at 1 July 2021		102,831	29,050	131,881
Employer contributions		5,982	2,830	8,812
Member contributions		2,767	35	2,802
Transfers from other superannuation entities		3,415	-	3,415
Successor fund transfers	7	97,540	5,915	103,455
Income tax on contributions		(962)	(308)	(1,270)
Net after tax contributions		**108,742**	**8,472**	**117,214**
Benefits paid to or for the benefit of members		(7,233)	(224)	(7,457)
Insurance premiums charged to members' accounts		(697)	-	(697)
Insurance proceeds credited to members' accounts		50	-	50
Death and disability amounts received for members		432	-	432
Superannuation contributions surcharge		(2)	2	-
Transfer of members from DB to DC divisions		1,813	(1,813)	-
Transfer (to) / from reserves				
Net administration fees		(213)	(46)	(259)
Other		174	-	174
Net benefits allocated to defined contribution		(6,845)	-	(6,845)
Net change in member benefits to be funded by employer sponsor		-	(4,174)	(4,174)
Net change in Defined Benefit member benefits		-	(1,770)	(1,770)
Closing balance as at 30 June 2022		**199,052**	**29,497**	**228,549**

The above Statement of Changes to Member Benefits should be read in conjunction with the accompanying notes

Australian Retirement Trust

Statement of Changes in Reserves
For the year end 30 June 2023

Current Year	Note	General Reserve $m	Unallocated Contribution Reserve $m	Insurance Reserve $m	Operational Risk Financial Requirement Reserve $m	Defined benefits surplus $m	Total Reserves $m
Opening balance as at 1 July 2022		973	10	1	553	1,600	3,137
Net administration fees from members		364	-	-	-	-	364
Other transfers (to) / from members	8	(198)	(13)	-	(1)	-	(212)
Reserves transfers		(26)	-	-	26	-	-
Insurance premium margin and tax	17	(155)	-	-	-	-	(155)
Successor fund transfers	7	-	-	-	-	-	-
Allocation of operating result after income tax		8	14	-	36	65	123
Closing balance as at 30 June 2023		966	11	1	614	1,665	3,257

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

Statement of Changes in Reserves
For the year end 30 June 2023

Prior Year	Note	General Reserve $m	Unallocated Contribution Reserve $m	Insurance Reserve $m	Operational Risk Financial Requirement Reserve $m	Defined benefits surplus $m	Total Reserves $m
Opening balance as at 1 July 2021		742	9	-	280	-	1,031
Net administration fees from members		259	-	-	-	-	259
Other transfers (to) / from members	8	(173)	1	-	(2)	-	(174)
Reserves transfers		(11)	-	-	11	-	-
Insurance premium margin and tax	17	(121)	-	-	-	-	(121)
Successor fund transfers	7	301	-	1	277	763	1,342
Allocation of operating result after income tax		(24)	-	-	(13)	837	800
Closing balance as at 30 June 2022		**973**	**10**	**1**	**553**	**1,600**	**3,137**

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

Statement of Cash Flows
For the year end 30 June 2023

	Note	2023 $m	2022 $m
Cash flows from operating activities			
Interest income received		957	239
Insurance claims received		729	468
Dividends and trust distributions received		5,186	5,152
Other revenue		9	109
Insurance premiums paid		(1,115)	(789)
Investment expenses		(398)	(350)
General administration expenses		(1,296)	133
Income tax paid		(1,278)	(915)
Net inflows of cash from operating activities	**11**	**2,794**	**4,047**
Cash flows from investing activities			
Purchase of investments		(170,580)	(249,282)
Proceeds from sale of investments		157,232	232,416
Net (outflows) of cash from investing activities		**(13,348)**	**(16,866)**
Cash flows from financing activities			
Employer contributions received		14,480	8,817
Member contributions received		3,644	2,801
Transfers from other superannuation funds		5,262	3,414
Successor fund transfers		189	8,029
Benefits paid		(12,901)	(7,443)
Net inflows of cash from financing activities		**10,674**	**15,618**
Net increase in cash held		**120**	**2,799**
Cash at the beginning of the financial year		4,469	**1,656**
Effects of FX rate changes on cash and cash equivalents		6	14
Cash at the end of the financial year		**4,595**	**4,469**

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

Notes to the Financial Statements
For the year ended 30 June 2023

FUND OPERATIONS & BASIS OF PREPARATION

(a) Nature of the fund

Australian Retirement Trust (ABN 60 905 115 063; RSE Registration No. R1073034) (ART or the Fund) is the superannuation fund formed through the merger of Sunsuper Superannuation Fund (ABN 98 503 137 921) (Sunsuper) and QSuper (ABN 60 905 115 063) on 28 February 2022.

The Fund is a superannuation fund domiciled in Australia and the trustee of the Fund at the reporting date is Australian Retirement Trust Pty Ltd (ABN 88 010 720 840; RSE Licence No. L0000291) (ARTPL or the Trustee).

The Fund operates on a profit-for-members basis with profits reinvested to provide improved outcomes for members. The Fund consists of defined benefit, accumulation, income, and lifetime pension products.

The registered office of the Trustee is 266 George Street, Brisbane, Queensland 4000.

The financial report of the Fund for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Trustee on the same date as the signing of the Trustee's Report.

During the financial year superannuation administration was undertaken by the Fund using services from ART Group Services Limited (formerly QSuper Limited) (AGS) (ABN 50 125 248 286) and Precision Administration Services Pty Ltd (PAS) (ABN 47 098 977 667). Additional services were provided by the following wholly owned entities:

QInsure Limited (ABN 79 607 345 853) (QInsure)	Provision of group lump sum (death and total permanent disability (TPD)) and group disability (income protection) insurance and claims management services for some members
QInvest Limited (ABN 35 063 511 580) (QIL)	Provision of advice and other regulated financial services to the Fund
ART People Services Pty Ltd (formerly One QSuper Pty Ltd) (ABN 90 601 938 774) (APS)	Provision of labour hire services to wholly owned entities of the Fund
QSuper Asset Management Pty Ltd (ABN 67 608 694 471) (QAM)	Provision of investment management services to the Fund
Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818) (SFS)	Provision of financial advice to members and employers, and actuarial consulting services to defined benefit funds held within the Fund and external parties.

Notes to the Financial Statements
For the year ended 30 June 2023

(b) Statement of compliance

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board, the Superannuation Industry (Supervision) Act 1993 (Cth), and provisions of the Trust Deed for Australian Retirement Trust (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. All balances are expected to be recovered or settled within twelve months, except for financial investments, derivative liabilities and net assets available for member benefits.

The financial statements have been prepared on the basis required by AASB 1056 *Superannuation Entities*, which provides specific measurement requirements for assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

(c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. In making this assessment, the Trustee has considered future events and conditions for the period of 12 months following the approval of these financial statements.

(d) Significant accounting policies

The significant accounting policies have been set out within the relevant notes in these financial statements. The policies have been consistently applied to all periods presented in these financial statements.

(e) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Foreign exchange gains and losses arise from the settlement of such transactions and from the translation at year end exchange rates of monetary items denominated in foreign currencies. Amounts are recognised in the period in which they arise within other income.

AASB 121 The Effects of Changes in Foreign Exchange Rates in section (23) requires that non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at balance date. Translation differences on assets and liabilities carried at fair value are reported in the income statement on a net basis within change in fair value of investments.

(f) Rounding

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 dated 24 March 2016, all financial information presented has been rounded to the nearest one million dollars unless otherwise stated.

(g) Significant accounting judgements, estimates, and assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on experience and other factors believed to be reasonable in the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Notes to the Financial Statements
For the year ended 30 June 2023

Information about significant areas of estimation, uncertainty and critical judgments, in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 1 Investments
- Note 4 Income Tax
- Note 6 Defined benefit member benefits

(h) Macro Environment Impacts

As a superannuation entity investing funds globally on behalf of members, the Fund is subject to macroeconomic factors throughout business cycles that impact on investment returns.

In the current financial year, the following factors were considered among other matters:

- World's central banks challenged by rising inflation leading to higher interest rates
- Tight labour markets and wages growth
- Potential for tighter monetary policy to detrimentally impact future economic growth

The Fund does not design portfolios based on short-term economic, market or geopolitical forecasts. However, the Fund does seek to capitalise on opportunities that inevitably emerge during times of heightened market volatility.

(i) Comparatives

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, items in the notes to the financial statements have been amended.

As a result of the merger between QSuper and Sunsuper on 28 February 2022, the comparative data for the Income Statement, Statement of Changes in Member Benefits, Statement of Changes in Reserves and Statement of Cash Flows for the financial year 2022 consists of 8 months stand-alone data for QSuper plus 4 months for ART as a merged fund, unless otherwise stated.

(j) Consolidation

Entities that meet the definition of an investment entity within *AASB 10 Consolidated Financial Statements* are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The Fund meets the definition of an investment entity and accordingly accounts for controlled entities in this way.

An exception to this treatment is where the main purpose and activities of the subsidiary are to provide investment-related services or activities that relate to the investment entity's investment activities. These types of services include investment advisory services, investment management, investment support and administrative services.

Since the primary objective of the Fund's subsidiaries is to provide services such as administration, financial services, investment management and insurance to ensure member retirement outcomes are delivered, the subsidiary entities do not fulfill the exception criteria and are technically required to be consolidated. However, the combined net assets of these controlled entities (see Note 10) are not sufficiently significant to materially impact the overall financial statements of the Fund. Consequently, these investments have been consolidated and presented as a single line item called 'Investment in service providers', reflecting their net asset value.

Notes to the Financial Statements
For the year ended 30 June 2023

INVESTMENTS AND INVESTMENT PERFORMANCE

Note 1 Investments

	2023 $m	2022 $m
Cash and cash equivalents	4,595	4,469
Total cash and cash equivalents	**4,595**	**4,469**
Listed securities	101,202	85,682
Unlisted securities	103,475	96,721
Other interest-bearing securities	31,320	29,322
Derivative assets	1,598	3,130
Derivative liabilities	(2,842)	(5,616)
Total investments	**234,753**	**209,239**

(a) Overview

The Fund invests for the long-term purpose of providing benefits for members up to and throughout retirement until proceeds are exhausted or paid to members' beneficiaries post death. The Fund's investment philosophy aims to achieve strong long-term returns for members by investing in a wide range of assets, including shares, property, cash, bonds, infrastructure and alternative investments.

Investments of the Fund, including derivatives, are managed by selected investment managers and the Fund's in-house investment team on behalf of the Trustee. The Trustee determines the overall investment objectives and strategy of the Fund.

The Fund contracts investment managers in various asset classes, sectors, management styles, strategies and geographies under investment mandates (mandates). The Fund's expectations of its managers are documented in the mandates agreed between the parties. Specific reporting and valuation requirements are included within the contracts to ensure sufficient information and transparency is provided for ongoing monitoring.

The investments, including derivatives, of the Fund are recorded at fair value and changes in the fair value are recognised in the income statement in the year they occur in accordance with AASB 1056.

Financial assets and liabilities are recognised on the date the Fund becomes party to the contractual agreement (trade date) and changes in the fair value of the financial assets and liabilities are recognised from that date.

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

Transaction costs, including brokerage and stamp duty, that are incurred to acquire investment securities are recognised in the income statement as an expense as incurred. Transaction costs associated with direct investments in property and infrastructure, including legal and due diligence fees, are capitalised and recognised as part of the cost of the investment.

Notes to the Financial Statements For the year ended 30 June 2023

Note 1 Investments

Cash comprises cash on hand and deposits at call. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less. To qualify as cash equivalents, these investments must be easily converted into known cash amounts and have minimal risk of value fluctuations. Cash and cash equivalents are carried at face value or the gross value of the outstanding balance.

(b) *Fair value measurement of financial assets and liabilities*

(i) Fair value hierarchy

The Fund classifies fair value measurements using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities and includes market quoted investments. Quoted prices are obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. This category includes investments in equities, derivatives and cash and fixed interest balances forming part of unlisted security investments. For all other financial instruments, the Fund determines fair value using other valuation techniques.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes fixed income securities and derivative contracts not traded on public exchanges and unlisted unit trusts that hold listed securities. Fixed income securities for which no active market is observable are valued at current market rates using broker quotations and/or independent pricing services.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs) which include non-market quoted investments. Unlisted investments in infrastructure, real estate, private equity and alternatives are included in this category. Further information regarding unobservable inputs and the measurement of fair value for level 3 investments is at note 1b (iii) & (iv) below.

Notes to the Financial Statements For the year ended 30 June 2023

Note 1 Investments

(ii) Recognised fair value measurement

The table below sets out the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2023				
Australian listed securities	45,774	-	32	45,806
International listed securities	55,389	-	7	55,396
Other interest bearing securities				
Interest bearing bonds	-	17,981	1	17,982
Discount securities	9,422	3,916	-	13,338
Derivative assets / liabilities				
Futures	44	-	-	44
Options	9	50	-	59
Swaps	(9)	(27)	-	(36)
Forward foreign exchange contracts	-	(1,313)	-	(1,313)
Warrants	1	1	-	2
Unlisted securities				
Infrastructure	-	-	27,719	27,719
Real estate	-	-	13,931	13,931
Private equity	-	-	16,771	16,771
Alternatives	-	9,122	2,430	11,552
Cash and fixed interest	-	33,502	-	33,502
Total	**110,630**	**63,232**	**60,891**	**234,753**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 1 Investments

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2022				
Australian listed securities	39,469	-	16	39,485
International listed securities	46,196	-	1	46,197
Other interest bearing securities				
Interest bearing bonds	-	16,934	1	16,935
Discount securities	8,628	3,759	-	12,387
Derivative assets / liabilities				
Futures	(108)	-	-	(108)
Options	17	111	-	128
Swaps	10	(279)	-	(269)
Forward foreign exchange contracts	-	(2,262)	-	(2,262)
Warrants	15	10	-	25
Unlisted securities				
Infrastructure	-	-	22,405	22,405
Real estate	-	-	14,979	14,979
Private equity	-	-	15,357	15,357
Alternatives	-	7,971	2,918	10,889
Cash and fixed interest	-	33,091	-	33,091
Total	**94,227**	**59,335**	**55,677**	**209,239**

Refer to Note 2 (c) regarding the sensitivity of price risk and changes on net assets. Refer to note 2 (d) and (e) for the Fund's approach to interest rate and foreign exchange risk for investments.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 1 Investments

(iii) Movement in fair value of Level 3 investments

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

30 June 2023	**Listed equity securities $m**	**Fixed income securities $m**	**Unlisted securities $m**	**Total $m**
Opening balances	**17**	**1**	**55,659**	**55,677**
Changes in fair value	26	-	(355)	**(329)**
Purchases & SFT Transfers In	3	-	13,223	**13,226**
Disposals	(10)	-	(7,676)	**(7,686)**
Transfers into level 3	3	-	-	**3**
Transfers out of level 3	-	-	-	-
Total	**39**	**1**	**60,851**	**60,891**

30 June 2022	**Listed equity securities $m**	**Fixed income securities $m**	**Unlisted securities $m**	**Total $m**
Opening balances	-	-	**23,075**	**23,075**
Changes in fair value	(3)	-	(669)	(672)
Purchases & SFT Transfers In	21	1	35,109	35,131
Disposals	(1)	-	(1,856)	(1,857)
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-	-
Total	**17**	**1**	**55,659**	**55,677**

Fair value gains or losses on investment are included in Note 3 Changes in fair value of investments.

(iv) Valuation Process – Level 3 Investments

The Fund has adopted a Valuation Policy, which documents the key principles, methodologies and guidelines the Fund follows to ensure it uses the most appropriate underlying asset valuations for unit pricing, regulatory compliance and financial statements. The Policy ensures that valuation techniques are consistent and may utilise independent parties to undertake reviews of the investment valuations on a periodical and as needs basis. The Fund's compliance with the Valuation Policy is governed by the Audit & Risk Committee (ARC) of the Fund.

Notes to the Financial Statements For the year ended 30 June 2023

Note 1 Investments

The Fund has a Valuation Review Committee (VRC), which is a management committee whose primary focus is to make decisions involving out of cycle valuations of unlisted assets, or where there is a potential material asset valuation change resulting from market or other trigger events that occur from time to time. The determination of whether an unlisted asset valuation may be challenged or a more appropriate valuation may be available, and the decision to substitute an alternative unlisted asset valuation is at the discretion of the VRC.

All decisions made by the VRC are reported to the Valuation Oversight Committee (VOC), which is a sub-committee of the ART Board. The VOC is responsible for overseeing the VRC's activities to ensure the valuation of unlisted assets, and subsequent decisions to amend valuations are timely, prudent and maintain member equity.

The ARC, VOC and VRC fulfil the Fund's obligations to ensure member equity in managing valuation risks associated with the Fund's investments.

Fair Value of directly held assets

In the case of directly held assets, the Fund or the investment manager appoints independent external valuation experts and property appraisers to provide regular investment valuations, with investments greater than $500m being valued on a quarterly cycle or more often if appropriate. The Fund has policies and procedures governing the appointment and rotation of third-party valuers. The expertise, knowledge and familiarity with local market conditions, market transactions and industry trends of the independent valuation experts and property appraisers are important inputs to the valuation process.

The investment team works closely with our investment managers and independent valuers to monitor the underlying assumptions (e.g. future cashflows, revenue paths, discount rates) and market factors which inform the valuations of directly held unlisted assets.

Fair value of indirectly held assets

The Fund generally values interests in Level 3 investments managed by external investment managers using the valuation provided by the relevant external investment manager.

The Fund reviews the valuation methodology adopted by the relevant investment manager and makes further enquiries, as appropriate, relating to valuation methodology and key inputs used to determine valuations. Valuation techniques include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The Fund ensures that the valuation techniques used by fund managers are consistent with the Fund's Valuation Policy, represent fair value and accepts the value provided by the fund managers unless there is a specific and objectively verifiable reason to vary from the valuation provided. Fund managers of indirect investments provide valuations on a monthly or quarterly basis.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 1 Investments

The number and fair value of total direct and indirect Level 3 investments held by the Fund are shown in the table below.

	Directly held investments		Indirectly held investments		Total investments	
30 June 2023	**Number**	**Fair value $'000**	**Number**	**Fair value $'000**	**Number**	**Fair value $'000**
Australian infrastructure	23	12,952	20	2,490	43	15,442
International infrastructure	12	4,084	29	8,193	41	12,277
Australian private credit	-	-	4	76	4	76
International private credit	-	-	24	2,354	24	2,354
Australian private equity	-	-	47	1,005	47	1,005
International private equity	-	-	63	15,766	63	15,766
Australian real estate	4	1,500	25	4,906	29	6,406
International real estate	4	1,549	15	5,976	19	7,525
Other	63	40	-	-	63	40
	106	**20,125**	**227**	**40,766**	**333**	**60,891**

	Directly held investments		Indirectly held investments		Total investments	
30 June 2022	**Number**	**Fair value $'000**	**Number**	**Fair value $'000**	**Number**	**Fair value $'000**
Australian infrastructure	23	10,261	24	2,978	47	13,239
International infrastructure	11	3,625	21	5,541	32	9,166
Australian private credit	1	-	2	15	3	15
International private credit	3	863	22	2,040	25	2,903
Australian private equity	-	-	50	1,385	50	1,385
International private equity	-	-	53	13,972	53	13,972
Australian real estate	5	1,482	26	6,897	31	8,379
International real estate	5	2,465	11	4,135	16	6,600
Other	32	18	-	-	32	18
	80	**18,714**	**209**	**36,963**	**289**	**55,677**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 1 Investments

As Level 3 investments are valued using financial models, the resulting valuations are affected by non-observable inputs. The most significant inputs to these financial models are the discount rate and estimated future net cash flows of the investment.

The following table summarises the unobservable inputs used in fair value measurement of the Fund's material asset classes of directly held investments.

30 June 2023	Fair value $m	Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Australian infrastructure	12,952	Discount Rate	7.7%-19.4%	The higher the discount rate the lower the fair value.
International infrastructure	4,084	Discount Rate	7.7%-19.4%	The higher the discount rate the lower the fair value.
Australian real estate	1,500	Discount Rate Capitalisation Rate	Discount range: 6.1%-14.0% Capitalisation rate: 4.2%-10.8%	The higher the discount rate the lower the fair value. The higher the capitalisation rate the lower the fair value.
International real estate	1,549	Discount Rate Capitalisation Rate	Discount range: 6.0%-14.2% Capitalisation rate: 4.3%-12.5%	The higher the discount rate the lower the fair value. The higher the capitalisation rate the lower the fair value.

30 June 2022	Fair value $m	Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Australian infrastructure	10,261	Discount Rate	7.75%-12.4%	The higher the discount rate the lower the fair value.
International infrastructure	3,625	Discount Rate	7.75%-12.4%	The higher the discount rate the lower the fair value.
Australian real estate	1,482	Discount Rate Capitalisation Rate	Discount range: 5.5%-14.0% Capitalisation rate: 4.37%-7.7%	The higher the discount rate the lower the fair value. The higher the capitalisation rate the lower the fair value.
International real estate	2,465	Discount Rate Capitalisation Rate	Discount range: 6.0%-14.0% Capitalisation rate: 4.37%-7.7%	The higher the discount rate the lower the fair value. The higher the capitalisation rate the lower the fair value.
International private credit	863	Discount Rate	11.75%-12.1%	The higher the discount rate the lower the fair value.

Notes to the Financial Statements For the year ended 30 June 2023

Note 1 Investments

(c) Derivatives

ART's policy is to use (and allow or instruct its investment managers to use) derivatives as part of the overall investment strategy of the Fund to achieve investment objectives. Derivatives, such as forwards, futures, options and swaps and other mixtures of these instruments can permit exposure to a particular asset without owning the asset, with the value sourced from other assets or indices (known as the underlying asset).

The Trustee has policies and controls in place to make sure derivatives are used appropriately and investment managers operate within specific investment guidelines. Derivatives may be used to manage risk and rebalance investment options to their target asset allocations using a combination of derivatives to reflect the risk characteristics of each asset class.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Derivative fair value	**2023 $m**	**2022 $m**
Financial Assets		
Futures contracts	136	78
Options contracts	61	130
Swaps contracts	440	251
Foreign currency forward contracts	959	2,646
Warrants contracts	2	25
	1,598	**3,130**
Financial Liabilities		
Futures contracts	(91)	(186)
Options contracts	(3)	(2)
Swaps contracts	(477)	(520)
Foreign currency forward contracts	(2,271)	(4,908)
	(2,842)	**(5,616)**
Net financial asset/(liability)	**(1,244)**	**(2,486)**

Notes to the Financial Statements For the year ended 30 June 2023

Note 2 Financial risk management

(a) Overview

The investments of the Fund are managed on behalf of the Trustee by appointed investment managers or managed internally. Each investment manager is required to invest the assets managed by it in accordance with the terms of a mandate. The Trustee or its delegate has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Fund's Investment Strategy.

During the year the Fund utilised the services of two master custodians to provide services in respect of the majority of the Fund's assets, including physical custody and safekeeping, settlement of trades, collection of dividends, securities lending and accounting for investment transactions. The Fund has implemented appropriate processes to obtain assurance over the custodians' internal control frameworks and to monitor the appointment of any sub-custodians.

The Trustee appointed a single master custodian during the year, with the appointment to take effect during the 2023/24 year.

The Fund has investments in a variety of financial instruments, including derivatives, which expose the Fund to market risk (including price risk, currency risk and interest rate risk). The main purpose of these financial instruments is to obtain exposure to specific asset classes in accordance with investment strategies. The Fund also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations; these are current in nature. Risks arising from holding financial instruments are inherent in the Fund's activities.

The Fund's activities expose it to a variety of risks, both financial and non-financial. The Fund has a Risk Management Framework in place to monitor, address and report on these risks. The Trustee is responsible for the Risk Management Framework and is also responsible for the oversight of its operation by management. The Risk Management Framework is reviewed and approved annually by the Trustee. The Risk Management Framework incorporates the Risk Management Strategy, including Risk Appetite Statements.

The Risk Management Strategy outlines Material Risks, including Operational, Investment, Financial and Strategic risks.

The Trustee reviews and agrees on policies for managing each of these risks and may establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities.

The Trustee recognises that sound and prudent risk management is an integral part of its good governance practices. Risk management policies and processes are established to guide the identification and analysis of the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

Notes to the Financial Statements For the year ended 30 June 2023

Note 2 Financial risk management

The ARC assists the Trustee in relation to internal and external audit functions, internal controls, financial reporting, risk management, anti-money laundering, compliance, and corporate insurance. The ARC's role encompasses reviewing the management of risk, including overseeing the material risks and ensuring appropriate internal controls are in place to address those risks, operational investment governance, monitoring the compliance of the Fund with legislative requirements, reviewing internal and external audit findings and monitoring the implementation of audit recommendations, and reviewing financial statements.

The Finance Committee has been established by the ART Board to provide assistance in discharging the Board's corporate governance and oversight responsibilities in relation to such matters as: financial and capital management, oversight of ART's investment in QInsure, actuarial matters associated with defined benefit plans, successor fund transfer matters and brand / sponsorship activities.

The Fund's Investment Committee assists the Trustee in relation to investment governance and setting the Fund's investment principles and objectives; monitoring the adequacy of the Fund's investment options and their ability to meet member retirement needs; the use of investment delegations; investment policies; as well as monitor investment performance and investment risk. The principal duties and responsibilities of the Committee include recommending to the Trustee the investment objectives for the Fund and its various member investment options, recommending to the Trustee the investment policy for the Fund, monitoring investment performance, including the performance of investment managers, and discussing investment issues with the Trustee, the Fund management, and independent advisers, if and when the need arises.

Three separate sensitivity analyses have been prepared for different market factors using reasonably possible changes in risk variables.

These variables are based on the various indices applicable to the underlying assets of the unit trusts, which have been determined by the Fund's custodians. The Fund has reviewed these variables and considers them appropriate for use in the sensitivity analyses, which have been performed on a before tax basis and are individually examined in the risk factors below.

(b) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange rates and interest rates. Market risk is managed through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. Controls for managing market risk of derivatives are embedded within the Fund's capital markets process as defined within its policies, guidelines and procedures.

(c) Price risk

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

Notes to the Financial Statements For the year ended 30 June 2023

Note 2 Financial risk management

Source of risk

The Fund is exposed to price risk through listed and unlisted investments, including equity, infrastructure and real estate investments. As the Fund's financial instruments are valued at fair value, with changes in fair value recognised in the income statement, all changes in market conditions can directly affect investment revenue.

Risk mitigation

The Fund's exposure to price risk is determined by the fair value of the financial instruments. Price risk is mitigated by the Fund's diversified portfolio of investments in accordance with the investment strategy approved by the Trustee. The Trustee monitors the Fund's performance on an ongoing basis to ensure that the investment strategy is not breached and that any deviations to expected outcomes are appropriately investigated and met with any relevant corrective action.

Sensitivity analysis

In accordance with *AASB 7 Financial Instruments*: *Disclosures*, the sensitivity analysis is based on historical data over the past five (5) years and reasonably possible investment return range movements by asset class during the financial year.

The increase / (decrease) in the market price of the investments of the Fund at 30 June by the relevant percentage ranges noted below would have increased / (decreased) the amount of the operating result from superannuation activities by the amounts disclosed. This analysis assumes that all other variables, in particular interest rates and foreign exchange rates, remain constant. The analysis is performed on the same basis as for 2022. The assets to which the sensitivity analysis is applied are the Fund's non-interest-bearing instruments and whose returns are not guaranteed.

Sensitivity of price risk and changes on net assets

	% range	Low ± $m	High ± $m
30 June 2023			
Listed Securities	7-13%	6,703	12,499
Unlisted Securities - Infrastructure	8-16%	1,292	4,324
Unlisted Securities - Real Estate	3-10%	418	1,393
Unlisted Securities - Private Equity	14-26%	1,071	4,349
Unlisted Securities - Alternatives	10-18%	601	2,102
30 June 2022			
Listed Securities	7-13%	5,694	10,575
Unlisted Securities - Infrastructure	8-14%	1,743	3,238
Unlisted Securities - Real Estate	4-7%	493	916
Unlisted Securities - Private Equity	13-25%	2,045	3,798
Unlisted Securities - Alternatives	5-9%	514	954

Notes to the Financial Statements
For the year ended 30 June 2023

Note 2 Financial risk management

(d) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an asset or a financial instrument will fluctuate due to changes in foreign exchange rates.

Source of risk

The Fund holds assets or financial instruments denominated in currencies other than the Australian Dollar (AUD) which is the Fund's functional and presentation currency. The Fund is therefore exposed to foreign exchange risk, as the value of these assets and associated future cash flows denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

Risk mitigation

As part of the Fund's risk management strategy, the Fund uses derivative contracts such as forward foreign exchange contracts to manage its foreign currency exposures in line with the Fund's Investment Policy Statement (IPS). Foreign currency exposures are obtained for member options which are based on established investment objectives.

Net foreign currency exposure at 30 June 2023 was $43,579m (2022: $37,329m) with the largest exposure being to the US dollar.

The disclosure of foreign exchange risk in the note represents the total net foreign exchange exposure.

The Fund's exposure to foreign exchange rate movements on its investments is as follows:

30 June 2023	**USD $m**	**EUR $m**	**JPY $m**	**GBP $m**	**Other $m**
Gross investment amount denominated in foreign currency	44,679	11,341	4,240	4,499	13,571
Less: Currency forwards and swaps	26,875	4,168	(1)	1,465	2,244
Net Exposure	**17,804**	**7,173**	**4,241**	**3,034**	**11,327**

30 June 2022	**USD $m**	**EUR $m**	**JPY $m**	**GBP $m**	**Other $m**
Gross investment amount denominated in foreign currency	35,499	11,391	2,832	3,711	12,064
Less: Currency forwards and swaps	22,295	2,934	(448)	1,217	2,172
Net Exposure	**13,204**	**8,457**	**3,280**	**2,494**	**9,892**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 2 Financial risk management

Sensitivity analysis

An increase in the value of foreign currencies by 10% relative to the AUD would increase the net assets of the Fund by $4,358m (30 June 2022: $3,733m) and a decrease in the value of foreign currencies by 10% relative to the AUD would decrease the net assets of the Fund by $4,358m (30 June 2022: $3,733m).

(e) Interest rate risk

Source of risk

Interest rate risk refers to the effect on the market value of, or the cash flows generated from, the Fund's assets and liabilities due to fluctuations in interest rates. The value of the Fund's assets is affected by short term changes in nominal and real interest rates.

Risk mitigation

The Fund has set investment allocation ranges to meet its objectives of holding an appropriately diversified portfolio, including limits on investments in interest bearing assets, which are monitored regularly. The Fund may use derivatives to hedge against unexpected movements in interest rates.

Interest rate risk disclosures have been prepared on a basis of the Fund's direct investments and on a look through basis for the investments held indirectly through unit trusts. This includes Fixed Income and Cash & cash equivalents asset classes.

The Fund's exposure to interest rate risk at the reporting date is summarised in the tables below:

30 June 2023	**Fixed interest rate $m**	**Floating interest rate $m**	**Non-interest bearing $m**	**Total $m**
Cash & cash equivalents	-	4,595	-	**4,595**
Other interest-bearing securities	17,982	13,338	-	**31,320**
Unlisted securities	32,742	1,995	68,738	**103,475**
Increase/decrease from derivatives contracts	(362)	315	(1,197)	**(1,244)**
Receivables	-	1,027	2,572	**3,599**
Payables	-	(8)	(2,639)	**(2,647)**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 2 Financial risk management

30 June 2022	Fixed interest rate $m	Floating interest rate $m	Non-interest bearing $m	Total $m
Cash & cash equivalents	-	4,469	-	**4,469**
Other interest-bearing securities	1,641	27,014	667	**29,322**
Unlisted securities	31,849	2,350	62,522	**96,721**
Increase/decrease from derivatives contracts	(243)	160	(2,404)	**(2,487)**
Receivables	-	996	1,209	**2,205**
Payables	-	(10)	(1,898)	**(1,908)**

Sensitivity Analysis

A sensitivity analysis has been undertaken using a 100 basis point change in interest rates. As at 30 June 2023 a 100 basis point movement would have a $3,797m (30 June 2022: $2,979m) impact on the net assets of the Fund.

(f) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

Source of risk

The Fund is exposed to credit risk primarily through its investments in debt securities, trading derivative products, deposits held with banks, and receivables. With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of investments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Risk mitigation

Credit risk arising from investments is moderated through prudential controls imposed on all investment managers under the terms of their mandates. The Fund uses a number of risk mitigation tools, including Credit Support Annexures (CSA), imposing counterparty credit limits, and International Swaps and Derivatives Association (ISDA) agreements to mitigate counterparty risk for over-the-counter derivative instruments. Due diligence over each counterparty's systems capability, operational performance and competence is conducted.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 2 Financial risk management

The Fund may use derivative contracts to manage its exposure to credit risk in accordance with approved investment strategies. The fair value of credit related derivatives held at 30 June 2022 and 2023 was immaterial.

In addition, for cash and derivative investments, the Fund manages credit risk by dealing with highly rated counterparties and where appropriate, ensuring collateral is maintained.

Credit risk associated with receivables is considered low as this is mainly comprised of dividends, distributions and interest receivable on investments.

The carrying amount for the Fund's financial assets, as shown on the Statement of Financial Position, best represents the maximum credit risk exposure at the reporting date.

Non-investment credit risk is regarded as minimal for the Fund. Liabilities to pay member benefits only arise after contributions are actually received from employers and other receivables are not material to the Fund.

(g) Concentrations of risk

Source of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities. These similarities could cause the counterparties' capabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

Risk mitigation

The concentrations of risk are managed by the Investment team within prescribed limits to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Counterparty limits are imposed to manage and control associated exposures to individual counterparties. Additional controls are in place for derivatives and the Fund's exposure is monitored daily with the unrealised profit and losses aggregated by counterparty.

(h) Liquidity risk

Liquidity risk is the risk of not being able to meet financial obligations as they fall due. This risk is encountered through both undertaking of investment activities (investment liquidity risk) and through the operation of the Superannuation business that provides products and services to members (Fund Liquidity risk).

Notes to the Financial Statements
For the year ended 30 June 2023

Note 2 Financial risk management

Source of risk

The Fund, in its capacity to provide ongoing services to members, is exposed to the risk associated with honouring members' instructions to switch or withdraw their monies from investment options. Furthermore, the Fund is also exposed to the risk of meeting the financial obligations from derivative portfolios (including margin and collateral calls) and from arrangements that are entered into through the course of running the corporate enterprise that supports all services to members.

The majority of the Fund's listed securities are considered to be readily realisable. The Fund's financial instruments include investments in unlisted investments and private equity which are not traded in an organised market and that generally may be illiquid.

As a result, in extraordinary circumstances, there is a risk that the Fund may not be able to liquidate all of these investments at their assumed market value, or in a timely fashion, in order to meet all of its liquidity requirements.

Set out on this page are the contractual maturities of financial liabilities. The contractual maturity of the Fund's derivatives is based on undiscounted cashflows.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 2 Financial risk management

	< 1 month $m	1-3 months $m	3-12 months $m	1-5 years $m	5+ years $m	Total $m
30 June 2023						
Financial liabilities:						
Member benefits – Defined member contributions	223,020	-	-	-	-	223,020
Member benefits – Defined benefit contribution	28,924	-	-	-	-	28,924
Trade and other payables (excluding cash collateral)	440	-	-	-	-	440
Payables for investments	2,902	-	-	-	-	2,902
Total undiscounted financial liabilities (excluding derivatives)	255,286	-	-	-	-	255,286
Net settled derivatives:						
Fixed interest future	8	58	(20)	(1)	-	45
Options	-	9	8	7	35	59
Forward foreign exchange contracts	(86)	(571)	(655)	-	-	(1,312)
Swaps and warrants	2	(10)	30	(52)	(6)	(36)
Total undiscounted derivatives inflow / (outflow)	**(76)**	**(514)**	**(637)**	**(46)**	**29**	**(1,244)**
Net cash collateral (payable) /receivable	1,151	-	-	-	-	1,151
Net derivatives (including net cash collateral)	**1,075**	**(514)**	**(637)**	**(46)**	**29**	**(93)**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 2 Financial risk management

	< 1 month $m	1-3 months $m	3-12 months $m	1-5 years $m	5+ years $m	Total $m
30 June 2022						
Financial liabilities:						
Member benefits – Defined member contributions	199,052	-	-	-	-	199,052
Member benefits – Defined benefit contribution	29,497	-	-	-	-	29,497
Trade and other payables (excluding cash collateral)	832	-	-	-	-	832
Payables for investments	2,152	-	-	-	-	2,152
Total undiscounted financial liabilities (excluding derivatives)	**231,533**	**-**	**-**	**-**	**-**	**231,533**
Net settled derivatives:						
Fixed interest futures	(4)	(111)	(3)	9	-	(109)
Options	6	16	93	13	-	128
Forward foreign exchange contracts	33	(465)	(1,835)	6	-	(2,261)
Swaps and warrants	-	(6)	(19)	(173)	(46)	(244)
Total undiscounted derivatives inflow / (outflow)	**35**	**(566)**	**(1,764)**	**(145)**	**(46)**	**(2,486)**
Net cash collateral (payable) /receivable	1,322	-	-	-	-	1,322
Net derivatives (including net cash collateral)	**1,357**	**(566)**	**(1,764)**	**(145)**	**(46)**	**(1,164)**

Risk mitigation

The Fund maintains a Liquidity Risk Management policy designed to ensure sufficient liquidity within the Fund to meet its financial obligations. The policy contemplates liquidity for each Investment Option, outlines the procedures for measuring and managing liquidity and considers how liquidity is to be managed under a range of stress scenarios. To the extent possible, potential adverse liquidity circumstances are identified, along with the actions that would be required to deal with these circumstances.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 2 Financial risk management

The Fund categorises liquidity depending on how readily these assets can be converted to cash to meet the Fund's financial obligations. To meet short term requirements, the Fund maintains sufficient cash and short-term deposits. The majority of the Fund's assets are traded in listed markets which, under normal circumstances, can be liquidated over short periods of time. The Fund's assets include an allocation to unlisted investments that have less-liquid profiles and are expected to take more time to be sold.

The Fund monitors the liquidity closely with the objective of constructing a portfolio to meet the liquidity requirements of the Fund in the short and long term. Stress-testing and scenario analysis are completed on a regular basis. The Fund's overall liquidity risks are monitored by the Fund's Investment Committee.

(i) Securities lending

The Fund has securities lending arrangements with two market-leading firms under which legal title to certain assets of the Fund may be transferred to another entity, notwithstanding the fact that the risks and benefits of ownership of the assets remain with the Fund including the right to vote.

Loaned Assets and Collateral

The assets transferred to other entities under securities lending arrangements may include Australian and international shares and fixed income securities that are held discretely by the Fund's custodian. The risks of ownership to which the Fund remains exposed are currency risk, interest rate risk, credit risk and price risk.

The carrying amount of securities that may be eligible for securities lending activities at reporting date amounted to $112,759m (2022: $62,935m). The carrying amount of securities on loan at reporting date was $15,945m (2022: $5,806m).

The terms and conditions associated with the use of collateral held as security in relation to the assets lent are governed by a Securities Lending Agreement that requires the borrower to provide the lender with collateral to the value equal to or greater than the loaned securities. Total collateral held at reporting date as security had a fair value of $16,881m (2022: $6,305m). The cash collateral held amounted to $608m (2022: $1,076m) and is recognised as both a financial asset and a financial liability in the Statement of Financial Position. Non-cash collateral held is not recognised in the Statement of Financial Position.

The lending agents indemnify the Fund for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a borrower default on a security loan.

Earnings and Fees

Earnings and fees during the year, on a net basis, were $31m (2022: $7m). These amounts were received on behalf of the Fund and have been recognised in the Income Statement.

Notes to the Financial Statements For the year ended 30 June 2023

Note 3 Revenue

Revenue recognition and measurement

In accordance with *AASB 15 Revenue*, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and that revenue can be reliably measured.

The Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognised.

Significant revenue streams

Interest revenue

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. If interest is not received at the reporting date, it is reflected as a receivable in the statement of financial position.

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend when the Fund's right to receive payment is established and if not received at balance sheet date, the balance is reflected as a receivable in the statement of financial position.

Distributions from unit trusts

Distributions from unit trusts are recognised as investment income on the date when it is deemed that the Fund is presently entitled to the trust income. If distributions are not received at the reporting date, it is reflected as a receivable in the statement of financial position.

Rental income

Rental income from investment property is recognised in accordance with the rental agreement on a straight-line basis.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 3 Revenue

Changes in fair value of investments

Changes in fair value of investments are recognised as revenue and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period). Financial assets are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement.

	2023 $m	2022 $m
Investments held at reporting date		
Cash and cash equivalents	(1)	27
Listed securities	9,901	(9,100)
Other interest bearing securities	234	(687)
Derivative assets and liabilities	51	(2,398)
Unlisted securities	2,453	784
	12,638	**(11,374)**
Investments realised during the reporting period		
Cash and cash equivalents	60	(45)
Listed securities	944	(70)
Other interest bearing securities	50	(87)
Derivative assets and liabilities	(2,261)	(1,262)
Unlisted securities	346	(941)
	(861)	**(2,405)**

Notes to the Financial Statements For the year ended 30 June 2023

Note 4 Income tax

Recognition and measurement

The Fund is taxed as a complying superannuation fund in accordance with the provisions of the Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth).

Income tax on the change in net assets as a result of operations for the year comprises current and deferred tax. Income tax is recognised as an expense in the income statement.

Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years. Current tax includes any amounts relating to penalty and interest charges that may be imposed by tax authorities.

Deferred tax

Deferred tax is determined using the comprehensive balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Key Estimates

Significant judgement is required by the Board in determining the provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 4 Income tax

(a) Major components of income tax

	2023 $m	2022 $m
Current income tax	(587)	(243)
Adjustments in respect of current income tax of previous years	235	316
Deferred income tax		
Relating to origination and reversal of temporary differences in deferred tax liability	1,261	(1,372)
Income tax (benefit) / expense reported in income statement	**909**	**(1,299)**

A reconciliation of differences between prima facie tax calculated at 15% of the results from superannuation activities before income tax for the year and the actual tax expense reported in the Income Statement for the year is set out below:

	2023 $m	2022 $m
Results from superannuation activities	17,105	(9,114)
Prima facie income tax expense / (benefit) at the rate of 15%	2,566	(1,367)
Tax effect of non-deductible expenses and non-assessable income in calculating the taxable amount:		
Differences between tax and accounting net investment income	(1047)	622
Difference in Net capital gains	(15)	-
Adjustments in respect of current income tax of previous years	235	316
Notional premium for death or disability cover	(20)	(20)
Net imputation and foreign tax credits	(768)	(746)
Exempt current pension income	(58)	(109)
Other	16	5
Income tax expense / (benefit) reported in income statement	**909**	**(1,299)**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 4 Income tax

(b) Deferred income tax

	Note	2023 $m	2022 $m
Movements in deferred tax asset			
Opening balance		76	24
Change to income statement		42	52
Closing balance at 30 June		**118**	**76**
Deferred tax asset comprises			
Investments		55	46
Other		63	30
Total deferred tax asset		**118**	**76**
Movements in deferred tax liability			
Opening balance		(1,668)	(1,619)
Transfer in – Successor Fund	7	-	(1,383)
Change to income statement		(1,288)	1,334
Closing balance at 30 June		**(2,956)**	**(1,668)**
Deferred tax liability comprises			
Unrealised gains in investments		(2,956)	(1,668)
Total deferred tax liability		**(2,956)**	**(1,668)**
Net deferred tax asset / (liability)		**(2,838)**	**(1,592)**

Australian Taxation Office (ATO) Review

The Australian Taxation Office (ATO) commenced an audit of QSuper in the year ended 30 June 2021, prior to the merger with Sunsuper. The audit relates to the QSuper pre-merger years of income from 1 July 2014 to 30 June 2021. The ATO Audit is continuing.

Prior to the merger, the ATO issued QSuper with notices of amended assessment and penalty notices for the years ended 30 June 2015 to 30 June 2020 relating to equities within QSuper's defined contribution plan. All amounts owing under these notices were paid or raised as a liability for income tax prior to the merger.

QSuper acted in accordance with external tax advice and consequently, the Fund has lodged objections with the ATO in respect of the amended assessments and penalties.

In line with its Tax Governance Policy, ART is also proactively engaging with the ATO on other historical positions that were taken. These positions concern entitlement to imputation credits and are primarily focussed on whether ART is entitled to claim imputation credits in respect of Australian listed equities in view of some derivative contracts that reduce exposure to equities.

These matters involve complex considerations that are highly dependent on their facts.

Notes to the Financial Statements
For the year ended 30 June 2023

MEMBER LIABILITIES AND RESERVES

Note 5 Defined contribution member benefits

The entitlements of members to benefit payments are recognised as liabilities to the Fund. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund 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.

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

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

Unit prices are updated on a daily basis for movements in investment markets. The Fund's management of the investment market risks is as disclosed within Note 1.

Defined contribution members' liabilities are fully vested.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 6 Defined benefit member benefits

As at the reporting date, the Fund had 19 defined benefit plans with the largest defined benefit plan being the Queensland Government Defined Benefit Scheme.

The Fund engages qualified actuaries to measure defined benefit member liabilities. In determining the defined benefit member liabilities, the appointed actuary determines appropriate assumptions including discount rate, salary adjustment rate, pension increase rates, resignation rates and mortality rates.

Defined benefit member liabilities are measured as the amount of the accrued benefits as at the reporting date, being the estimated present value of a portfolio of investments that would be needed as at the reporting date to yield future net cash flows that would be sufficient to meet the accrued benefits on the date when they are expected to fall due.

A 'defined benefit plan' means a plan of a defined benefit fund that has at least one defined benefit member, separately identifiable assets and separately identifiable beneficiaries and the interest each beneficiary has in the plan is determined wholly or partly by reference to the conditions governing the plan.

'Vested Benefits' are the benefits that would be payable had all members voluntarily resigned on the investigation date.

The amount of vested benefits attributable to the Fund's defined benefit members as at 30 June 2023 is $29,733m (2022: $29,830m).

Vested benefits	Note	2023 $m Amount	2022 $m Amount
Queensland Government Defined Benefit Scheme	Note 6 (a)	24,405	24,530
Corporate Defined Benefit Plans	Note 6 (b)	5,328	5,300
Total		**29,733**	**29,830**

(a) Queensland Government Defined Benefit Scheme Arrangements

All employing authorities within this scheme are required to remit defined benefit employer contributions (excluding salary sacrifice contributions) to Queensland Treasury. These contributions are accumulated in a reserve, managed by Queensland Investment Corporation on behalf of the Queensland Government (Employer Fund), which is maintained to finance the future liability for the employer component of all defined benefits.

Funding from the Employer Fund to the Fund is in the form of funding received at the time the benefit is paid (as described in the Superannuation (State Public Sector) Act 1990 and in the Fund's Trust Deed. Alternatively, the Superannuation (State Public Sector) Act 1990 allows the transfer of amounts from the Employer Fund to the Fund in circumstances and at times other than funding the immediate payment of benefits. Transfers from the Employer Fund to the Fund occurred monthly and amounted to $1,965m for 2023 (2022: $1,900m).

Notes to the Financial Statements
For the year ended 30 June 2023

Note 6 Defined benefit member benefits

The Queensland Government through the Queensland Government Defined Benefit Scheme underwrites a capital guarantee for some members that the earning rate for a full financial year will not be negative (Voluntary Preservation Plan). In return for this capital guarantee, Voluntary Preservation Plan members are levied a premium on 30 June each year. The accumulated premiums to 30 June 2023 were $10m (2022: $10m) and the reimbursements to 30 June 2023 was $0m (2022: $0.7m).

The Queensland Government Defined Benefit Scheme was closed to new members on 12 November 2008.

Employer-sponsor receivable

As the defined benefits become payable, the full cost is met by the Fund, with the Employer Fund contributing the employers' share of these benefits. Under AASB 1056, the difference between the value of the accrued benefits at 30 June 2023 and net assets held by the Fund is recognised as an employer-sponsor receivable. A summary of the employer-sponsor receivable is as follows:

	2023 $m	2022 $m
Value of Defined Benefit liability (net of contributions tax)	24,003	24,539
Less Defined Benefit assets held by the Fund	(6,762)	(6,209)
Net receivable from Queensland Government	**17,242**	**18,330**

Defined Benefit member liabilities

The difference between the net receivable from Queensland Government of $17,242m (2022: $18,330m) as recorded on the statement of financial position and the gross value of the Defined Benefit liability of $20,048m (2022: $21,314m) as reported by the employer sponsor represents the value of accrued contributions tax.

The Defined Benefit member liabilities have been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

The entitlements of members to benefit payments are recognised as liabilities in the statement of financial position.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 6 Defined benefit member benefits

Actuarial review

The last actuarial review of the Queensland Government Defined Benefit Scheme Arrangements was conducted as at 30 June 2021 by the Queensland State Actuary, Mr W H Cannon BSc(Hons) GradDipAppFin FIAA GAICD. The value of defined benefit member liabilities calculated consistent with that review and excluding accrued contributions tax as at 30 June 2023 was $24,003m (2022: $24,539m).

Internal transfers

Internal transfers disclosed on the Statement of Changes in Member Benefits represent transfers out of member balances from defined benefits to defined contribution accounts for individuals who no longer qualify for inclusion in a defined benefits scheme.

Key estimates

The Fund and the actuary use sensitivity analysis to monitor the potential impact of changes to assumptions. The Fund and the actuary have identified three assumptions (discount rate, price inflation and the rate of salary increases) for which changes are reasonably possible and that would have a material impact on the amount of the defined benefit member liabilities.

Discount rate

The assumed gross discount rate has been determined by reference to the annually convertible yield of a notional duration matched government nominal bond at the relevant date. This represents the expected return of an asset pool that would yield the future net cash flows underpinning the liability, recognising that the defined benefit assets within the Fund represent a minority portion, with the balance met by the Government guarantee. The Queensland State Actuary has recommended the use of this rate. An alternative position would be to utilise an expected portfolio return rate that the scheme actuary assumes will be generated from the overall investment of assets held to fund the liability. This rate is 4.8% (2022: 4.80%) and the application of this rate would reduce the liability and corresponding receivable from the Queensland Government by $1,427m (2022: $2,021m).

Price inflation

The assumed level of price inflation has been determined by reference to the difference between yields on nominal and inflation linked bonds of similar duration to the defined benefit liabilities.

Salary inflation

The assumed annual salary adjustment has been determined by reference to estimates of historical and prospective real salary growth.

The other variables about which assumptions have been made in measuring defined benefit member liabilities and for which reasonably possible changes would not be expected to have a material effect include resignations, retirement and mortality rates.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 6 Defined benefit member benefits

The following table shows the sensitivity to the material assumptions as at 30 June 2023:

Assumption	Assumed at reporting date	% Range	Increase/(Decrease) in DB member benefit liability ($m)
Gross discount rate	2023: 4.0% (2022: 3.7%)	2023: +1.0% (2022: +1.0%)	2023: (1,530) (2022: (1,642))
Price inflation	2023: 2.4 % (2022: 2.4%)	2023: +1.0% (2022: +1.0%)	2023: 128 (2022: 133)
Salary inflation	2023: 3.4 % (2022: 3.4%)	2023: +1.0% (2022: +1.0%)	2023: 1,579 (2022: 1,701)

Vested Benefits

Vested benefits are benefits that are not conditional upon continued membership of Queensland Government Defined Benefit Scheme (or any factor other than resignation from the scheme) and include benefits which members were entitled to receive had they terminated their Queensland Government Defined Benefit Scheme membership as at the reporting date. This amount has been estimated using actuarial assumptions from the most recent actuarial valuation as at 30 June 2021 and excludes the implied accrued contributions tax.

	2023 $m	2022 $m
Vested benefits attributable to defined benefit members (discount rate for underlying member liabilities)	24,405	24,530
Vested benefits attributable to defined benefit members (discount rate based on expected return for funding purposes)	23,967	23,891

Notes to the Financial Statements
For the year ended 30 June 2023

Note 6 Defined benefit member benefits

(b) Corporate Defined Benefit Plans Arrangements

The Fund has 18 corporate defined benefit plans as at the reporting date.

The Fund and its actuaries use sensitivity analysis to monitor the potential impact of changes to the assumptions. The Fund and its actuaries have identified three assumptions (being discount rate, pension increase rate and the salary increase rate) for which changes are reasonably possible and that would have a material impact on the amount of the defined benefit member liabilities.

The assumed discount rate has been determined by reference to the long-term investment returns expected on the investment portfolio of each plan and considers the term of the member liabilities. The assumed annual salary increase has been determined by reference to the long-term salary increases and in consultation with the employer-sponsors. Changes to the other assumptions, including resignations, retirement, and mortality rates, do not have a material impact on the amount of the defined benefit member liabilities.

The discount rate, salary increase rate and pension increase rate used to determine the values of accrued liabilities for each of the defined benefit plans were:

	2023			
Defined benefit plan	**Discount Rate – pre-retirement (net of investment fees and tax) % pa**	**Discount Rate – post-retirement (net of investment fees and tax) % pa**	**Pension Increase rate % pa**	**Salary increase rate % pa**
Australia Post	5.75	-	-	3.25
CCEP (Amatil)	5.0	5.5	3.0	3.5
Wolters Kluwer (CCH)	6.0	-	-	4.0
Dulux Group (Australia)	5.25	5.75	-	3.25
DXC	6.0	6.5	-	3.0
Goodman Fielder	6.0	-	-	4.0
Hanson Australia	6.0	-	-	4.5
IAG	6.0	6.5	2.5	3.0
Incitec Pivot[1]	5.25	5.75	-	3.5
NRMA	6.0	-	-	3.0
Mondelez	6.0	6.5	2.5	4.0
Otis	6.5	-	-	3.75
Proctor & Gamble	5.5	-	-	3.75
RACV	5.0	5.5	-	3.0
RB Super	6.75	7.5	3.0	3.0
Simplot Australia	6.0	-	-	4.0
Swiss Re	-	6.5	2.5	-
Unilever	5.0	5.75	3.0	3.0

1 New defined Benefit plan for the financial year 2023.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 6 Defined benefit member benefits

Corporate Defined Benefit Plans Arrangements

2022

Defined benefit plan	Discount Rate – pre-retirement (net of investment fees and tax) % pa	Discount Rate – post-retirement (net of investment fees and tax) % pa	Pension Increase rate % pa	Salary increase rate % pa
Australia Post	5.0	-	-	3.25
CCEP (Amatil)	4.0	4.5	3.0	3.25
Wolters Kluwer (CCH)	6.0	-	-	4.0
Dulux Group (Australia)	5.25	5.75	-	3.25
DXC	5.8	6.3	-	3.0
Goodman Fielder	6.0	-	-	4.0
Hanson Australia	6.0	-	-	4.5
IAG	6.0	6.5	2.5	3.0
NRMA	6.0	6.5	-	3.0
Mondelez	6.0	6.5	2.5	4.0
Otis	5.5	-	-	3.0
Proctor & Gamble	5.75	-	-	3.75
RACV	5.25	5.75	-	2.5
RB Super	6.5	7.25	3.0	3.0
Simplot Australia	6.0	-	-	4.0
Swiss Re	-	6.5	2.5	-
Unilever	4.25	4.5	3.0	3.0

Notes to the Financial Statements
For the year ended 30 June 2023

Note 6 Defined benefit member benefits

Corporate Defined Benefit Plans Arrangements

Defined Benefit Surplus

The actuarial reviews completed for valuation date of 30 June 2023 and 30 June 2022 reported the below results for the Fund's defined benefit plans:

30 June 2023

	Net assets for defined benefit members $'000	Value of accrued benefits for defined benefit members $'000	Funded or (Unfunded) $'000
Defined benefit plan			
Australia Post	3,918,235	3,095,793	822,442
CCEP (Amatil)	55,539	43,976	11,563
Wolters Kluwer (CCH)	1,573	1,493	80
Dulux Group (Australia)[3]	189,565	192,084	(2,519)
DXC	51,534	35,273	16,261
Goodman Fielder	2,997	2,162	835
Hanson Australia	31,582	26,649	4,933
IAG	192,566	172,116	20,450
Incitec Pivot[1]	58,300	58,521	(221)
NRMA	42,775	34,069	8,706
Mondelez	63,038	55,963	7,075
Otis	170,380	148,796	21,584
Proctor & Gamble	3,701	2,518	1,183
RACV	55,182	49,911	5,271
RB Super	1,704,715	966,859	737,856
Simplot Australia	1,554	1,350	204
Swiss Re	13,787	12,369	1,418
Unilever	18,143	10,321	7,822
Total [2]	**6,575,166**	**4,910,223**	**1,664,943**

1 New defined benefit plan for the financial year 2023

2 The Net assets for defined benefit members is represented in the Statement of Financial Position by Defined benefit member liabilities and Defined benefits surplus.

3 As at 30 June 2023, the Dulux plan is subject to a Restoration Plan as required under Prudential Standard SPS 160.

Note 6 Defined benefit member benefits

Corporate Defined Benefit Plans Arrangements

30 June 2022

	Net assets for defined benefit members $'000	Value of accrued benefits for defined benefit members $'000	Funded or (Unfunded) $'000
Defined benefit plans			
Australia Post	4,108,148	3,196,518	911,630
CCEP (Amatil)	57,863	47,996	9,867
Wolters Kluwer (CCH)	1,407	1,339	68
Dulux Group (Australia) [2]	177,775	184,151	(6,376)
DXC	50,545	36,106	14,439
Goodman Fielder	4,692	3,869	823
Hanson Australia	37,253	33,914	3,339
IAG	186,318	171,422	14,896
NRMA	42,770	35,496	7,274
Mondelez	62,748	56,492	6,256
Otis	160,678	145,729	14,949
Proctor & Gamble	3,322	2,163	1,159
RACV	52,901	48,989	3,912
RB Super	1,569,396	959,457	609,939
Simplot Australia	1,427	1,193	234
Swiss Re	13,784	12,387	1,397
Unilever	17,783	11,223	6,560
Total [1]	**6,548,810**	**4,948,444**	**1,600,366**

1 The Net assets for defined benefit members is represented in the Statement of Financial Position by Defined benefit member liabilities and Defined benefits surplus.

2 As at 30 June 2022 , the Dulux plan is subject to a Restoration Plan as required under Prudential Standard SPS 160

The amount of vested benefits attributable to Corporate defined benefit members as at 30 June 2023 is $5,328m (2022: $5,300m).

Notes to the Financial Statements
For the year ended 30 June 2023

Note 6 Defined benefit member benefits

Corporate Defined Benefit Plans Arrangements

The following are sensitivity calculations on a single variable basis for the discount rate and rate of salary increase/pension increase assumptions for each of the Corporate defined benefit plans:

	2023				2022			
	Amount of (increase)/decrease in the member benefit liability				Amount of (increase)/decrease in the member benefit liability			
Defined benefit plan	**Discount rate $'000**		**Salary increase and/or Pension increase $'000**		**Discount rate $'000**		**Salary increase and/or Pension increase $'000**	
	+0.5%	**-0.5%**	**+1.0%**	**-1.0%**	**+0.5%**	**-0.5%**	**+1.0%**	**-1.0%**
Australia Post	86,682	(99,066)	(139,311)	130,023	95,896	(108,681)	(137,450)	134,254
CCEP (Amatil)	1,143	(1,188)	(2,067)	1,935	1,344	(1,440)	(2,400)	2,208
Wolters Kluwer (CCH) [2]	-	-	-	-	-	-	-	-
Dulux Group (Australia)	4,958	(5,554)	(520)	168	4,339	(5,196)	(492)	94[3]
DXC	739	(808)	(142)	121	780	(846)	(195)	184
Goodman Fielder [2]	-	-	-	-	-	-	-	-
Hanson Australia	352	(367)	(528)	504	313	(339)	(504)	460
IAG	7,436	(8,972)	(11,896)	10,331	7,430	(8,926)	(11,700)	10,263
Incitec Pivot[1]	1,809	(1,967)	(48)	45	-	-	-	-
NRMA	153	(154)	-	-	158	(158)	-	-
Mondelez	97	(105)	(197)	174	101	(109)	(207)	182
Otis	3,484	(3,629)	(4,645)	4,645	3,202	(3,062)	(4,871)	4,454
Procter & Gamble	6	(37)	(95)	7	2	(1)	-	5
RACV	2,567	(2,793)	(428)	302	2,089	(2,467)	(466)	452[2]
RB Super	59,930	(67,035)	(136,713)	111,588	61,007	(68,402)	(140,031)	133,708
Simplot Australia [2]	-	-	-	-	-	-	-	-
Swiss Re	383	(405)	(792)	718	399	(424)	(833)	751
Unilever	282	(303)	(604)	531	363	(394)	(779)	677
Total	**170,021**	**(192,383)**	**(297,986)**	**261,092**	**177,423**	**(200,445)**	**(299,928)**	**267,692**

1 New defined benefit plan for the financial year 2023.
2 The Discount rate/Salary increase rate were applied to these plans and the results were nil e.g. changing the assumptions had no impact on the member liability.
3 The assumed pension increase was unchanged at nil per annum.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 7 Successor fund transfers

In the 2023 financial year, there were 2 successor fund transfers (SFT) (2022: 2). The assets which were transferred have been valued in accordance with the Fund's accounting policies. The transfers occurred as follows:

2023	Transfer Date	Amount $m
Incitec Pivot Employee Superannuation Fund	July 2022	194
Oracle Superannuation Plan	May 2023	360
Australia Post Superannuation Scheme[1]	-	3
		557

1. In FY23, APSS transferred in additional monies to the Fund subsequent to the April 2022 SFT date.

2022	Transfer Date	Amount $m
Australia Post Superannuation Scheme	April 2022	7,986
Sunsuper	February 2022	96,811
		104,797

The transfer from all SFTs have resulted in the following movements in member benefits and reserves of the Fund:

	2023 $m	2022 $m
Defined contribution member benefits	507	97,540
Defined benefit member benefits	50	5,915
General reserve	-	301
Operational risk financial requirement reserve	-	277
Insurance reserve	-	1
Defined Benefit Surplus	-	763
	557	**104,797**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 8 Reserves

In order to comply with legislative and Trust Deed requirements, the Trustee maintains a number of reserves in the Fund for the benefit of members.

The statement of changes in reserves outlines the detailed movements in each reserve for the year.

Recognition and measurement

General Reserve

The Fund maintains a General Reserve to ensure that it can meet both current and future liabilities, including those associated with administration, strategic initiatives and operational risks pertaining to costs associated with the non-member component of operational risk events. The reserve provides the Trustee with access to funds to protect members' interests and mitigate the impact of an adverse event. Transfers in and out of the reserve are made only at the authorisation of the Trustee and in accordance with the Trustee's approved reserve policy.

The General Reserve is invested in:

- The Balanced Options maintained by the Fund;
- Low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes);
- Any other investments approved by the Trustee.

Unallocated Contributions Reserve

This reserve is held to absorb investment variations which may be caused by the delay between when certain member's funds are receipted and when the transaction is processed and allocated to the member's selected investment option.

Insurance Reserve

There are two sub-components to the Insurance Reserve which are maintained separately being the Self Insurance Reserve and the Premium Adjustment Mechanism.

Self-Insurance Reserve

The Fund stopped offering self-insurance to members from 30 June 2016. There remains a lability for projected future claims that are covered under the insurance arrangements in place prior to 1 July 2016. The self-insurance reserve continues to hold insurance premiums previously deducted from members' Accumulation accounts for self-insurance cover, so the Trustee can meet its ongoing self-insurance obligations. An actuarial review of the self-insurance arrangements is completed annually to make sure the reserve can meet expected liabilities.

Insurance Reserve

The Trustee maintains an insurance reserve in order to:

- reduce insurance premiums,
- help offset insurance administration costs and//or insurance project costs, and
- ensure the insurance service offering for members is simple, efficient and improves the customer experience.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 8 Reserves

Any credits to the Insurance Reserve will come from a premium adjustment mechanism (PAM) which is an arrangement the Fund has with AIA Australia Limited (AIA) to return excess premiums to the Fund, and ultimately to fund members, where claims experience is more favourable than assumed in the pricing for a group insurance contract.

For the year ended 30 June 2023, there were no credits or withdrawals from the Insurance Reserve.

The Insurance Reserve is invested in the cash option.

Operational Risk Financial Requirement Reserve

The Fund maintains an Operational Risk Financial Requirement Reserve (ORFR) for costs pertaining to the member component of operational risk events. The balance of the reserve as at 30 June 2023 was $614m (2022: $553m). The ORFR ensures the Fund has adequate financial resources to address losses arising from operational risks within its business operations, where such costs are not met by third parties, or are recoverable from third parties or insurance only at a later stage. As per the requirements of the APRA Superannuation Prudential Standard SPS 114, the Trustee maintains a target balance of 25 basis points of funds under management plus 10 basis points of the Sunsuper Pooled Superannuation Trust (PST) net assets. The Trustee maintains a range around this of 20 to 30 basis points of funds under management plus 9 to 11 basis points of the PST net assets. The PST is a controlled entity (refer Note 10) and has the same trustee as the Fund.

The amount of ORFR held by the Fund which is attributed to the PST at 30 June 2023 is $18m (2022: $17m). Initial funding of the ORFR and future top-ups or replenishments are made from the General Reserve. The ORFR is invested in the Balanced Options of the Fund.

The ORFR is implemented, managed, and maintained in accordance with the Superannuation Industry (Supervision) Act 1993 and the requirements of APRA Prudential Standard SPS 114 – Operational Risk Financial Requirement (SPS 114). APRA has defined 'operational risk' as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Notes to the Financial Statements
For the year ended 30 June 2023

RELATED PARTIES

Note 9 Key management personnel remuneration

(a) Key management personnel

ARTPL is the Trustee of the Fund formed through the merger of Sunsuper Superannuation Fund and QSuper on 28 February 2022. Prior to the merger, ARTPL (formerly named Sunsuper Pty Ltd) was the Trustee of the Sunsuper Superannuation Fund and QSuper Board was the Trustee of the QSuper Fund. Individuals who have two commencement dates are former Trustees of the QSuper Board and the second date is their commencement date with the QSuper Board and references their length of tenure as directors of the trustee of the Fund.

The following individuals were Directors of ARTPL at any point during the financial year and up to the date of this report.

Name	Position Title	Date commenced as Director	Date ceased
Andrew Fraser (Chair) [1]	Director – Employer nominated	16 September 2015	
Elizabeth Mohle, AM[1] (Deputy Chair)	Director – Member nominated	28 February 2022 *[01 December 2013]*	
Linda Apelt	Director – Employer nominated	27 January 2023	
Mark Burgess	Director – Independent	01 July 2023	
Michael Clifford	Director – Member nominated	01 February 2016	
Bruce Cowley	Director – Member nominated	28 February 2022 *[01 December 2019]*	
Mary-Anne Curtis	Director – Employer nominated	28 February 2022 *[01 July 2018]*	30 October 2022
Mary Elizabeth Hallett	Director – Employer nominated	27 March 2014	
Don Luke[2]	Director – Independent	28 February 2022 *[01 January 2020]*	30 November 2022
Shayne Maxwell	Director – Member nominated	28 February 2022 *[01 June 2018]*	
Kate Ruttiman	Director – Member nominated	28 February 2022 *[01 December 2018]*	
Aaron Santelises	Director – Member nominated	30 June 2022	
Michael Traill, AM	Director – Independent	16 September 2015	
Janine Walker, AM	Director – Employer nominated	28 February 2022 *[01 December 2021]*	
Georgina Williams	Director – Employer nominated	20 July 2018	

1. Andrew Fraser was appointed as Chair of the ART Board, and Elizabeth Mohle was appointed Deputy Chair, from 15 October 2022.
2. Don Luke was Chair of the ART Board from 28 February 2022, until 14 October 2022.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 9 Key management personnel remuneration

Australian Retirement Trust Secretaries

Name	Date commenced as Fund Secretary	Date ceased
Kristy Huxtable	14 March 2022	
Trevor Golden	28 February 2022 *[28 July 2003]*[1]	
Krystle Rae	09 March 2018	

1 Former Fund Secretary of QSuper and referenced for length of tenure.

Notes to the Financial Statements For the year ended 30 June 2023

Note 9 Key management personnel remuneration

The following is a list of executives of the Fund, who at any time during the period up to the date of this report had authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly. Individuals who have two commencement dates are former executives of Sunsuper and the second date is their commencement date for Sunsuper and is referenced for the length of tenure as an executive of the Fund.

Name	Position Title	Date commenced as KMP	Date end as KMP
Bernard Reilly	Chief Executive Officer	28 February 2022 *[08 October 2019]*	
Julie Bingham	Chief Member Officer (Acting)	01 March 2023	01 July 2023
	Chief of Staff	01 July 2023	
Anne Browne	Chief Risk Officer	24 February 2016	
Stevhan Davidson	Chief Strategy Officer	01 March 2023	
	Chief of Transformation	01 April 2022	01 March 2023
Lachlan East	Chief Member Officer	01 July 2023	
	Chief of Retirement (Acting)	01 March 2023	01 July 2023
	Chief of Staff	28 February 2022	01 March 2023
	Chief Risk Officer	*[01 November 2016]*	27 February 2022
Phil Fraser	Chief of QInsure	24 September 2018	01 March 2023[1]
Anne Fuchs	Chief of Retirement (Acting)	01 July 2023	
Rodney Greenaway	Chief Technology Officer	28 February 2022 *[6 April 2020]*	
Helen Jackson	Chief People Officer	28 February 2022	
Karin Muller	Chief Member Officer	26 April 2016	01 March 2023[2]
Ian Patrick	Chief Investment Officer	28 February 2022 *[23 November 2015]*	
Anthony Rose	Chief Financial Officer	28 February 2022	
Teifi Whatley	Chief Strategy Officer	28 February 2022	01 March 2023[2]
	Chief Strategy + Impact Officer	*[19 June 2000]*	27 February 2022
Deanne Wilden	General Counsel	28 February 2022	01 March 2023[1]
David Woodall	Chief Commercial Officer	01 March 2023	
	Chief Growth Officer	*[01 March 2019]*	28 February 2023

1. Due to an internal Executive restructure on 01 March 2023 these roles were reclassified and no longer considered to be part of the ART Executive Group, however the employees continued with ART in their respective roles.
2. These executives ceased to be employed by the ART Group during the year

Notes to the Financial Statements
For the year ended 30 June 2023

Note 9 Key management personnel remuneration

(b) Compensation and evaluation of key management personnel

Remuneration policy

The Fund's remuneration policy is reviewed at least every three years. It was last reviewed on 31 August 2023.

Executive remuneration

Executives are employed under individual employment contracts. Executives are required to provide six months' notice of their intention to terminate their employment contract. Executive remuneration is market competitive and paid under salary package arrangements which include an appropriate mix of fixed and variable performance payments, explicitly linked to performance, behaviours and risk management.

Performance linkages

Both fixed and variable remuneration is market competitive and explicitly linked to performance, behaviours and risk management. All executive remuneration outcomes appropriately reflect the Fund's performance and the executive's individual performance outcomes and behaviours:

Fixed remuneration and total remuneration is reviewed on an annual basis taking into account the size, complexity, and responsibilities of the role, individual performance and behaviours, skills, and experience.

Short-term incentives (STI) are based on annual performance against a balanced scorecard of appropriate performance measures and individual performance and behaviour measures, including risk management and member metrics.

Long-term Incentives (LTI) are based on a four year performance period and holding lock for additional years based on the role of the Executive. LTI performance is assessed against a balanced scorecard based on measures linked to financial and non-financial performance with a significant focus on long-term member outcomes. Minimum individual performance and behaviour hurdles also apply.

In addition to the balanced scorecard performance outcomes of the scheme, potential STI and LTI payments are determined by the Trustee, based on an individual's achievement of minimum threshold performance criteria, relative to role, and agreed standards of behaviour and risk. The Fund's cultural aspirations, key behaviours and risk culture set the expectations that the Trustee believes form a foundation for successful performance.

Basis for preparation

The Fund remuneration disclosures have been prepared in accordance with section 29QB (1) of the Superannuation Industry (Supervision) Act 1993 and Regulation 2.37 of the Superannuation Industry (Supervision) Regulations 1994, which includes the proportion of compensation allocated to QInsure.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 9 Key management personnel remuneration

Remuneration comprises the total value of remuneration received or receivable by the Fund executives for their roles in the Fund and its wholly-owned subsidiaries.

Trustee Remuneration

The board of the Trustee is comprised of 13 Directors including 11 employer and member nominated, as well as up to 2 independent Board members. The following table details the remuneration paid and payable to directors of the Trustee. No director is entitled to incentives, non-monetary benefits, termination benefits or long service leave.

Name	Fees[1]	Incentives	Non-monetary benefits	Superannuation contributions	Termination Benefits	Long Service Leave
Year ended 30 June 2023						
Full Year Director						
Andrew Fraser (Chair)	145,826	-	-	19,687	-	-
Elizabeth Mohle, AM[3]	121,714	-	-	-	-	-
Michael Clifford[7]	93,697	-	-	12,649	-	-
Bruce Cowley	120,777	-	-	16,305	-	-
Mary Elizabeth Hallett	120,777	-	-	16,305	-	-
Shayne Maxwell[5]	85,568	-	-	5,411	-	-
Kate Ruttiman[6]	106,346	-	-	-	-	-
Aaron Santelises[4]	80,157	-	-	10,821	-	-
Michael Traill, AM	107,237	-	-	14,477	-	-
Janine Walker, AM	87,539	-	-	11,818	-	-
Georgina Williams	107,237	-	-	14,477	-	-
Part Year Director						
Don Luke	56,915	-	-	7,684	-	-
Linda Apelt	34,221	-	-	4,620	-	-
Mary- Anne Curtis[2]	-	-	-	-	-	-

1. Includes additional Committee allowances paid for the following positions: Investment Committee, Audit & Risk Committee, People & Nominations Committee, Strategy Committee, Legal & Governance Committee, Finance Committee and Members Outcomes Committee.
2. In accordance with policy, directors of the Trustees who are active Queensland Public Sector employees are not entitled to be remunerated for their Board activities.
3. An amount equal to fees for a director was paid to the Director's employer, Queensland Nurses and Midwives' Union.
4. An amount equal to fees for a director was paid to the Director's employer, The Australian Workers' Union.
5. Part or all of an amount equal to fees for a director was paid to the employer of the Director, Qld Police Union of Employees.
6. An amount equal to fees for a director was paid to the Director's employer, Queensland Teachers' Union.
7. An amount equal to fees for a director was paid to the Director's employer, Queensland Council of Unions.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 9 Key management personnel remuneration

Name	Fees[1]	Incentives	Non-monetary benefits	Superannuation contributions	Termination Benefits	Long Service Leave
Year ended 30 June 2022						
Full Year Director						
Andrew Fraser (Chair)	143,189	-	-	19,331	-	-
Michael Clifford[7]	105,227	-	-	14,191	-	-
Mary Elizabeth Hallett	113,560	-	-	15,316	-	-
Michael Traill, AM	99,993	-	-	13,489	-	-
Georgina Williams	109,394	-	-	14,754	-	-
Part Year Director						
Elizabeth Mohle, AM[3]	40,571	-	-	-	-	-
Bruce Cowley	45,698	-	-	6,180	-	-
Mary- Anne Curtis[2]	-	-	-	-	-	-
Don Luke	52,810	-	-	7,151		
Mark Goodey	52,823	-	-	7,131	-	-
Mark Harvey	54,824	-	-	7,396	-	-
Jennifer Mack	55,709	-	-	7,506	-	-
Shayne Maxwell[5]	28,728	-	-	1,837	-	-
Kate Ruttiman[6]	35,449	-	-	-	-	-
Aaron Santelises[4]	-	-	-	-	-	-
Janine Walker, AM	24,355	-	-	6,448	-	-
Catherine Wood	54,824	-	-	7,396	-	-

1. Includes additional Board and Committee allowances paid for the following positions: Investment Committee, Audit & Risk Committee, People & Nominations Committee, Strategy Committee, Legal & Governance Committee, Finance Committee and Members Outcomes Committee.
2. In accordance with policy, directors of the Trustees who are active Queensland Public Sector employees are not entitled to be remunerated for their Board activities.
3. An amount equal to fees for a director was paid to the Director's employer, Queensland Nurses and Midwives' Union.
4. An amount equal to fees for a director was paid to the Director's employer, The Australian Workers' Union.
5. Part or all of an amount equal to fees for a director was paid to the employer of the Director, Qld Police Union of Employees.
6. An amount equal to fees for a director was paid to the Director's employer, Queensland Teachers' Union.
7. An amount equal to fees for a director was paid to the Director's employer, Queensland Council of Unions.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 9 Key management personnel remuneration

Executive Remuneration

The following table details the remuneration paid and payable to executives of Australian Retirement Trust. Remuneration is for the entire year ended 30 June 2023.

Name	Salary including short-term leave[1]	Incentives[2]	Non-monetary benefits	Superannuation contributions	Termination Benefits	Other incentive amounts[3]	Long Service Leave
Year ended 30 June 2023							
Bernard Reilly	848,814	169,421	-	88,098	-	-	21,974
Julie Bingham	165,400	20,780	-	16,352	-	-	5,718
Anne Browne	535,182	66,280	-	53,236	-	4,840	40,048
Stevhan Davidson	395,760	96,048	-	40,736	-	-	27,735
Lachlan East	402,639	95,388	-	42,240	-	-	16,710
Philip Fraser[4]	270,480	41,455	-	28,524	-	4,726	21,003
Rodney Greenaway	466,689	110,208	-	47,804	-	-	17,934
Helen Jackson	465,993	115,308	-	48,557	-	-	6,910
Karin Muller	554,047	12,332	-	62,796	542,129	5,601	17,595
Ian Patrick	652,106	366,474	-	67,757	-	-	39,295
Anthony Rose	650,459	315,722[5]	-	67,899	-	-	8,927
Teifi Whatley	179,568	55,867	-	31,404	-	-	162,273
Deanne Wilden[4]	258,229	37,687	-	32,030	-	-	11,855
David Woodall	488,633	125,197	-	50,819	-	-	19,336

1. The total cost of salary, including annual leave, allowances and any salary sacrificed benefits (excluding superannuation which is in superannuation contributions column).
2. Incentives include STI and LTI amounts (including any payments deferred to a later date) and can include retention payments made to certain employees. The total incentive value does also include a superannuation component relating to the incentive.
3. Unvested benefits accrued in respect of STI amounts deferred in prior years.
4. Due to an internal Executive restructure on 01 March 2023 these roles were reclassified and no longer considered to be part of the ART Executive Group. The remuneration disclosed relates to the time as a Key Management Personnel.
5. Includes $165,000 as the second of two equal tranches of a contractual retention arrangement in lieu of forgone deferred incentive entitlements from the KMP's previous employer.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 9 Key management personnel remuneration

Name	Salary including short-term leave[2]	Incentives[3]	Non-monetary benefits	Superannuation contributions	Termination Benefits	Other incentive amounts[4]	Long Service Leave
Year ended 30 June 2022							
Bernard Reilly[1]	321,658	127,277	-	28,323	-	-	5,514
Anne Browne	399,037	152,691	-	38,844	-	(3,508)	26,944
Simonne Burnett	135,564	-	-	12,588	-	-	1,087
Stevhan Davidson	150,457	139,248	-	12,902	-	-	29,657
Lachlan East[1]	134,255	105,916	-	12,587	-	-	7,065
Philip Fraser	378,497	143,609	-	38,631	-	(3,162)	9,200
Rodney Greenaway[1]	176,078	138,034	-	15,734	-	-	6,951
Helen Jackson	169,364	96,137	-	15,734	-	-	1,355
Deanne Wilden	118,018	28,636	-	20,210	-	-	5,248
Paul Landy	110,902	-	3,648	12,833	448,818	(3,428)	-
Karin Muller	470,157	172,705	-	45,712	-	(3,945)	26,134
Jason Murray	196,533	-	-	23,675	497,046	(4,387)	-
Ian Patrick[1]	246,207	425,319	-	20,769	-	-	23,494
Michael Pennisi	166,603	-	3,569	28,759	440,744	(7,630)	-
Anthony Rose	237,015	255,290[5]	-	22,028	-	-	1,891
John Seccombe	233,915	149,730	-	30,345	-	(1,687)	4,086
Teifi Whatley[1]	168,448	175,770	-	14,161	-	-	41,078
David Woodall[1]	206,592	160,518	-	16,521	-	-	21,550
Charles Woodhouse	553,326	398,147	-	51,530	-	(4,278)	10,756

1. These executives were executives of Sunsuper prior to the SFT date. All remuneration, excluding incentives, in this table is for the period of SFT date through to the end of the financial year only. The reported incentives include amounts accrued whilst the KMP worked for Sunsuper.
2. The total cost of salary, including annual leave, allowances and any salary sacrificed benefits (excluding superannuation which is in superannuation contributions column).
3. Incentives include STI amounts (including any payments deferred to a later date) and can include retention payments made to certain employees.
4. Unvested benefits accrued in respect of STI amounts deferred in prior years.
5. Includes $165,000 as the first of two equal tranches of a contractual retention arrangement in lieu of forgone deferred incentive entitlements from the KMP's previous employer.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 9 Key management personnel remuneration

The following table sets out information about the performance related incentive granted to Executives of the Fund.

Chief Officer	STI cash amount 2023 $	Deferred Performance amount relating to 2023[1]	Total performance related incentives 2023	Deferred STI relating to prior year performance vesting in 2023[2]
Year ended 30 June 2023				
Bernard Reilly	60,881	108,540	169,421	43,781
Julie Bingham	12,468	8,312	20,780	-
Anne Browne	31,905	34,375	66,280	45,696
Stevhan Davidson	44,542	51,506	96,048	47,968
Lachlan East	45,138	50,250	95,388	41,938
Philip Fraser[3]	31,772	9,683	41,455	45,536
Rodney Greenaway	47,396	62,813	110,208	51,122
Helen Jackson	52,496	62,813	115,308	-
Karin Muller	-	12,332	12,332	52,929
Ian Patrick	167,484	198,990	366,474	166,248
Anthony Rose	62,784	87,938	150,722	-
Teifi Whatley	41,498	14,369	55,867	58,620
Deanne Wilden[3]	28,571	9,116	37,687	-
David Woodall	59,243	65,953	125,197	66,792

1. STI amounts earned in the current financial year which are deferred for a period of time in accordance with the relevant STI policies. Amounts are paid in future years at the discretion/on the approval of the Board.
2. Deferred performance incentives are granted in the form of a Long-Term Incentive, where the delivery instrument is cash. Long-Term Incentives are governed by the Group Reward Policy and the relevant Incentive Plan rules. The amounts recorded in the table reflect the maximum deferred performance amount relating to 2023.
3. Due to an internal Executive restructure on 01 March 2023 these roles were reclassified and no longer considered to be part of the ART Executive Group. The remuneration disclosed relates to the time as a Key Management Personnel.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 9 Key management personnel remuneration

Chief Officer	STI cash amount 2022 $	Deferred performance amount relating to 2022[1] $	Total STI 2022 $	Deferred performance amount relating to prior years[2] $
Year ended 30 June 2022				
Bernard Reilly	96,341	30,936	127,277	56,626
Anne Browne	122,911	29,780	152,691	80,788
Stevhan Davidson	94,884	44,364	139,248	51,572
Lachlan East	74,602	31,314	105,916	52,562
Philip Fraser	115,161	28,448	143,609	73,408
Rodney Greenaway	96,643	41,391	138,034	60,854
Helen Jackson	57,682	38,455	96,137	-
Deanne Wilden	28,636	-	28,636	-
Karin Muller	138,283	34,422	172,705	91,076
Ian Patrick	255,191	170,128	425,319	206,844
Anthony Rose	54,174	36,116	90,290	-
John Seccombe	86,047	28,683	114,730	41,873
Teifi Whatley	117,903	57,867	175,770	59,372
David Woodall	110,825	49,693	160,518	83,892
Charles Woodhouse	282,285	115,862	398,147	106,205

1. STI amounts earned in the current financial year which are deferred for a period of time in accordance with the relevant STI policies. Amounts are paid in future years at the discretion/on the approval of the Board.
2. The deferral amount relates to financial years other than what was awarded in the financial year 2022. Some deferred performance amounts will be paid in September 2022.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 10 Related parties and controlled entities

The Fund has several related parties with which transactions have occurred during the period. All amounts advanced to or payable to related parties are unsecured. The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties. All transactions and balances are recorded in the financial statements of the Fund.

Key management personnel, who are members of the Fund, contribute to the Fund on the same terms and conditions, and are entitled to the same benefits, as other members.

(a) ART Group Services Limited (formerly QSuper Limited) (AGS)

AGS provides superannuation administration, procurement and investment services to the Fund and is paid an administration fee. The administration fee incorporates all administration costs including superannuation administration, cost of running self-insurance, medical costs, strategic and change initiatives, and investment services. AGS owns 100% of the ordinary shares of QIL, QInsure, APS and QAM.

The following is a summary of transactions between the Fund and AGS during the period:

	2023 $'000	2022 $'000
• Fees paid by the Fund to AGS for procurement services	64,205	46,377
• Fees paid by the Fund to AGS for administration services	-	7,814
• Fees paid by the Fund for project related expenses	64,280	22,885
• The Fund paid other expenses to AGS	7,881	14,735
The following balances are included in the Fund's Statement of Financial Position and relate to AGS:		
• Net receivable/(payable) due from/(to) AGS	(26,641)	109

AGS is appointed by the Queensland Government for the administration services for the Judges' Pension Scheme, the Governors' Pension Scheme, and the Long Service Leave and Annual Leave Central Schemes for Queensland State Public Sector employees.

For the year ended 30 June 2023 it received compensation of $0.4m (2022: $0.5m) for providing these services.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 10 Related parties and controlled entities

(b) QInvest Limited

QIL provides advice and other regulated financial services to the Fund.

The following is a summary of transactions between the Fund and QIL during the period:

	2023 $'000	2022 $'000
• Fees paid by the Fund to QIL for financial planning services	31,100	34,423
The following balances are included in the Fund's Statement of Financial Position and relate to QIL:		
• Net receivable/(payable) due from/(to) QIL	(1,642)	(2,201)

(c) ART People Services Pty Ltd (formerly One QSuper Pty Ltd)

APS provides labour hire services to wholly owned entities of the Fund.

The following is a summary of transactions between the Fund and APS during the period:

	2023 $'000	2022 $'000
• Fees paid by the Fund to APS for labour hire services	106,016	118,177
• Superannuation contributions paid from APS on behalf of employees who are members of the Fund	22,726	22,101
• GST Recovery	-	117
The following balances are included in the Fund's Statement of Financial Position and relate to APS:		
• Net receivable/(payable) due from/(to) APS	(9,780)	(11,815)

(d) QSuper Asset Management Pty Ltd

QAM provides investment management services to the Fund.

The following is a summary of transactions between the Fund and QAM during the period:

	2023 $'000	2022 $'000
• Fees paid by the Fund to QAM for investment services	63,757	56,242
The following balances are included in the Fund's Statement of Financial Position and relate to QAM:		
• Net receivable/(payable) due from/(to) QAM	(8,057)	(2,712)

Notes to the Financial Statements For the year ended 30 June 2023

Note 10 Related parties and controlled entities

(e) QInsure Limited

QInsure provides group lump sum (death and TPD) and group disability (income protection) insurance policies and claims management to some members of the Fund.

The following is a summary of transactions between the Fund and QInsure during the period:

	2023 $'000	2022 $'000
• Fees paid by the Fund to QInsure for claims management services	7,675	5,951
• Premiums paid by the Fund to QInsure under a participating life insurance policy (refer Note 17)	749,122	702,997
• Claims proceeds received from QInsure on behalf of members	435,362	432,308
The following balances are included in the Fund's Statement of Financial Position and relate to QInsure:		
• Net receivable/(payable) due from/(to) QInsure	1,901	1,828

(f) Australian Retirement Trust Pty Ltd

ARTPL acts as the trustee of the Fund. All expenses incurred by the Trustee in relation to the Trustee and its directors were paid by ARTPL and then charged to the Fund in the form of trustee service fees. All other expenses incurred by the Trustee in relation to administration of the Fund are paid by the Fund.

The following is a summary of transactions between the Fund and the Trustee during the period, noting the amounts for FY22 are from 28 February 2022 to 30 June 2022:

	2023 $'000	2022 $'000
• Fees paid by the Fund to the Trustee for the trustee services provided for the year	2,230	414
• Fees paid by the Fund to the Trustee as trustee capital[1]	23,841	22,882
• Amounts charged by the Fund for expenses paid by the Fund on behalf of the Trustee. These charges were determined on the basis of the Trustee's direct share of expenses incurred by the Fund	137	1
• The Fund paid other expenses incurred by the Trustee	231	9
The following balances are included in the Fund's Statement of Financial Position and relate to the Trustee:		
• Net receivable/(payable) due from/(to) the Trustee on behalf of the Fund	830	600

[1] Fee reflects merger costs and capitalisation of Trustee given changed operating environment and regulatory changes.

Notes to the Financial Statements For the year ended 30 June 2023

Note 10 Related parties and controlled entities

The Fund received superannuation contributions from ARTPL in relation to superannuation guarantee contributions and salary sacrifice contributions made in relation to the Trustee's Directors who are members of the Fund.

(g) Precision Administration Services Pty Ltd (PAS)

PAS is a wholly owned entity of the Fund and provides administration services to the Fund.

The following is a summary of transactions between the Fund and PAS during the period, noting the amounts for FY22 are from 28 February 2022 to 30 June 2022:

	2023 $'000	2022 $'000
• Fees paid by the Fund for the employer and member administration services provided for the year	211,302	57,168
• Fees paid by the Fund for project related expenses	96,251	21,732
• Amounts reimbursed by the Fund for expenses paid by PAS on the Fund's behalf	881	323
• Amounts charged by the Fund for expenses paid by the Fund on behalf of PAS. These mainly included office rental, operating losses and salaries. These charges were determined on the basis of the company's direct share of expenses incurred by the Fund	5,151	3,396
• Interest charged by the Fund on the loan facility to PAS	865	92
• Loan repayments made by PAS to the Fund	15,000	-
The following balances are included in the Fund's Statement of Financial Position and relate to PAS:		
• Loan receivable	10,000	25,000
• Net receivable/(payable) due from/(to) PAS	(44,661)	(27,933)

On 10 February 2016, a loan facility was agreed between Sunsuper and PAS for a maximum of $50m. This loan facility was part of the assets transferred to the Fund on SFT date under the terms of the original agreement. During the year, $15m was repaid by PAS in line with the terms of the agreement and the outstanding balance of the loan at 30 June 2023 was $10m. The date under the loan agreement by when the loan must be fully repaid is 30 June 2026.

The Fund received superannuation contributions from PAS in relation to superannuation guarantee contributions, salary sacrifice contributions and member voluntary contributions made in relation to subsidiary employees who are members of the Fund.

Notes to the Financial Statements For the year ended 30 June 2023

Note 10 Related parties and controlled entities

(h) Sunsuper Financial Services Pty Ltd (SFS)

SFS is a wholly owned entity of the Fund and provides financial advice to members and employers, and actuarial consulting services to defined benefit funds held within the Fund and external parties.

The following is a summary of transactions between the Fund and SFS during the period, noting the amounts for FY22 are from 28 February 2022 to 30 June 2022:

	2023 $'000	2022 $'000
• Amounts charged by the Fund for expenses paid by the Fund on behalf of SFS. These mainly included actuarial consulting services and other operating expenses. These charges were determined on the basis of the company's direct share of expenses incurred by the Fund	235	69
• Other expenses paid by the Fund such as Professional Fees and Actuarial Consulting	136	69
The following balances are included in the Fund's Statement of Financial Position and relate to SFS:		
• Net receivable/(payable) due from/(to) SFS	78	10

(i) Sunsuper Pooled Superannuation Trust (PST)

Sunsuper Pooled Superannuation Trust (PST) is an investment vehicle supporting the overall investment strategy of the Fund. The following is a summary of transactions and balances between the Fund and PST, noting the amounts for FY22 are from 28 February 2022 to 30 June 2022:

	2023 $'000	2022 $'000
• The Fund made a net purchase/(redemption) of units in PST	(194,769)	2,994,398
• The estimated fair value of PST (the fair value is included in investments in the Fund's financial statements)	17,310,160	16,727,166

Notes to the Financial Statements
For the year ended 30 June 2023

Note 10 Related parties and controlled entities

(j) Sunsuper Infrastructure Trust 3 (SIT3)

SIT3 is an investment vehicle supporting the infrastructure investment strategy of the Fund. The following is a summary of transactions and balances between the Fund and SIT3, noting the amounts for FY22 are from 28 February 2022 to 30 June 2022:

	2023 $'000	2022 $'000
• The estimated fair value of SIT3 (the fair value is included in investments in the Fund's financial statements)	218,553	202,610

Notes to the Financial Statements
For the year ended 30 June 2023

Note 10 Related parties and controlled entities

Investments in associated entities

(k) Controlled Entities [1]

Parent entity	Country of	Ownership interest 2023	Ownership interest 2022
Australian Retirement Trust			
Controlled entities			
ART Asset Operations Ltd	UK	100%	N/A
Sunsuper Financial Services Pty Ltd [(2)]	Australia	100%	100%
Precision Administration Services Pty Ltd [(2)]	Australia	100%	100%
Beston Accommodation Parks Trust	Australia	94%	95%
CCP Bidco Trust 2	Australia	76%	76%
Corporate Opportunity Fund 2A LP	Australia	83%	83%
CWC Corporate Opportunity 1A Trust	Australia	100%	100%
CWC Corporate Opportunity 1B Trust	Australia	100%	100%
Discovery Parks Holdings Pty Ltd	Australia	94%	95%
Eveleigh Trust 2	Australia	100%	100%
Riversdale Investment Op Trust	Australia	100%	100%
Riversdale Investment Prop Trust	Australia	100%	100%
Sunsient Ltd	Cayman Islands	100%	100%
Sunsuper Infrastructure Trust 1	Australia	100%	100%
Sunsuper Infrastructure Trust 3	Australia	100%	100%
Sunsuper Infrastructure Trust 4	Australia	100%	100%
Sunsuper Infrastructure Trust 5	Australia	100%	100%
Sunsuper Pooled Superannuation Trust	Australia	100%	100%
SunVest LLC	USA	100%	100%
Sunkina Choice LP	Jersey	100%	100%
Sunrock Discretionary Co-Investment Fund, LLC	USA	100%	100%
Sunvard LP	USA	100%	100%
Sunsuper AUD Collateral Trust	Australia	100%	100%
Sunsuper USD Collateral Trust	USA	100%	100%
SunVest II LLC	USA	100%	100%
Sunstone Real Estate LP	USA	100%	100%
Sunsuper Retail Property Trust 1	Australia	100%	100%
CorSun LLC	USA	100%	100%
SunRock Discretionary Co-Investment Fund II LLC	USA	100%	100%
Sunberg PE Opportunities Fund LLC	USA	99%	99%
PAG-S AR Co-Investment Fund LP	Cayman Islands	100%	100%
Sunstone PE Opportunities Fund LLC	USA	100%	100%
Manikay Sunsuper Co-Investment Fund LLC	USA	100%	100%
Sunbridge Investments LLC	USA	100%	100%
SunSIRA Infrastructure Fund, LLC	USA	100%	100%
Australian Pub Fund	Australia	72%	72%
MHC Lambton Park Trust	Australia	88%	88%
Pacific Equity Partners Secure Assets Fund Coinvestment Trust A	Australia	100%	100%

Notes to the Financial Statements
For the year ended 30 June 2023

Note 10 Related parties and controlled entities

Investments in associated entities

(k) Controlled Entities[1]

Controlled entities	Country of incorporation	Ownership interest 2023	Ownership interest 2022
Sunsuper Asia Co-investment Pty. Ltd.	Singapore	100%	100%
Tanarra Capital Private Investment Fund 1	Australia	100%	100%
Carnegie Catalyst Healthcare Real Estate Trust	Australia	100%	100%
Macquarie Special Situations Limited	Bermuda	69%	69%
Pellicano Trust	Australia	50%	50%
Waud Capital Align Coinvest	USA	59%	59%
Caspian Suncas Fund LP	Canada	100%	100%
Macquarie Air Finance LP	UK	25%	25%
Sunhay LP	Cayman Islands	100%	100%
SunMan Europe SCSP (European Trust)	Luxembourg	100%	100%
Sunsuper Co-Investment Opportunity Fund 2019 Trust	Australia	100%	100%
EIG Sunsuper Co-Investment II LP	Cayman Islands	N/A	100%
Sunvard Opportunity Fund LP	USA	100%	100%
Sunbern Alternative Opportunities Fund LLC	USA	100%	100%
Summit Coinvestment (Australiasia) Unit Trust	Australia	100%	100%
SC Lowy SUNS CI LLC	Cayman Islands	100%	100%
SunVac Locomotive Trust	Australia	100%	100%
NZ Healthcare HoldCo Limited	New Zealand	40%	40%
Stafford Spring Fund Trust	Australia	100%	100%
Stafford Private Credit Income Opportunities Trust	Australia	100%	100%
BVF V W3 Co Investment II LP	USA	50%	55%
Sentient Global Resource Trust II	Cayman Islands	N/A	100%
QSuper Limited[2]	Australia	100%	100%
QInvest Limited[2]	Australia	100%	100%
QInsure Limited[2]	Australia	100%	100%
ART People Services Pty Ltd (formerly One QSuper Pty Ltd)	Australia	100%	100%
QSuper Asset Management Pty Ltd	Australia	100%	100%
QSuper Investment Holdings Pty Ltd	Australia	100%	100%
QS International Strategy Trust*	Australia	100%	100%
QS US Strategy Trust*	Australia	100%	100%
QSuper Global Real Estate Trust*	Australia	100%	100%
QSuper US RE Trust No. 1*	Australia	100%	100%
QSuper Global Infrastructure Trust*	Australia	100%	100%
QSuper US Infrastructure Trust*	Australia	100%	100%
QSuper US Infrastructure Trust No. 2*	Australia	100%	100%
QSuper European Infrastructure Trust*	Australia	100%	100%
QSuper Australian Infrastructure Equity Trust*	Australia	100%	100%
QSuper NZ Infrastructure Equity Trust*	Australia	100%	100%
QSuper Investments Trust*	Australia	100%	100%
QSuper Investment Company Pty Ltd*	Australia	100%	100%
QS High Duration Bonds Trust*	Australia	100%	100%

Notes to the Financial Statements
For the year ended 30 June 2023

Note 10 Related parties and controlled entities

Investments in associated entities

(k) Controlled Entities[1]

Controlled entities	Country of incorporation	Ownership interest 2023	2022
QSuper Diversified Alternatives Trust*	Australia	100%	100%
QSuper Global Private Equity Trust*	Australia	100%	100%
QSuper Global Real Estate Debt Trust*	Australia	100%	100%
QSuper Long Term Risk Hedging 10 Trust*	Australia	100%	100%
QSuper Long Term Risk Hedging 20 Trust*	Australia	100%	100%
QS Diversified Infrastructure Fund No. 1*	Australia	100%	100%
QSuper Diversified Alternatives Trust No. 2*	Australia	100%	100%
QSuper Global Infrastructure Debt Trust*	Australia	100%	100%
QSuper US Infrastructure Trust No. 3*	Australia	100%	100%
QSuper Term Deposit Trust*	Australia	100%	100%
QS Infrastructure Mandate No.2 Trust*	Australia	100%	100%
QS Infrastructure Mandate No.2A Trust*	Australia	100%	100%
QS Ports Trust No.1A*	Australia	100%	100%
QS Ports Trust No.1B*	Australia	100%	100%
QSuper Investments Trust No. 2*	Australia	100%	100%
QSuper Australian Infrastructure Equity Trust No. 2*	Australia	100%	100%
QS Australian Infrastructure Equity Trust No. 3*	Australia	100%	100%
QS US Real Estate Trust No. 2*	Australia	100%	100%
QS US Infrastructure Trust No. 4*	Australia	100%	100%
QS Diversified Alternatives Trust No. 3*	Australia	100%	100%
QS Global Real Estate Trust No. 2*	Australia	N/A	100%
QS Infrastructure Mandate No. 2B Trust*	Australia	100%	100%
QS Infrastructure Mandate No. 1B Trust*	Australia	100%	100%
QS NZ Power Trust No. 2*	Australia	100%	100%
QS UK Infrastructure Trust No. 1*	Australia	100%	100%
QS US Real Estate Trust No. 3*	Australia	100%	100%
QS Australian Infrastructure Equity Trust No. 4*	Australia	100%	100%
QS Global Infrastructure Trust No.2*	Australia	100%	100%
QS US Real Estate Trust No.4*	Australia	100%	100%
QS Iona Holdings Pty Ltd*	Australia	100%	100%
QS High Duration Bonds Trust No.2*	Australia	100%	100%
QS Sovereign Bonds Trust*	Australia	100%	100%
QS Diversified Alternatives Trust No. 4*	Australia	100%	100%
QS Diversified Alternatives Equity Trust No. 5*	Australia	100%	100%
QS US Real Estate Trust No.5*	Australia	100%	100%
QS Cash Management Trust*	Australia	100%	100%
QS Diversified Alternatives Trust No.6*	Australia	100%	100%
QS Global Equity Trust No.1*	Australia	100%	100%
QS Global Real Estate Trust No. 3*	Australia	100%	100%
QS Australian Infrastructure Equity Trust No.5*	Australia	100%	100%

Notes to the Financial Statements
For the year ended 30 June 2023

Note 10 Related parties and controlled entities

Investments in associated entities

(k) Controlled Entities[1]

Controlled entities	Country of incorporation	Ownership interest 2023	2022
QS Diversified Alternatives Trust No.7*	Australia	100%	100%
QS Global Infrastructure Trust No. 3*	Australia	100%	100%
QS Global Real Estate Trust No.4*	Australia	100%	100%
QSuper Global Assets Pty Limited	Australia	100%	100%
The Bridges Car Park Company Limited	United Kingdom	100%	100%
St Nicholas Car Park Company Limited	United Kingdom	100%	100%
EHP II PA L.P.(Jersey)	Jersey	100%	N/A
Real Estate Europe 10Sarl	Luxembourg	100%	100%
SunMan Europe Parallel SCSP	Luxembourg	100%	N/A
QIC International Property Fund	Australia	59%	59%
QS Property Trust No. 1	Australia	100%	100%
QS 3 63G Trust	Australia	100%	100%
QIC Infrastructure Mandate No.1 Trust	Australia	100%	100%
QIC Diversified Fixed Interest Fund	Australia	87%	87%
QIC Private Equity Fund No. 1	Australia	100%	100%
QIC Private Equity Fund (Q)	Australia	100%	100%
Partners Group Gondwana – Private Equity, L.P.	Guernsey	99%	99%
Partners Group Gondwana – Infrastructure, L.P.	Guernsey	99%	99%
Bain Capital Credit Manager Account (Q), L.P.	United States	99%	99%
Partners Group Daintree Credit Co – Invest, L.P.	Guernsey	100%	100%
Partners Group European Direct Lending Strategy Levered 2021 (EUR) S.C.Sp., SICAV-RAIF	Luxembourg	99%	N/A
Mirvac Industrial Venture Investor Trust	Australia	100%	N/A

1 Refer to Note 1 (i) Consolidation for accounting of Controlled Entities

2 Refer to Note 1 (i) Consolidation for accounting of Subsidiaries not material to the user of the Fund's Financial Statements

* Trusts are not legal entities in their own right; so Country of Incorporation relates to the Corporate Trustee of these trusts.

Notes to the Financial Statements
For the year ended 30 June 2023

OTHER DISCLOSURES

Note 11 Reconciliation of net change in cash from operating activities

Reconciliation of net change in cash from operating activities to operating result after income tax.

	2023 $m	2022 $m
Net benefits allocated to / (from) defined contribution members	15,090	(6,845)
Net change in Defined Benefit member benefits	982	(1,770)
Net allocation to / (from) reserves	124	800
Operating result after income tax	**16,196**	**(7,815)**
Adjustments for net change in non-operating activities:		
Net change in assets measured at fair value	(11,863)	13,779
Change in receivables	127	162
Change in payables	(1,072)	474
Insurance liabilities	(235)	(49)
Income tax payable	(366)	(2,515)
Self-insurance claims included in benefits	7	11
Total net inflows/(outflows) from operating activities	**2,794**	**4,047**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 12 Other Operating expenses

	2023 $m	2022 $m
Sponsorship and advertising	1	4
Trustee indemnity fee	24	24
Project expenditure	98	20
Salaries and employee benefits	31	13
Statutory charges	15	8
Other expenses	17	9
	186	**78**

For the prior year comparative, costs attributable to the former QSuper group entities (both before and after the SFT) are generally incurred by wholly owned entities of the Fund and not disclosed above. Amounts in the current financial year include expenses incurred directly by the Fund. In most cases, expenses also continue to be incurred after the SFT by wholly owned entities of the Fund and not disclosed above.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 13 Receivables

Receivables include amounts for dividends and distributions, interest, receivables from subsidiaries and cash collateral. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each period. Amounts are generally received within 30 days of being recorded as receivables.

	2023 $m	2022 $m
GST receivable	5	6
Interest receivable	274	143
Cash collateral	1,027	988
Securities Sold / Matured	1,892	684
Dividends and Distributions receivable	317	267
Withholding Tax	84	61
Other receivables	-	56
	3,599	**2,205**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 14 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the year. They are generally expected to be settled within 30 days of being recorded as a payable.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of the year are included in payables.

	2023 $m	2022 $m
Premiums payable	104	92
Benefits payable	42	33
Accounts payable	49	94
Securities purchased	2,211	1,078
Payables to subsidiaries	46	15
Other payables	193	596
	2,645	**1,908**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 15 Remuneration of auditors

Auditor's remuneration

Deloitte Touche Tohmatsu	2023 $'000	2022 $'000
Fees paid by the Fund		
External audit services	1,550	1,053
Other non-audit services – assurance services	204	53
Fees paid by wholly-owned entities		
External audit services	1,233	782
Other non-audit services – assurance services	45	-
Total remuneration	**3,032**	**1,888**

Notes to the Financial Statements For the year ended 30 June 2023

Note 16 Remuneration of actuaries

Actuarial remuneration

	2023 $'000	2022 $'000
Queensland State Actuary		
Actuarial services	445	431
Mercer		
Actuarial services	53	88
Other non-actuarial services	323	205
	376	293
Sunsuper Financial Services Pty Ltd		
Actuarial services	130	13
AON		
Actuarial services	20	25
Tower Watson Australia Pty Ltd		
Actuarial services	339	179
Other non-actuarial services	-	75
	339	254
Total remuneration	**1,310**	**1,016**

The Queensland State Actuary Office, Queensland Treasury is the actuary for the Queensland Government Defined Benefit Scheme.

Towers Watson Australia Pty Ltd is the actuary for OTIS, Amatil, Unilever, Australia Post Superannuation Scheme and RB Super defined benefit plans.

Mercer is the actuary for IAG, NRMA and RACV defined benefit plans.

AON is the actuary for DXC defined benefit plan.

Sunsuper Financial Services Pty Ltd (see Note 10) is the actuary for the Fund's other defined benefit plans which comprises of CCH, Dulux Group (Australia), Goodman Fielder, Hanson Australia, Mondelez, Procter & Gamble, Simplot Australia and Swiss RE.

Notes to the Financial Statements For the year ended 30 June 2023

Note 17 Insurance arrangements

The Fund provides death and disability benefits to its members. The Trustee has policies in place with insurance companies to insure these death and disability benefits for the members of the Fund. The Fund collects premiums from members on behalf of the insurers. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the Fund and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members accounts are recognised in the statement of changes in members benefits.

The Fund does not face significant insurance risk due to the following factors:

- Insurance benefits are only disbursed to members or their beneficiaries upon receipt of payment from the insurer
- Insurance premiums are paid through the Fund for administrative purposes
- The insurance premiums are effectively determined by directly referencing the premiums set by an insurer

The main policies in place are with QInsure and AIA Australia Limited and the arrangements are detailed below.

QInsure Limited

QInsure is a life insurer registered by APRA and holds an Australian Financial Services Licence (licence number 483057). It is a wholly-owned subsidiary of AGS that provides group lump sum (death and TPD) and group disability (income protection) insurance policies to the Fund only.

The Fund holds a participating life insurance policy with QInsure. Under this policy, the operating profit arising from the participating business is allocated between the shareholder and the participating policyholder and is governed by the Life Insurance Act 1995 (Cth), QInsure's constitution, the in-force Insurance Policy and QInsure's Participating Business Management Framework.

The principles of allocation arising from QInsure profits are as follows:

i. Investment income on retained earnings in respect of participating business is allocated 80% to the policyholder and 20% to the shareholder.
ii. Other profits arising from participating business are allocated 80% to the policyholder and 20% to the shareholder.
iii. All investment income on shareholder capital and retained earnings (excluding those dealt with in (i) above) are fully allocated to the shareholder.

As at reporting date, the value of the unvested policyholder profits recorded by QInsure is $370m (2022: $263m). Payment of this amount requires approval from the Board of QInsure and any such payment would be recognised as income by the Fund once declared by the Board of QInsure.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 17 Insurance arrangements

On 1 April 2023 QInsure entered into new reinsurance treaties, increasing the quota share to 75% (representing retention of 25% risk). This has resulted in an increase in the policy liability ceded under reinsurance as at 30 June 2023. Whilst this increases the exposure of risk to reinsurer's default, this arrangement was structured to mitigate the concentration of insurance and credit risk.

An extract of key operating results and balances of QInsure for the year ended 30 June 2023 are as follows:

	2023 $m	2022 $m
Statement of profit or loss and other comprehensive income		
Premium revenue	770	718
Claims expense	(463)	(426)
Outwards reinsurance expense	(307)	(173)
Reinsurance recoveries	181	81
Tax & other expenses	(156)	(182)
Net result from insurance activities after-tax	**25**	**18**
Statement of financial position		
Total assets	1,730	1469
Gross policy liabilities	(906)	(788)
Other liabilities	(467)	(349)
Net assets	**357**	**332**

Notes to the Financial Statements
For the year ended 30 June 2023

Note 17 Insurance arrangements

The assumptions used in the calculation of the policy liabilities are reviewed at each reporting date. Key assumptions used in the calculation of the policy liabilities are as follows:

Assumptions	Details and process used to select assumption	Range of values
Discount rates	Discount rates are based on a risk-free yield curve derived from the Australian Commonwealth Government bond market yields as at the valuation date. Benefits under life insurance contracts are not contractually linked to the performance of the assets held. As a result, the policy liabilities are discounted for the time value of money using discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations.	The effective discount rates adopted ranged from 3.7% to 4.7% per annum (2022: 0.9% to 4.2% per annum)
Incurred but not reported (IBNR) assumptions	Allowance was made for inherent delays in reporting claims based on investigations into the historic QInsure results since commencement of operations. The IBNR is determined using a variety of methods. Death, IP and non-IP-linked TPD use the Bornhuetter-Ferguson method. The IP-linked TPD IBNR is calculated based on the actual IP claims at valuation date using assumptions on the probability of conversion to TPD and the delay from the IP claim incurred date to the TPD Date of Disability.	The overall loss ratios were between 40% and 109% (2022: 42% and 108%). The average claims reporting delays were between 2.4 months and 22.4 months (2022: 2.1 months and 22.5 months). The IP to TPD conversion rates were between 0% and 44.7% (2022: 0.0% and 41.4%).
Claim Termination	Relates to the duration of income protection claims. Rates are based on FSC-KPMG 2014 – 2018 industry standard tables. This is a new table introduced during the year. Claim termination rates are based on QInsure's experience since the commencement of operations.	Refer to the FSC-KPMG 2014 – 2018 industry standard tables for values adopted. The range of factors applied to this table vary from 41% to 554% (2022: 52% to 494%
Claims expense	Claims expense assumptions for outstanding claims are set based on the expected cost of administering claims over the next year.	
Inflation	Certain outstanding income protection claims are assumed to increase each year in line with inflation. The inflation is based on the Brisbane "All Groups Consumer Price Index" for the period 01 April 2022 to 31 March 2023.	Where indexation applies to IP claims, the inflation rate assumed was 7.4% for the indexation in August 2023 and reverts to 2.5% for future years (2022: 6% in August 2022 and 1.7% in future years).

Notes to the Financial Statements
For the year ended 30 June 2023

Note 17 Insurance arrangements

AIA Australia Limited

Some members who have insurance cover with AIA have their premiums deducted from their superannuation account each month, noting the amounts for FY22 are from 28 February 2022 (the SFT date). The 30 June 2023 data has been included for the full year.

	2023 $m	2022 $m
Insurance premiums charged to members' accounts (net of tax)	321	97
Tax benefit rebated to members	56	18
Member funded group life premiums	377	115
Insurance reserve funded group life premiums	-	-
Total insurance premium expense	377	115

Notes to the Financial Statements
For the year ended 30 June 2023

Note 18 Commitments, contingent assets, and contingent liabilities

Investment Commitments

The Fund has unfunded commitments with investment managers to the value of $17,736m as at 30 June 2023 (2022: $12,472m).

Contingent liabilities

A class action was filed in the Victorian Registry of the Federal Court on 24 November 2021 against the QSB as trustee of QSuper. The claim relates to the disclosure issued on 17 May 2016 in relation to changes to insurance policy premiums for members' insurance cover that took effect on 1 July 2016.

QSB strongly refutes and vigorously defends the allegations made in the class action proceedings brought against it, and is defending the claim.

There are no other material commitments, contingent assets or contingent liabilities as at 30 June 2023.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 19 Environmental, social and governance management

The Fund's mission is to improve retirement outcomes for members to and through retirement.

The Fund considers the risks and opportunities of investments in a holistic way, which means including the financial impacts of environmental, social and governance (ESG) issues alongside other traditional financial matters. The approach is integral to the belief that sustainable investing leads to superior outcomes.

Investment strategies are guided by the following sustainability approaches, known as ESG integration, stewardship and, in limited cases, exclusions. The Fund also incorporates climate change and modern slavery considerations into investment decision making. A copy of the Fund's latest Sustainable Investment report can be viewed at www.australianretirementtrust.com.au/investments/how-we-invest/responsible-investing

Climate Change

Governance

Climate change represents a significant financial risk and opportunity in the context of the Fund's investment portfolios. Governments, regulators, communities, and members are increasingly focussed on climate change and the role of capital in effecting the transition to a low-carbon global economy. Managing the risks and opportunities of climate change is an important factor in pursuing the best financial interests of members.

The Climate Change Policy contains details on the beliefs, approaches to management and reporting that relate to climate change.

The Trustee is always responsible for the Fund's investments. The Trustee has delegated primary responsibility for implementing the relevant strategic options to manage ESG risk to Australian Retirement Trust's Chief Investment Officer (CIO) and primary oversight of the CIO to the ART Investment Committee.

Other parties to the ESG Integration include but are not confined to the following:

- Relevant Board sub-committees
- The ART Investment team
- Investment managers engaged by the Fund
- Service providers and advisers to the Fund.

The over-arching ART Investment Delegations position the Board as being responsible for the establishment of the Climate Change Policy's beliefs, governance, targets, and roadmap. The Climate Change Delegations establish the CIO as having Board-delegated authority to implement portfolio and active ownership activity.

Strategy and Risk Management

Strategy in this context refers to factors that contribute to the Fund's investment strategy, including asset allocation, the portfolio construction for each option, the combination of active or passive investments, liquidity, and the selection of our investment managers.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 19 Environmental, social and governance management

Climate change is recognised as financial risk, and there are different approaches as to how to incorporate it into the investment strategy. A new approach was adopted for the assessment of ESG credentials of the Fund's investment managers last financial year and implementation has continued during this financial year.

The Fund has established a baseline for asset classes where data is available, and this has continued during this financial year.

Modern Slavery

The Fund has undertaken annual exposure analysis and incorporated modern slavery considerations into due diligence and monitoring to meet the Fund's obligations under the Modern Slavery Act 2018. The Fund's first Modern Slavery statement as ART was submitted in December 2022.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 20 Subsequent events

ART Group Services UK Limited, a wholly owned subsidiary of AGS, domiciled in England and Wales, was incorporated on 27 July 2023 as a private company limited by shares.

The Trustee entered into an agreement for a successor fund transfer with the trustee of Woolworths Group Superannuation Plan and Endeavour Group Superannuation Plan. Woolworths Group Superannuation Plan and Endeavour Group Superannuation Plan transferred net assets to $4.3b to the Fund on 5 August 2023.

On 07 September 2023, Bernard Reilly resigned from the position of Chief Executive Officer of ART effective 29 February 2024.

The Fund holds a participating life insurance policy with QInsure. The Fund pays a participating margin to QInsure that entitles it to participate in 80% of the profits of QInsure. On 19 September 2023, QInsure approved a participating policyholder payment of $128.3m which will be paid to the Fund in FY24.

Except as disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee, to significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future years.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 21 Other accounting policies

Standards and interpretations adopted during the year

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

Amends numerous Standards to effect of number of minor changes, as set out below. The amendments apply to annual reporting periods beginning on or after 01 January 2022.

Annual Improvements

The annual improvements amend the following standards:

- AASB 1 First-time Adoption of International Financial Reporting Standards to permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS Accounting Standards
- AASB 9 Financial Instruments to clarify that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf
- AASB 141 Agriculture to remove the requirement to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique.

There is no impact on Fund's financial statements due to these amendments.

AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

The editorial corrections in AASB 2021-7 are effective for either annual periods beginning on or after 01 January 2023 (those in respect of AASB 17 Insurance Contracts) or 01 January 2022.

The application of the amendments did not have a material impact on the Group's consolidated financial statements.

Notes to the Financial Statements
For the year ended 30 June 2023

Note 21 Other accounting policies

Standards and interpretations in issue not yet effective

At the date of authorisation of the financial statements, the Fund has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts	01 January 2023
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	01 January 2025
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	01 January 2024
AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	01 January 2024
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	01 January 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023

Notes to the Financial Statements
For the year ended 30 June 2023

Note 21 Other accounting policies

The initial application of the Standards and Interpretations issued but not yet effective will not have a material impact on the Fund's financial statements.

AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

This standard replaces AASB 4 Insurance Contracts and comes into effect for reporting periods beginning on or after 01 January 2023. The new standard provides principles for recognition, measurement, and presentation of insurance-related balances in the financial statements. In addition, the standard will require extensive new disclosures showing how the components of recognised amounts have moved during the period.

The Fund's wholly owned subsidiary QInsure will be impacted by the Standard.

AASB 17 requires more granular information and a new presentation format for the Statement of Profit or Loss and Other Comprehensive Income as well as significantly increased quantitative disclosures. To meet these requirements the implementation of AASB 17 resulted in broad and significant changes relating to financial and actuarial data, systems, and processes. During 2022/23, the project team finalised the underlying actuarial models, transitional disclosures, and accounting adjustments, to enable implementation of the standard.

Financial Impact

Based on the above and work performed to date, the impact of AASB 17 on QInsure's reported net assets is currently expected to be modest. The opening net asset impact is mainly driven by increases to net assets from the application of the AASB 17 risk adjustment and higher discount rates reflecting the inclusion of the illiquidity premium. The requirements of AASB 17 are complex and the actual impact is subject to the finalisation of key assumptions in relation to each of these components. QInsure's implementation of AASB 17 has been progressed well and is close to finalisation.

Changes to financial reporting requirements

The Fund is a registrable superannuation entity that is subject to amendments made to the Corporations Act 2001 by the Treasury Laws Amendment (2002 Measures No.4) Act 2022. These amendments are effective for financial years beginning on or after 01 July 2023 and bring registrable superannuation entities such as the Fund into the financial reporting provisions of the Corporations Act 2001.

Accordingly, for the Fund's income year ending 30 June 2024, the Fund will be required to prepare an annual report, consisting of a financial report (including financial statements, notes and a directors' declaration), a directors' report (including a remuneration report) and an attached auditor's report and auditor's independence declaration.

Trustee's Statement
For the year ended 30 June 2023

In the opinion of the Directors of Australian Retirement Trust Pty Ltd, being the trustee of Australian Retirement Trust (the Fund):

(a) the accompanying financial statements and notes are in accordance with:

(i) Australian Accounting Standards and other mandatory professional reporting requirements, and

(ii) present fairly the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date,

(b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2023, and

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

This statement is made in accordance with a resolution of the Board of Directors of the trustee, Australian Retirement Trust Pty Ltd.

Andrew Fraser
Chair

Brisbane
21 September 2023

Mary Elizabeth Hallett
Director

Brisbane
21 September 2023

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Report by the Registrable Superannuation Entity ("RSE") Auditor to the Australian Retirement Trust (ABN 60 905 115 063) members

Opinion

We have audited the financial statements of Australian Retirement Trust for the year ended 30 June 2023 comprising the Statement of Financial Position, Income Statement, Statement of Changes in Member Benefits, Statement of Changes in Reserves, Statement of Cash Flows and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Australian Retirement Trust at 30 June 2023 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2023

Basis for Opinion

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

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

Responsibilities of the trustee for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Deloitte Touche Tohmatsu

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David Rodgers	**Joanne Gorton**
Partner	Partner
Chartered Accountants	Chartered Accountants
Brisbane, 21 September 2023	Sydney, 21 September 2023